

REFERENCE FROM CABINET – 13 OCTOBER 2022

SECOND REVENUE BUDGET REVIEW 2022/2023

REPORT OF THE ASSISTANT DIRECTOR OF LAW AND GOVERNANCE

1. Purpose of this Report

- 1.1 To set out for advice and consideration of the Committee the report on the First Revenue Budget Review 2022/2023.

2. Background and Current Position

- 2.1 The Cabinet, at its meeting on 13 October 2022, will give consideration to a report of the Assistant Director of Finance. The report details the outcome of the Revenue Budget Second Review for 2022/2023 including proposed contingency transfers.
- 2.2 The contingency transfers proposed are set out at Section 3.4.
- 2.3 Copies of the 13 October 2022 Cabinet agenda can be accessed electronically on the Council website by all Members of the Council.
- 2.4 The Cabinet is recommended to:-
- Note the contents of the report; and
 - Approve the contingency transfers proposed at Section 3.4.
- 2.5 An update on the comments and decision of Cabinet will be provided to the meeting.

3 Conclusion

- 3.1 The report is referred to this Committee for advice and consideration. The comments from the Committee will be reported to Cabinet on 10 November 2022.

4 Recommendation

- 4.1 The Committee is invited to give advice and consideration on the report of the Assistant Director of Finance.

5 Background Papers

1.1 Cabinet Agenda, 13 October 2022.

1.2 A copy of the Agenda is available for inspection from the Assistant Director of Law and Governance or can be viewed on-line at:-

<https://committees.sunderland.gov.uk/committees/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/10812/Committee/1953/Default.aspx>

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CABINET MEETING – 13 OCTOBER 2022

EXECUTIVE SUMMARY SHEET – PART I

Title of Report: Second Revenue Budget Review 2022/2023	
Author(s): Assistant Director of Finance	
Purpose of Report: To report details of the outcome of the Revenue Budget Second Review for 2022/2023	
Description of Decision: Cabinet is recommended to: <ul style="list-style-type: none"> Note the contents of the report; and Approve the contingency transfers proposed at Section 3.4. 	
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 2022/2023 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 <input type="text" value="N/A"/> Privacy <input type="text" value="N/A"/> Sustainability <input type="text" value="N/A"/> Crime and Disorder <input type="text" value="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

SECOND REVENUE BUDGET REVIEW FOR 2022/2023

ASSISTANT DIRECTOR OF FINANCE

1. Purpose of Report

- 1.1 This report advises Members of the overall Revenue Budget position following the second review for 2022/2023 including proposed contingency transfers.

2. Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to:

- Note the contents of the report; and
- Approve the contingency transfers proposed at Section 3.4.

3. Revenue Budget Monitoring 2022/2023

3.1 Overall Position

- 3.1.1 The budget for 2022/2023 is as approved by Council in March 2022. A full review has been undertaken for each Portfolio, together with contingency allocations proposed for the second quarter.
- 3.1.2 At this stage in the financial year the forecast outturn position reflects the challenge the Council faces in delivering savings approved by Council in order to balance the budget, known areas of pressure, and the ongoing impact of rising inflation which is driving the cost of living crisis. The financial consequences of the latter are factored into the position where known, but a degree of caution should be noted due to the uncertainties in the economy for the remainder of the financial year.
- 3.1.3 The overall forecast outturn position for 2022/2023 is an overspend of £8.545m, after fully utilising the £5.750m Energy and Inflationary reserve established at outturn 2021/2022 the forecast overspend would reduce to £2.795m. This is summarised in the table below, with further detail provided within Appendix A, Appendix B, and the remainder of Section 3 below.

Area of Variance	Para reference	Variance Underspend / (Overspend) £m
Delegated Forecast Outturn	3.3	(7.545)
Pay Pressure	3.1.5	(6.000)
Energy Pressure	3.1.7	(2.000)
Contingency Transfers	3.4	0.000
Debt Charge Savings	3.6	4.500
Treasury Management Savings	3.6	2.500
Net Revenue Pressures		(8.545)
Use of Energy and General Inflation Reserve		5.750
Forecast Outturn position (after use of reserve)		(2.795)

- 3.1.4 The Council's financial position is being adversely impacted by pressures of elevated 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 continue to experience both demand pressures and cost increases from providers looking to mitigate inflationary pressures they are experiencing. Other council services are experiencing pressures as contracts are renewed and inflation is noticeably impacting energy and fuel costs.

Pay Pressures

- 3.1.5 The pay award for 2022/2023 is still to be agreed. In July a formal pay offer for Local Government was made for one year which proposed an increase of £1,925 on all NJC pay points. This equates to 10.50% for SCP1 and no less than 4.04% for SCP43 (the top of the NJC pay scale). The Trades Unions are in the process of concluding ballots with their members on the offer. The same pay offer of a flat rate £1,925 increase has also been made in respect of JNC employees. Provision for a 3% pay award was factored in to the 2022/2023 base budget. Based upon the pay offer this will create an additional cost of c.£6.500m for the Council and its wholly owned companies for the current financial year beyond that included in the Council's base revenue budget.
- 3.1.6 On 23rd September 2022, the Chancellor, Kwasi Kwarteng, confirmed in his Fiscal Statement the reversal of the 1.25% National Insurance increase which was introduced by Government in July 2022. The reversal will be for both the employee and employer elements of national insurance and will take effect from 6th November 2022. The in-year saving impact of this change for the Council and its wholly owned companies is estimated to be £0.500m. This has been reflected in the forecast outturn position.

Energy Price Pressures

- 3.1.7 The Russian invasion of the Ukraine has created significant 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.
- 3.1.8 The Department for Business, Energy and Industrial Strategy (BEIS) have recently announced the 'Energy Bill Relief Scheme' designed to provide support for businesses and other non-domestic customers. The scheme has been confirmed for the 6 month period 1st October 2022 to 31st March 2023 and does include local authorities.
- 3.1.9 Based on energy expenditure to date and factoring in the current understanding of the Government's 6 month support package, an energy overspend in the region of £2.000m for 2022/2023 is currently anticipated. Further details on the scheme are awaited from the Government which will allow the forecasts to be refined. At present, the inclusion of local authorities in any support package beyond 31st March 2023 is unclear and is of significant concern given energy wholesale prices continue to rise and which will significantly impact upon the Council's 2023/2024 budget.

General Pressures

- 3.1.10 With the exception of energy the Government has indicated that there will be no general funding support for local authorities during 2022/2023 to meet the mounting, pay and general inflationary pressures facing all local authorities. Contingencies and reserves will be used to mitigate pressures where possible.
- 3.1.11 It should be noted that the financial impact of the cost of living crisis on the City's residents and businesses could impact on the council tax and / or business rates collection funds as we move into the winter months. Should a deficit arise it will not impact on the current year's general fund position but would need to be taken into account in the budget setting process for 2023/2024.
- 3.1.12 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.
- ### 3.2 Budget Transfers
- 3.2.1 Budget transfers undertaken at the second review primarily reflect the need to realign budgets to ensure correct accountability of the approved budget. These are set out in Appendix A.
- ### 3.3 Portfolio Budgets – Overall Summary
- 3.3.1 Details of the forecast major variations for each portfolio, are set out at Appendix A. In overall terms there is currently a forecast delegated net service pressure of £7.545m, inclusive of the savings plan position detailed at Section 3.3.2 below.
- 3.3.2 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 for this stage of the financial year given the demands and pressures services are experiencing. Portfolio holders and 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.
- £3.927m (67%) of the savings have been fully realised to date.
 - £1.720m (30%) of reductions where good progress is being made, with a good prospect that full savings will be achieved.
 - £0.174m (3%) is in respect of areas where delays and issues have been encountered, hence where corrective actions or alternative options are being considered, which require close attention to ensure a positive outcome and timely delivery of savings. For budget monitoring purposes these are included as a forecast outturn pressure within the delegated budgets if appropriate.
- 3.3.3 Transitional reserves continue to be held to meet any profiling delays in the implementation of the 2022/2023 savings plans and any additional pressures arising.
- 3.3.4 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.

3.4 General Contingency Transfers

3.4.1 Transfers from the general contingency fund take place on a quarterly basis to reflect expenditure actually incurred in respect of approved provisions. Second quarter contingency transfers, totalling £0.395m have been enacted as follows;

- Adult Social Care Inflation (£0.381m)
Drawdown from provision to meet the impact of inflationary increases from service providers. Some contracts are still to be finalised so the inflationary uplift of these will be drawn down at a future review as required.
- Other Miscellaenous drawdowns (£0.014m)

3.4.2 Based on the forecast use of contingencies, at this stage in the financial year the general contingency provision is anticipated to be fully utilised to partially meet the significant pay, energy and general inflationary pressures.

3.5 Transitional costs

3.5.1 The potential need to utilise capital receipt flexibility to fund transitional costs arising in 2022/2023 will be confirmed at outturn, in light of the overall resources position at that time. At this stage, no unbudgeted transitional costs are forecast to be incurred during 2022/2023.

3.6 Treasury Management Savings

3.6.1 Net one-off savings on debt charges of £4.500m are anticipated at this stage. This reflects the position reported in the Capital Programme Second Review, elsewhere on the agenda, which confirms the reprofiling of expenditure for a number of schemes. It is proposed that any savings at outturn be utilised to support the overall Council position and Capital Programme.

3.6.2 Additional Investment income of £2.500m, is forecast to be achieved. The rates of return available in the investment market have increased significantly during recent months and will generate interest returns above the values anticipated for 2022/2023.

4. Review of Existing Reserves

4.1 Following a full review of planned usage, the Council's reserves are forecast to decrease by £69.495m in 2022/2023 to £146.567m as 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.

4.2 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 Business Rates

The budget set out a Local Business Rate requirement of £29.452m. As reported when setting the budget, a further Retail, Hospitality and Leisure reliefs scheme was announced by the Government for 2022/2023, which has reduced the collectable business rates for this year. However, the Council will be fully compensated for this reduction through Section 31 grant. Collection is as expected for this stage in the financial year and a balance budget currently forecast. The position will be kept under review, and further updates provided in future review reports.

5.2 Council Tax

The budget sets out a Council Tax requirement of element of £114.765m. Based on current forecasts a collection fund surplus is anticipated for the current year. As with Business Rates, should a surplus (or deficit) arise, this would manifest itself as a surplus (or deficit) to be taken into account in setting the 2023/2024 budget. The position will be kept under review and further updates provided in future review reports.

6. Reasons for Decision

- 6.1 To respond to variations in expenditure and income which have arisen in 2022/2023 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 2022/2023
Appendix B - Overall Forecast Position 2022/2023
Appendix C - Major Earmarked Reserves

11. Background Papers

None

**Cabinet Meeting 13th October 2022
Major Variations 2022/2023**

Portfolio	First Review Budget £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Leader	2.706	0.000	0.001	2.707	2.682	0.025	<ul style="list-style-type: none"> Forecast staff savings of £0.020m and other minor underspends of £0.005m.
Deputy Leader and Clean Green City Portfolio Holder	54.613	0.000	0.086	54.699	54.249	0.450	<ul style="list-style-type: none"> Business and Investment – projected underspend of £0.028, consisting of £0.036m due to a vacant post, and (£0.172m) income shortfall at Evolve/Washington Business Centre. Additional rental income generated from the DWP occupancy of the software centre £0.121m. Minor underspends of £0.043m. Port of Sunderland – projected overspend of (£0.174m) comprising; (£0.001m) income shortfall due to current global issues, £0.172m underspend on salaries due to vacant posts and (£0.345m) overspend on running costs including energy. Bereavement - (£0.063m) overspend primarily due to Crematorium repairs. Depots – (£0.147m) overspend mainly due to the cost associated with the fuel leak reinstatement. Fleet - forecast shortfall against budget of (£0.774m). (£0.125m) linked to the delay in the ability to achieve savings targets from reduced operational costs. (£0.597m) associated with parts, repairs and insurance inflationary cost pressures. (£0.052m) linked to increased fuel duty due to Government changes to red diesel eligibility. Local Services - (£0.076m) unachievable staff savings. Waste Collection and Recycling - forecast overspend of (£0.184m) primarily due to additional staff costs due to interim management arrangements and bin replacement costs. Waste disposal – forecast underspend of £1.868m comprising of a saving of £1.062m in relation to materials recovery from securing a lower than anticipated renewed contract price and increased income from recycled materials and £0.806m relating to a reduction through the Waste Disposal PFI contract arising from reduced tonnages.

Portfolio	First Review Budget £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
							<ul style="list-style-type: none"> Public Protection and Regulatory Services (£0.028m) shortfall on income target linked to lower capital project activity.
Cabinet Secretary	27.285	0.00	(0.005)	27.280	27.762	(0.482)	<ul style="list-style-type: none"> Civic Buildings (£0.046) overspend due to additional rent and service charge costs, partially offset by additional tenant income. Asset Management £0.053m underspend due to salary slippage. Benefits Services projecting £0.400m underspend on Rent Allowances aligned to benefit overpayment recovery. Building Services (£0.893m) overspend due to continued inability to meet income targets introduced in 2021/2022 savings plans which were linked to; reductions in back-office staffing and income from re-enablement works following hospital discharge, and fee income from works undertaken as part of the Housing Renewal Programme and Housing Delivery and Investment Plan. Corporate Management - underspend of £0.075m on pension enhancements and residual body payments. Law and Governance overspend (£0.308m) due to (£0.059m) shortfall in Land charges income and the timing of (£0.249m) Corporate Services savings delivery. Revenues £0.065m underspend on staffing due to vacancies and flexible working. Strategic and Operational HR (£0.446m) unachievable staffing efficiency and income pressures partially offset by drawdown from Transformation Reserves. Corporate Services Review Reserve to reflect the timing of the savings delivery plan which is mitigating some of the additional costs detailed above - £0.900m drawdown. Numerous variations totalling a net overspend (£0.282m) including unachievable staff turnover savings and income shortfalls.

Appendix A (continued)

Portfolio	First Review Budget £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Children, Learning and Skills	85.744	0.014	(0.001)	85.757	90.086	(4.329)	<ul style="list-style-type: none"> • 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. At this early stage in the financial year (£4.142m) of pressures have been identified. This position will be subject to continuous monitoring and an update provided at the third review. • Derwent Hill projecting a deficit of (£0.210m) mainly due to reduced bookings and increased costs of food and services. • Other minor variations amounting to £0.023m.
Dynamic City	15.903	0.000	(0.071)	15.832	15.978	(0.146)	<ul style="list-style-type: none"> • Development Control increase in planning fees resulting in additional income generated £0.100m. • Infrastructure and Transportation £0.617m underspend linked to increased forecast income of £0.500m from increased Asset and Network Management activity, license fees and bus shelter advertising. Staffing underspends on Transportation Development and Highways Gullies teams of £0.117m. • Parking Services – forecast shortfall on income collection of (£0.650m) based on recent usage trends and also factoring in known provision changes. • Planning Implementation vacant posts resulting in underspend of £0.090m. • Regeneration Properties – (£0.228m) overspend linked to property holding costs. • Access to Housing – forecast overspend of (£0.075m) from Environmental Health staffing pressures (£0.063m) and other minor overspends of (£0.012m).

Appendix A (continued)

Portfolio	First Review Budget £m	Contingency Transfers £m	Budget Adjustments £m	Current Revised Budget £m	Forecast Outturn £m	Forecast Variation Under / (Over Spend) £m	Reason for Variation
Healthy City	108.122	0.381	(0.048)	108.455	111.469	(3.014)	<ul style="list-style-type: none"> • Adult Social Care - net overspend of (£3.219m) resulting from demand cost pressures of (£3.370m) offset by staffing underspends of £0.151m. • Strategic Commissioning staffing underspends of £0.205m.
Vibrant City	13.453	0.000	0.038	13.491	13.540	(0.049)	<ul style="list-style-type: none"> • Minor staffing variations on a number of service areas has created a forecast overspend of (£0.049m).
Total Service (Delegated) Outturn	307.826	0.395	0.000	308.221	315.766	(7.545)	

**Cabinet Meeting 13th October 2022
Overall Forecast Position 2022/2023**

	First Review Budget £m	Contingency Transfers/ Budget Adjustments £m	Current Budget £m	Forecast Outturn £m	Variance Under / (Over) Spend £m
Leader Portfolio	2.706	0.001	2.707	2.682	0.025
Deputy Leader and Clean Green City Portfolio	54.613	0.086	54.699	54.249	0.450
Cabinet Secretary Portfolio	27.285	(0.005)	27.280	27.762	(0.482)
Children, Learning and Skills Portfolio	85.744	0.013	85.757	90.086	(4.329)
Vibrant City Portfolio	13.453	0.038	13.491	13.540	(0.049)
Healthy City Portfolio	108.122	0.333	108.455	111.469	(3.014)
Dynamic City Portfolio	15.903	(0.071)	15.832	15.978	(0.146)
Total Service (Delegated) Expenditure	307.826	0.395	308.221	315.766	(7.545)
Provision for General Contingencies	11.564	(0.395)	11.169	11.169	0.000
Unfunded Pay and Energy Pressures	0.000	0.000	0.000	8.000	(8.000)
Capital Financing Costs and Investments	26.821	0.000	26.821	19.821	7.000
Transfer to / from Reserves	(17.688)	0.000	(17.688)	(17.688)	0.000
Technical Adjustments	(64.318)	0.000	(64.318)	(64.318)	0.000
Levies	16.109	0.000	16.109	16.109	0.000
Hetton Town Council	0.070	0.000	0.070	0.070	0.000
Less Grants	(63.469)	0.000	(63.469)	(63.469)	0.000
Total Net Expenditure	216.915	0.000	216.915	225.460	(8.545)
Revenue Support Grant	(28.974)	0.000	(28.974)	(28.974)	0.000
National Non-Domestic Rates / Retained Business Rates	(29.452)	0.000	(29.452)	(29.452)	0.000
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
Net Revenue Pressures	0.000	0.000	0.000	8.545	(8.545)
Energy and General Inflation Reserve	0.000	0.000	0.000	(5.750)	5.750
Forecast Outturn (after use of reserve)	0.000	0.000	0.000	2.795	(2.795)

Cabinet Meeting 13th October 2022
Major Earmarked Reserves

Reserves	Purpose of the Reserve	Opening Balance 01.04.2022 £m	Forecast 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	(2.569)	7.213	(1.540)	5.673	(0.785)	4.888	(0.741)	4.147	(0.518)	3.629
Earmarked General Fund Reserves – Capital												
Riverside Transfer	Reserve established to fund capital works associated with the Homes and Communities Agency land transferred to the Council.	9.037	(0.389)	8.648	0.000	8.648	0.000	8.648	0.000	8.648	0.000	8.648
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	7.857	(4.161)	3.696	(0.027)	3.669	(3.669)	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	(1.612)	7.750	(3.405)	4.345	(1.050)	3.295	0.000	3.295	0.000	3.295
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	(1.533)	0.928	(0.928)	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	(0.577)	0.307	(0.307)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Culture House	A reserve has been set aside to provide funding for a range of immersive technologies in the new Culture House	3.000	0.000	3.000	(3.000)	0.000	0.000	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	(0.319)	1.479	(0.050)	1.429	(0.050)	1.379	0.000	1.379	0.000	1.379

Appendix C (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2022 £m	Forecast 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 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	(8.338)	26.263	(9.000)	17.263	(9.000)	8.263	(8.263)	0.000	0.000	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	(1.800)	8.947	(3.000)	5.947	(3.000)	2.947	(2.947)	(0.000)	0.000	(0.000)
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	(2.228)	3.413	(2.166)	1.247	(1.247)	0.000	0.000	0.000	0.000	0.000
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	5.470	0.000	5.470	0.000	5.470	0.000	5.470	0.000	5.470	0.000	5.470
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	(0.331)	3.950	(0.500)	3.450	(0.500)	2.950	(0.500)	2.450	(0.500)	1.950
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	4.498	(0.500)	3.998	(0.500)	3.498	(0.500)	2.998	0.000	2.998	0.000	2.998
Public Health Grant	Ringfenced Public Health grant funding, to deliver future public health initiatives.	5.088	(0.100)	4.988	(0.089)	4.899	(0.059)	4.840	(0.049)	4.791	(0.049)	4.742
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	(0.500)	3.500	(0.500)	3.000	(0.500)	2.500	(0.500)	2.000	(0.500)	1.500
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	(2.198)	2.000	(1.345)	0.655	(0.587)	0.068	(0.068)	(0.000)	0.000	(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 as the city emerges from the pandemic and MTFP challenges.	2.941	(2.000)	0.941	(0.941)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	0.130	2.209	0.000	2.209	0.000	2.209	0.000	2.209	0.000	2.209
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	(0.422)	1.729	(0.451)	1.278	(0.444)	0.834	(0.435)	0.399	(0.399)	(0.000)

Appendix C (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2022 £m	Forecast 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
Low Level Family Support	Reserve to support activities with families and individuals to address the challenges of recovering from the pandemic.	4.386	(1.965)	2.421	(1.779)	0.642	(0.642)	0.000	0.000	0.000	0.000	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	0.000	1.533	0.000	1.533	0.000	1.533
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	(0.250)	1.209	(0.250)	0.959	(0.250)	0.709	(0.250)	0.459	(0.250)	0.209
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	(0.500)	0.700	(0.300)	0.400	(0.400)	0.000	0.000	0.000
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.092	(0.105)	0.987	(0.104)	0.883	(0.105)	0.778		0.778		0.778
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	(0.204)	0.612	(0.204)	0.408	(0.204)	0.204	0.000	0.204	0.000	0.204
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	(2.840)	6.496	(3.454)	3.042	(2.041)	1.001	0.000	1.001	0.000	1.001
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	(5.750)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Member Recovery Fund	Members Covid Response fund	1.000	(0.160)	0.840	(0.160)	0.680	(0.160)	0.520	(0.160)	0.360	(0.160)	0.200
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	19.382	(8.512)	10.870	(3.665)	7.205	(2.460)	4.745	(0.002)	4.743	0.002	4.745
Total General Fund Reserves		200.394	(57.435)	142.959	(37.865)	105.094	(27.553)	77.541	(14.315)	63.226	(2.374)	60.852
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	9.723	(7.115)	2.608	(2.608)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	5.945	(4.945)	1.000	(1.000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Usable Reserves		216.062	(69.495)	146.567	(41.473)	105.094	(27.553)	77.541	(14.315)	63.226	(2.374)	60.852

