

**CABINET MEETING – 12 JANUARY 2021**

**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Third Revenue Budget Review 2020/2021

**Author(s):**

Executive Director of Corporate Services

**Purpose of Report:**

The purpose of this report is to advise Members of the overall Revenue Budget position following the third review for 2020/2021 including proposed contingency transfers.

**Description of Decision:**

Cabinet is recommended to:

- Note the contents of this report;
- Approve an allocation of £250,000 to fund further projects to support vulnerable residents as part of the Council's Covid-19 response; and
- Approve the contingency transfers proposed at section 3.5.

**Is the decision consistent with the Budget/Policy Framework?** Yes

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

To respond to variations in expenditure and income which have arisen in 2020/2021 and enable effective budgetary control to be exercised.

**Alternative options to be considered and recommended to be rejected:**

No alternative options are proposed

**Impacts analysed;**

**Equality**  **Privacy**  **Sustainability**  **Crime and Disorder**

**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



**THIRD REVENUE BUDGET REVIEW FOR 2020/2021****Executive Director of Corporate Services****1. Purpose of Report**

- 1.1 The purpose of this report is to advise Members of the overall Revenue Budget position following the third review for 2020/2021 including proposed contingency transfers.

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

- 2.1 Cabinet is recommended to:

- Note the contents of this report;
- Approve an allocation of £250,000 to fund further projects to support vulnerable residents as part of the Council's Covid-19 response; and
- Approve the contingency transfers proposed at section 3.5.

**3. Revenue Budget Monitoring 2020/2021**

- 3.1 Overall Position

- 3.1.1 A full review has been undertaken for each Portfolio, together with contingency allocations proposed for the third quarter.

- 3.1.2 The current forecast outturn position reflects the delivery of savings approved by Council in order to balance the budget, known areas of pressure, and significantly, increases in expenditure as a result of the Covid-19 pandemic. The financial consequences of the latter are partially mitigated by additional funding provided to the Council by Central Government as detailed later in this report. It should be noted that the financial position continues to be subject to a high degree of uncertainty as the Covid-19 pandemic continues and will continue to be monitored closely over the final quarter of the financial year and into 2021/2022.

- 3.1.3 The overall forecast outturn position is a deficit of £1.775m, and is summarised in the table below, with further detail provided within Appendix A, Appendix B, and the remainder of Section 3.

Area of Variance	Paragraph Reference	Variance (Overspend) / Underspend £m
Forecast Delegated Outturn	3.4	(32.188)
Contingency Transfers	3.5	0.379
Transitional Costs	3.6	(3.000)
Treasury Management Savings	3.7	5.186
Forecast Public Health Underspend – Transfer to Reserve	3.8	(1.810)
Covid-19 General Grants (inc Reserve b/fwd)	3.1.4	26.158
Covid-19 Income Compensation	3.1.7	3.500
<b>Forecast Outturn position (Over)/Underspend</b>		<b>(1.775)</b>

3.1.4 The Council's forecast outturn position has been significantly impacted by the Covid-19 pandemic and its wider economic consequences. The Government provided its first tranche of funding to support Local Authorities in response to the financial pressures arising from the pandemic on the 27<sup>th</sup> of March. This first tranche of funding was for £10.592m and was rolled forward as a reserve for use during 2020/2021. The second and third tranche payments were received in April and July and totalled £10.441m. A fourth allocation of £5.125m was received in November. To date this means £26.158m of general Covid-19 grant has been provided and is available to support additional financial pressures during 2020/2021.

3.1.5 The Government has, in addition to the general grants noted in 3.1.4, provided specific grant funding in response to the pandemic. This funding, including allocations for:

- Test and Trace (£2.200m);
- Infection Control (£6.160m);
- Opening Up the High Street (£0.244m);
- Compliance and Enforcement (£0.178m);
- Food and Essential Supplies (£0.397m);
- Support for the Clinically Vulnerable (£0.178m);
- Accommodation Support (£0.382m);
- Local Lockdown and Alert Level 3 (£4.444m)
- Winter Grants (£1.072m); and
- New Burdens (£0.288m).

These been allocated directly to the service areas to which each grant relates, reducing the pressure on the service budget arising from the increased expenditure required in delivering these activities. Some of these support initiatives and projects may go beyond the financial year end. Where activity continues beyond March 2021 any unspent grant will be transferred to a Covid-19 reserve at year end to be drawdown in 2021/2022.

3.1.6 During the summer the Government announced the Sales, Fees and Charges compensation scheme, to recognise the income losses being suffered by councils. Under this scheme the government Government will compensate the Council for 75% of losses beyond the first 5% of planned income, although the detailed guidance set out a number of income generating areas which were excluded, these are noted below:

- Commercial and residential rental and investment income is excluded;
- Any voluntary decisions made locally and not aligned to Government guidance are irrecoverable (e.g. closures beyond the point that Government had advised);
- Losses that could subsequently be recovered at a future date are excluded; and

- Losses incurred directly by a local authority maintained school or a local authority owned company are not eligible, thus excluding income losses at Sunderland Care and Support, Together For Children, Siglion and our Leisure joint venture.

3.1.7 The first income claim covering the period April to July was submitted at the end of September, with the compensation claim totalling £1.530m. The second return covering August to November was submitted in December and totalled £1.182m. At present it is estimated that the total claim for 2020/2021 will be in the region of £3.500m, although this will be subject to validation by MHCLG, and also a year end reconciliation process.

3.1.8 In acknowledgement of the absence of support for contracted Leisure arrangements through the Sales, Fees and Charges compensation scheme, in October the Department for Digital, Culture, Media and Sport announced that a £100m fund would be available to support council leisure centres 'most in need'. On 14<sup>th</sup> December, Sport England launched the National Leisure Recovery Fund. The final deadline for applications is 8<sup>th</sup> January 2021, and the Council is working alongside its partner, Sports and Leisure Management (SLM), to provide the required information. Despite the significant additional costs incurred by the Council and SLM in operating the leisure facilities during the earlier parts of this year, there is no retrospective element to the funding, it only applies to the period 1<sup>st</sup> December 2020 to 31<sup>st</sup> March 2021.

3.1.9 As part of the Government's Spending Review in November it was confirmed that Business Rates and Council Tax Collection Fund deficits arising in 2020/2021 must be spread over the next 3 financial years and that 75% of 'irrecoverable losses' would be funded by the Government. The details of how the scheme will be calculated are currently the subject of consultation which closes 14<sup>th</sup> January 2021. The proposed methodology in broad terms compares the collection fund budget position with the reported outturn and compensates for 75% of any shortfall based upon the assumed collection rates. In the case of council tax the compensation will be mainly in respect of collection fund deficits arising from an increase in local council tax support costs or unachieved council tax base growth. It is important to note that any shortfall in either of the Collection Funds is managed in the following year(s) and as such does not have an impact on the in-year financial position.

3.1.10 Based on the December return to MHCLG (submitted 11<sup>th</sup> December 2020) and the Sales, Fees and Charges claim (submitted 16<sup>th</sup> December 2020), the current forecast impact on the Council is set out in the table below. The forecast Covid-19 position reflected in the MHCLG return reflects the assumption of a steady loosening of current restrictions over the remainder of the financial year and is subject to change.

	2019/2020 Cost £m	2020/2021 Forecast Cost £m
General Fund Expenditure (net of specific grants)	0.6	24.3
General Fund Income	0.7	10.5
Business Rates Collection Fund	0	1.5
Council Tax Collection Fund	0	4.5
<b>Total Forecast Gross Impact</b>	<b>1.3</b>	<b>40.8</b>
MHCLG Grants (including reserve b/fwd)	0	(26.1)
MHCLG Income Compensation	0	(3.5)
<b>Total Forecast Net Impact by year</b>	<b>1.3</b>	<b>11.2</b>
<b>Total Forecast Net Impact as per MHCLG returns</b>	<b>12.5</b>	

3.1.11 As noted in paragraph 3.1.9, the financial impact of any Collection Fund deficit will not impact on current year General Fund activity. Removing the Collection Fund related entries from the above table shows that the forecast impact of Covid-19 activity on the 2020/2021 revenue budget position is a net overspend of £5.2m. The overall budget position presented at 3.1.3 of a £1.775m overspend demonstrates that the Council is budgeting to absorb the majority of the £5.2m of additional, unfunded costs relating to Covid-19 during 2020/2021. This has largely been possible due to one-off savings made against the Treasury Management budgets.

3.1.12 The Medium Term Financial Plan (MTFP) has been updated to reflect the forecast deficit and the likely ongoing negative impact on the Collection Fund in 2021/2022 and beyond.

3.1.13 The Council, including through the likes of the Association of North East Councils (ANEC), 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 impact to the Council's finances this crisis will create.

## 3.2 Other Covid-19 Support

In addition to the specific Government grant allocations provided to the Council additional funding has been provided to support businesses through a number of grant schemes and to support residents who have been impacted by the Covid-19 pandemic.

### 3.2.1 Support to Businesses

- Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund – these funds were directed to eligible businesses paying business rates. Grant payments made to local business total £45.582m;
- Local Authority Discretionary Grant Fund – these funds were directed to businesses who were not eligible for the above grant support scheme but operated in similar sectors. Grant payments made to local businesses total £2.412m;
- Local Restrictions Support Grants – the Council is currently administering further grant support schemes for businesses impacted by the local restrictions (18<sup>th</sup> September to 4<sup>th</sup> November), the national lockdown (5<sup>th</sup> November to 2<sup>nd</sup> December) and for those businesses that have never been permitted to reopen (e.g. nightclubs) a scheme that runs from 1<sup>st</sup> November. A total allocation of £5.385m has been received to date from Government to fund these schemes. Further guidance was provided by Government to support businesses through further Local Restrictions Support Grants in relation to the current tier 3 period following the cessation of the national lockdown (funding of £0.431m per fortnight).
- Christmas Support Payment – Wet-led pubs – A fixed one-off grant of £1,000 is to be provided to eligible wet-led pubs. The Council has to date received £102,400 representing 80% of the Government's total estimate of the funding required of £128,000; and
- Additional Restrictions Grant – the Council also received a fixed additional amount of funding of £5.554m from Government to assist other businesses that do not meet the criteria of the Local Restrictions Grant Schemes and for more general business support measures. This funding, which Government have set out is for the current financial year but also all of 2021/22, is currently being used to supplement the allocations received in respect of the Local Restrictions Grant Schemes.

### 3.2.2 Support to Residents

- Hardship Funding – Funding of £4.195m has been provided to support local council tax support working age claimants with their council tax charges for 2020/21; and
- Test and Trace Support Payments – Funding of £0.237m has been provided to date to enable fixed payments of £500 to be made to residents who have been asked to self-isolate by NHS Test and Trace, on or after 28 September 2020, who are either employed or self-employed and are unable to work from home and will lose income as a result; and are currently receiving a qualifying benefit. In exceptional circumstances where a resident meets all of the criteria with the exception of receiving one of the qualifying benefits but they can demonstrate significant financial hardship then they may be eligible for a support payment.

In order to provide additional support to vulnerable residents Cabinet is asked to approve an allocation of £250,000 to fund further projects as part of the Council's Covid-19 response. This is reflected within the figures presented within the report.

### 3.3 Budget Transfers

3.3.1 Budget transfers undertaken primarily reflect the need to realign budgets to ensure correct accountability of the approved budget. These are set out in Appendix A. In respect of the Covid-19 specific grants, expenditure and grant income budgets have been put in place within the respective Portfolio area. The Covid-19 general grant funding allocation is held centrally given the diverse nature of expenditure incurred.

### 3.4 Portfolio Budgets – Overall Summary

3.4.1 Details of the forecast major variations for each Portfolio, are set out at Appendix A. In overall terms there is currently forecast a net service pressure of £32.188m, inclusive of the savings plan position detailed at Section 3.4.2 below. As noted within the report, Covid-19 grant funding provided by Government is supporting this position.

3.4.2 Progress in the implementation of the £3.225m approved savings plans for 2020/2021 has continued and overall the position is positive at this stage in the financial year. Portfolio Holders and Executive Directors continue to take the necessary action to mitigate any delays in implementation and, as such, the position is expected to improve as the year progresses.

- £2.463m (76%) of the savings have been fully realised to date.
- £0.229m (7%) of reductions where good progress is being made, with a good prospect that full savings will be achieved.
- £0.390m (12%) is in respect of areas where delays and issues have been encountered and corrective actions or alternative options are being considered. These areas require close attention to ensure a positive outcome and timely delivery of savings. For budget monitoring purposes they are included as a forecast outturn pressure within the delegated budgets if appropriate.
- £0.143m (5%) of savings are no longer anticipated to be delivered as originally planned. For budget monitoring purposes these are included as a forecast outturn pressure within the delegated budgets.

3.4.3 The forecast position for the Local Authority Controlled Companies is included within the delegated budget outturn within the relevant Portfolio at Appendix A, and budgetary issues highlighted as required. This includes the impact of the Covid-19 pandemic.

### 3.5 Contingency Transfers

3.5.1 Transfers from the contingency fund take place on a quarterly basis to reflect expenditure actually incurred in respect of approved provisions. Third quarter contingency transfers, with a net total of £0.187m have been enacted as follows:

- Waste tonnage (£0.250m)  
Use of specific provision to meet the shortfall in service budgets in respect of increased waste tonnage being disposed of through the waste partnership agreement.
- Business Rates (£0.118m)  
Use of specific contingency to reflect the final Business Rates cost for Council buildings.
- Adult Social Care Inflation (£0.159m)  
Specific provision to meet the impact of Adult Social Care Providers inflationary increases for 2020/2021 following agreement with service providers.
- New Adoptions (£0.020m)  
Use of specific provision to meet the impact of new adoptions on grounds maintenance and refuse collection services.
- Energy Rebate (£0.360m)  
A rebate has been received from the Council's energy provider. As a centrally managed budget this will be credited back into contingencies.

3.5.2 Based on the forecast use of specific contingencies, at this stage in the financial year a £0.379m underspend on the contingency provision is anticipated.

### 3.6 Transitional costs

3.6.1 As work continues on identifying future budget savings proposals and as wider transformation work continues, workforce planning arrangements have created some one-off transitional costs in 2020/2021. Whilst potentially the capital receipt flexibility can be used to fund such transitional costs the final decision will be made at outturn 2020/2021 in consideration of the overall resources available at that time. A sum of £3.000m has been built in to the expenditure forecasts to provide funding to meet any current year cost pressure and transformation costs in the next financial year.

3.6.2 To date £1.395m of capital receipts have been received in 2020/2021.

### 3.7 Treasury Management Savings

3.7.1 Net one-off savings on debt charges and interest on investments of £5.186m are anticipated at this stage. This reflects the position reported in the Capital Programme Third Review, elsewhere on the agenda, and investment income generated. It is proposed that any savings at outturn be utilised to support the overall corporate position.



### 3.8 Public Health

- 3.8.1 As detailed in Appendix A, the Public Health budget is projecting an underspend of £1.810m in relation to planned core activity due to the lower take up of activity based contracts and the diversion of staffing resource in order to focus public health support on responding to the Covid-19 pandemic for which additional Covid-19 related funding has been received. The Public Health grant is ringfenced therefore any underspend will be transferred to a Public Health reserve at year end.

## 4 Reserves

- 4.1 As part of the 2<sup>nd</sup> Revenue Review in October Cabinet approved reallocation of £8.918m reserves to the Medium Term Financial Planning reserve, increasing the MTFP reserve balance to £15.446m. This reserve will assist with any financial management implications arising from the Covid-19 pandemic and also the general uncertainty on Government funding in to the medium term. Appendix C provides a full breakdown of reserves.
- 4.2 The Council's reserves are forecast to reduce by £26.346m in 2020/2021 to £142.339m as reserves are utilised for their agreed purpose, including in support of the capital programme.
- 4.3 With the exception of the General Fund, useable reserves are earmarked for specific purposes and commitments, and are subject to regular review.

## 5. Collection Fund

- 5.1 As set out in paragraph 3.1.9, Government have announced measures that will impact on the Collection Fund, including the compulsory phasing of deficits over the 3 years 2021/2022 to 2023/2024 and also funding 75% of irrecoverable losses. The impact of these measures will be factored into the Council's budget and medium term financial planning once the detail of the arrangements has been confirmed by Government.
- 5.2 **Business Rates**  
The 2020/2021 budget set a local business rate requirement of £46.4m (i.e. equivalent to 49% of the estimated total business rates that will be collected for properties within the city). Following the subsequent award of a number of business rates reliefs, particularly in respect of retail and hospitality premises totalling £42m, the business rates for properties within city for 2020/2021 has fallen significantly to c. £56m from c. £98m. However, the Council will be compensated for this reduction through Section 31 grant. Of the remaining collectable business rates, at this stage the forecast shortfall is estimated at £1.5m for the year which would manifest itself as a deficit to be taken into account in setting the 2021/2022 to 2023/2024 budgets.
- 5.3 **Council Tax**  
The 2020/2021 budget set a Council Tax requirement of £104.926m. Based on current forecasts the shortfall is anticipated to be approximately £4.5m against this requirement. This has arisen due to a marked increase in the number of working age council tax support claimants since the start of the year (thereby reducing the amount of council tax that is payable), reduced collection rates reflecting the difficulties our residents are facing, and a reduction in the forecast housebuilding. As with business rates, this forecast shortfall would manifest itself as a deficit to be taken into account in setting the 2021/2022 to 2023/2024 budgets.

**6. Reasons for Decision**

6.1 To respond to variations in expenditure and income which have arisen in 2020/2021 and enable effective budgetary control to be exercised.

**7. Alternative Options**

7.1 No alternative options are proposed.

**8. Impact Analysis**

8.1 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.

**9. Other Relevant Considerations / Consultations**

9.1 None

**10. List of Appendices**

Appendix A - Major Variations 2020/2021  
Appendix B - Overall Position 2020/2021  
Appendix C - Major Earmarked Reserves

**11. Background Papers**

None

**Cabinet Meeting 12 January 2021  
Major Variations 2020/2021**

Portfolio	Revised Budget (as at 2 <sup>nd</sup> Review) £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Leader	4.803	0.000	0.000	4.803	4.767	0.036	<ul style="list-style-type: none"> <li>• Minor variations of £0.036m underspend across a number of services, as a result of vacant posts and reduction in staffing hours.</li> </ul>
Deputy Leader	49.970	0.334	(0.023)	50.616	54.945	(4.329)	<p>Overspend across a number of services, primarily due to the current Covid-19 pandemic, including:</p> <ul style="list-style-type: none"> <li>• Business and Investment (£0.403m overspend) – loss of income due to rental and room hire shortfalls arising from the closure of the business centres. The position will be kept under review.</li> <li>• Parking Services – a shortfall against budgeted surplus of £2.000m following closure of car parks and suspension of permit requirements. The position reflects the reduced footfall in the City Centre and could deteriorate further if lockdown restrictions continue to the end of the financial year. There could be a permanent or sustained impact due to changes in working and shopping habits.</li> <li>• Bereavement – a forecast overspend of £0.413m mainly in respect of temporary storage facilities, amended service arrangements and other associated costs.</li> <li>• Waste Collection and Recycling – shortfall of £0.233m primarily in relation to the loss of income in respect of trade and garden waste.</li> <li>• Waste disposal – additional forecast costs of £0.743m due to increased waste tonnage volumes during 2020/2021.</li> <li>• Building Services – a shortfall against the budgeted surplus of £0.480m due to reduction in works activity during national lockdown and local restrictions periods.</li> <li>• Variations totalling £0.057m on a number of service areas following suspension of works, loss of income, additional staffing costs and additional deep clean costs.</li> </ul>

**Appendix A (continued)**

Portfolio	Revised Budget (as at 2nd Review) £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
<b>Cabinet Secretary</b>	13.252	(0.340)	0.009	12.921	13.117	(0.196)	<ul style="list-style-type: none"> <li>• Revenues – net forecast overspend of £0.782m due to projected unachieved enforcement and court fee income of as a result of pauses in enforcement action and court hearings for Council Tax and Business Rate collection, partially offset by staff vacancies.</li> <li>• Security Services – forecast shortfall in cash in transit income of £0.286m as a result of the Covid-19 pandemic.</li> <li>• Electoral Services – forecast underspend of £0.234m as a result of a fallow election year.</li> <li>• Various over and underspends across a number of services, including costs and lost income in respect of the Covid-19 pandemic, but offset by savings elsewhere, particularly in respect of vacant posts and reduced hours resulting in an underspend of £0.638m.</li> </ul>
<b>Children, Learning and Skills</b>	74.586	0.000	0.060	74.526	82.574	(8.048)	<ul style="list-style-type: none"> <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.</li> </ul> <p style="margin-left: 20px;">At this stage in the financial year £7.1m of pressures have been identified, including those as a result of the Covid-19 pandemic.</p> <ul style="list-style-type: none"> <li>• Derwent Hill – forecast net lost income of £0.926m in respect of the current pandemic and the likely continued impact during the rest of the financial year.</li> <li>• Minor underspends of £0.019m on other budgets, predominantly due to staffing slippage and additional grant income.</li> </ul>

## Appendix A (continued)

Portfolio	Revised Budget (as at 2 <sup>nd</sup> Review) £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
<b>Dynamic City</b>	<b>3.408</b>	<b>0.034</b>	<b>0.014</b>	<b>3.456</b>	<b>4.866</b>	<b>(1.410)</b>	<p>Overspend across a number of services, primarily due to the current Covid-19 pandemic, including:</p> <ul style="list-style-type: none"> <li>• Miscellaneous Land and Property (MLP) (£1.036m overspend) – loss of income due to rental shortfalls following a short rent free period and forecast continued income pressure in this area, particularly in respect of the Bridges ground rent income. The position will be kept under review and could deteriorate further. The MLP overspend is partially offset by additional Siglion loan note interest received by the Council (£0.288m).</li> <li>• Access to Housing – a forecast overspend of £0.493m incurred to ensure additional homelessness provision during the crisis.</li> <li>• Other minor variations (£0.169m) including within Development and Building control as fee earning income stalled earlier in the year, although activity has subsequently improved.</li> </ul>
<b>Healthy City</b>	<b>88.377</b>	<b>0.159</b>	<b>0.060</b>	<b>88.596</b>	<b>105.894</b>	<b>(17.298)</b>	<ul style="list-style-type: none"> <li>• Significant financial pressure of £18.880m in respect of Adult Social Care and commissioning attributable to increasing complexity of need, including as a consequence of the current Covid-19 pandemic. These pressures include additional care home fees, PPE and workforce pressures.</li> <li>• Welfare Reform – a direct pressure of £0.228m as a result of Covid-19 increasing demand.</li> <li>• Public Health – a current forecast underspend of £1.810m on existing grant expenditure in relation to planned core activity due to the lower take up of activity based contracts and the diversion of staffing resource in order to focus public health support on responding to the Covid-19 pandemic for which additional Covid-19 related funding has been received. Any underspend at outturn will be transferred to reserves and earmarked for public health related expenditure.</li> </ul>

Appendix A (continued)

Portfolio	Revised Budget (as at 2 <sup>nd</sup> Review) £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Vibrant City	13.460	0.000	0.000	13.460	14.403	(0.943)	<ul style="list-style-type: none"> <li>• Sport and Leisure Facilities – forecast overspend of £1.446m primarily relating to required contributions to the Council's Leisure Joint Venture which has experienced significant income losses due to closures and restricted use during the Covid-19 pandemic.</li> <li>• Events – underspend of £0.628m due to the postponement or cancellation of a number of Council organised events within the city.</li> <li>• Various over and underspends across all services. The net overspends of £0.125m in the main relating to the Covid-19 pandemic.</li> </ul>
<b>Total Service (Delegated) Outturn</b>	<b>248.191</b>	<b>0.187</b>	<b>0</b>	<b>248.378</b>	<b>280.566</b>	<b>(32.188)</b>	

**Cabinet Meeting 12 January 2021  
Overall Position 2020/2021**

	Original Budget	Contingency Transfers / Budget Adjustments	Current Budget	Forecast Outturn	Variance Under / (Over) Spend
	£m	£m	£m	£m	£m
Leader Portfolio	4.803	0.000	<b>4.803</b>	4.767	<b>0.036</b>
Deputy Leader Portfolio	50.305	0.311	<b>50.616</b>	54.945	<b>(4.329)</b>
Cabinet Secretary Portfolio	13.252	(0.331)	<b>12.921</b>	13.117	<b>(0.196)</b>
Children, Learning and Skills Portfolio	74.586	(0.060)	<b>74.526</b>	82.574	<b>(8.048)</b>
Dynamic City Portfolio	3.408	0.048	<b>3.456</b>	4.866	<b>(1.410)</b>
Healthy City Portfolio	88.377	0.219	<b>88.596</b>	105.894	<b>(17.298)</b>
Vibrant City Portfolio	13.460	0.000	<b>13.460</b>	14.403	<b>(0.943)</b>
<b>Total Service (Delegated) Expenditure</b>	<b>248.191</b>	<b>0.187</b>	<b>248.378</b>	<b>280.566</b>	<b>(32.188)</b>
Provision for Contingencies and other Corporate Budgets	3.101	(0.187)	<b>2.914</b>	5.535	<b>(2.621)</b>
Capital Financing Costs	23.600	0.000	<b>23.600</b>	18.414	<b>5.186</b>
Transfer to/from Reserves	0.335	0.000	<b>0.335</b>	2.145	<b>(1.810)</b>
Technical Adjustments	(28.635)	0.000	<b>(28.635)</b>	(28.635)	<b>0.000</b>
Levies	15.210	0.000	<b>15.210</b>	15.210	<b>0.000</b>
Hetton Town Council	0.068	0.000	<b>0.068</b>	0.068	<b>0.000</b>
Less Grants	(38.028)	0.000	<b>(38.028)</b>	(57.094)	<b>19.066</b>
<b>Total Net Expenditure</b>	<b>223.842</b>	<b>0.000</b>	<b>223.842</b>	<b>236.209</b>	<b>(12.367)</b>
Revenue Support Grant	(27.956)	0.000	<b>(27.956)</b>	(27.956)	<b>0.000</b>
National Non-Domestic Rates/Retained Business Rates	(46.400)	0.000	<b>(46.400)</b>	(46.400)	<b>0.000</b>
Top Up Grant	(43.725)	0.000	<b>(43.725)</b>	(43.725)	<b>0.000</b>
Collection Fund Surplus	(0.835)	0.000	<b>(0.835)</b>	(0.835)	<b>0.000</b>
Council Tax Requirement	(104.926)	0.000	<b>(104.926)</b>	(104.926)	<b>0.000</b>
<b>Draft Forecast Outturn</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>12.367</b>	<b>(12.367)</b>
Drawdown of Covid-19 tranche 1 reserve	0.000	0.000	<b>0.000</b>	(10.592)	<b>10.592</b>
<b>Final Forecast Outturn Position</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.775</b>	<b>(1.775)</b>

**Cabinet Meeting 12 January 2021  
Major Earmarked Reserves**

<b>Reserves</b>	<b>Purpose of the Reserve</b>	<b>Opening Balance 01.04.2020 £m</b>	<b>Reserve Realign (2<sup>nd</sup> review) £m</b>	<b>Forecast Movement in Year £m</b>	<b>Forecast Balance 31.03.2021 £m</b>
General Fund	General Fund of the Council	12.000	0.000	0.000	12.000
School Balances	Balances held by schools under a scheme of delegation	7.982	0.000	(0.317)	7.665
<b>Riverside Transfer</b>					
Riverside Transfer	Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council.	9.188	0.000	(0.540)	8.648
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	9.254	0.000	(1.867)	7.387
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.	7.280	0.000	(1.487)	5.793
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	4.545	0.000	(1.549)	2.996
Strategic Investment Plan Reserve	This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan	1.194	0.000	(0.940)	0.254
Commercial and Economic Development Activity	Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council.	1.153	0.000	(0.929)	0.225
Other Earmarked Capital Reserve	Funding set aside to fund future capital projects previously approved.	1.737	(0.042)	(0.891)	0.804
<b>Strategic Investment Reserve (Revenue)</b>					
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	11.769	(6.321)	(0.495)	4.953
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.	10.000	0.000	(0.268)	9.732



## Appendix C (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2020 £m	Reserve Realign (2 <sup>nd</sup> review) £m	Forecast Movement in Year £m	Forecast Balance 31.03.2021 £m
Service Reduction Reserve	This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions.	12.146	0.000	0.000	12.146
COVID-19	A reserve established from government grant to fund the immediate costs and lost income associated with the COVID-19 pandemic.	10.592	0.000	(10.592)	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.	6.528	8.918	0.000	15.446
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	5.677	0.000	0.000	5.677
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.	4.280	0.000	(0.281)	3.999
HCA Stadium Park	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	3.109	0.000	0.000	3.109
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	3.303	0.000	0.000	3.303
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	(0.157)	1.994
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.	1.577	0.000	0.000	1.577
Education Redundancy Reserve	The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools.	1.916	0.000	0.373	2.289
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.334	0.000	(0.105)	1.229
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.	1.236	0.000	0.000	1.236
Collection Fund Surplus Reserve	Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years.	1.198	0.000	0.335	1.533

## Appendix C (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2020 £m	Reserve Realign (2 <sup>nd</sup> review) £m	Forecast Movement in Year £m	Forecast Balance 31.03.2021 £m
Children's Social Care	A reserve to fund any one-off Children's Social Care costs that may arise in the future.	3.000	0.000	0.000	3.000
Airport Smoothing Reserve	Reserve established to smooth any delayed airport loan interest payment that may arise.	1.253	0.000	(0.036)	1.217
Public Health Reserve	Ringfenced grant funding for public health initiatives	1.888	0.000	1.710	3.598
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	17.341	(2.555)	(6.219)	8.567
<b>Total General Fund Reserves</b>		<b>154.631</b>	<b>0.000</b>	<b>(24.225)</b>	<b>130.376</b>
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	9.062	0.000	(2.091)	6.971
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	4.992	0.000	0.000	4.992
<b>Total Usable Reserves</b>		<b>168.685</b>	<b>0.000</b>	<b>(26.346)</b>	<b>142.339</b>