

CABINET MEETING – 9 JUNE 2022 EXECUTIVE SUMMARY SHEET – PART I
Title of Report: Revenue Budget Outturn 2021/2022
Author(s): Executive Director of Corporate Services
Purpose of Report: The purpose of the report is to advise Cabinet of the outcome of the Revenue Budget Outturn for 2021/2022 including the budget transfers, contingency and reserves transfers proposed.
Description of Decision: Cabinet is recommended to: <ul style="list-style-type: none"> Approve the budget transfers, contingency and reserve transfers proposed within section 3 of the report; and Note the overall outturn position of the Council.
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: 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 2021/2022.
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

CABINET 9 JUNE 2022

REVENUE BUDGET OUTTURN 2021/2022

Executive Director of Corporate Services

1. Purpose of Report

- 1.1 The purpose of the report is to advise Cabinet of the outcome of the Revenue Budget Outturn for 2021/2022 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 Outturn 2021/2022

3.1 Statement of Accounts

- 3.1.1 The statutory deadline for the annual accounts production has been revised in the light of the Covid-19 pandemic and also the ability of the local authority audit market to meet current timescales. The deadline for the draft Statement of Accounts is 31st July 2022 and consultation is currently underway to extend the audited Statement of Accounts deadline from the 30th September 2022 to the 30th November 2022.

- 3.1.2 At this stage, the Council intends to publish its draft Statement of Accounts by the end of June 2022 which is ahead of the deadline. It is intended that the draft Statement of Accounts will therefore be available for public inspection from 1st July 2022 until 12th August 2022. The audited Statement of Accounts is proposed to be presented to the Audit and Governance Committee on the 11th November 2022 for final approval.

- 3.1.3 Should the outturn position be amended prior to publishing the draft Statement of Accounts, an update will be provided to Cabinet as part of the first revenue review in July.

3.2 Overall Position

- 3.2.1 The final revenue outturn overall position is a net underspend of £0.037m. This takes into account service pressures and transitional costs arising in 2021/2022 which have been contained within the overall outturn position, as well as the treatment of a variety of covid-related grants.

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

Area of Variance	Paragraph reference	Variance £m (Over) / Under Spend
Delegated Outturn	3.4	2.455
Contingencies Transfers	3.5	6.874
Capital Debt Charges	3.6	3.475
Covid Contingency	3.2	9.133
Central Grant Adjustments		(0.096)
Reserves set aside	3.7	(19.516)
MTFP Smoothing Reserve	3.7	(2.288)
Final Outturn position (Transferred to Medium Term Smoothing Reserve)		0.037

3.2.3 As reported through the quarterly revenue reviews, the Council's expenditure and income continued to be impacted by the Covid-19 pandemic and its wider economic consequences during 2021/2022, particularly within the service areas of children's and adult social care. In addition, inflation levels experienced during the final quarters of 2021/2022 have impacted all service areas with particular pressures arising from energy and fuel cost rises. The inflationary pressures have also placed an additional financial burden on the social care sector which was already suffering from pandemic demand increases and staff retention issues.

3.2.4 The Government provided further unringfenced Covid support grant funding to Local Authorities for 2021/2022 with Sunderland receiving a total of £12.583m. Of this allocation, as approved when the 2021/2022 budget was set, £9.133m was held centrally within the Covid Contingency to support the overall budget position given the pressures forecast within service areas. The balance was transferred to reserves to fund the continuation of covid response activities.

3.2.5 The Government also provided compensation for Sales, Fees and Charges income losses being suffered by councils for quarter 1 of the year. The value claimed for this period totalled £0.429m. No financial support was provided beyond quarter 1.

3.2.6 In accordance with accounting requirements and as noted in previous updates, a number of specific grant allocations have been allocated directly to the service areas to which each grant relates. This has reduced the pressure on the service budget arising from the increased expenditure required in delivering these activities and responding to the pandemic. Some of these support initiatives and activities have continued beyond March 2022, as such any unspent grant has been carried forward for use 2022/2023 in line with the respective grant conditions.

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 Health City portfolio.

3.4 Delegated Budgets – Overall Summary

- 3.4.1 Details of major variations for each service area, which have led to the outturn position, are set out at Appendix A. In overall terms there was a delegated budget net underspend of £2.455m. The overall delegated underspend position was primarily achieved through the receipt of £9.336m of additional income provided by Sunderland's Clinical Care Group to support adult social care pressures and delivery in the City.

- 3.4.2 Progress in the implementation of the £6.267m approved savings plans for 2021/2022 continued during the fourth quarter. Analysis of the achievement of savings during 2021/2022 is shown below. Where savings haven't been achieved in full, the position is included in the delegated outturn position detail at Appendix A.

- £5.041m (80%) of the savings have been fully realised; and
- £1.226m (20%) of savings are no longer anticipated to be delivered as originally planned. This relates to;
 - £0.103m Derwent Hill additional income generation targets which have been unachievable due to reduced bookings as a consequence of the pandemic.
 - £0.893m proposals relating to service growth and income generating opportunities within Building Services, which have not been possible primarily due to the pandemic and associated slowing in the housing market;
 - £0.125m savings within Fleet and Winter Maintenance relating to reductions in vehicle parts and staffing savings which are no longer achievable due to rising maintenance costs and until the service is relocated and restructured; and
 - £0.105m proposals relating to service growth and income generating opportunities within areas including Waste Collection and Catering. These have not been achievable due to the ongoing economic downturn resulting from the pandemic.

- 3.4.3 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.

3.4.4 The outturn position reflects the establishment of a number of new or increased reserves, totaling £19.516m for known service commitments. The creation of these reserves reflects the fact that the commitment has been established, but the goods or services have not been delivered during 2021/2022. These reserves, which are detailed further at section 3.7, will therefore meet those commitments when they arise.

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. Final quarter contingency transfers, totalling £2.157m have been enacted as noted below, leaving an overall underspend of £6.874m on the Council's contingency budget. The transfers in the final quarter are:

- **Adult Social Care Inflation £2.660m**
Return to contingencies of the inflationary requirement for Adult Social Care contacts for 2021/2022, following drawdown in a prior quarter. The Contain Outbreak Management Fund grant provided by the Government has met this requirement for 2021/2022 as a one-off.
- **Additional Pay Award (£1.373m)**
Following agreement of the employee pay award for 2021/2022, funding has been released from contingencies to service area budgets.
- **Council Tax Hardship and Other Reliefs (£1.193m)**
During 2020/2021 grant funding was utilised to deliver additional council tax hardship support to those in receipt of Local Council Tax support. This scheme was extended to 2021/2022 (total cost £2.704m) funded by utilising the remaining £1.511m grant carried forward from 2020/2021, with the £1.193m balance met from contingencies.
- **Environmental Services Review (£0.500m)**
A review of the Environmental Services budget commenced in January 2021 and highlighted that additional staffing budgets for Local Services and Waste Collection would be required for 2021/2022 onwards. The review has now been completed and budgets have been realigned to create an operational structure which is fit for purpose, improves succession planning through better use of apprentices and reduces the reliance on agency staff. The contingency drawdown provides funding in 2021/2022 and has been incorporated into the service's base budget from 2022/2023 onwards.
- **Bridges Rent (£0.452m)**
Due to the continued covid impact on the high street and general downturn, a shortfall on the rental income from the Council's interest in the Bridges has been incurred.

- **Communications Branding (£0.080m)**
Funding has been drawn down to support the development of the My Sunderland website to create a place-based web platform bringing together inward investment and destination management elements. Review and redevelopment of content and key areas of sunderland.gov.uk to ensure content is accessible and user-centric in its design, as part of wider improvement activity.
- **Business Operating Model (£0.135m)**
External support to aid the development and delivery of a range of customer focused improvements as the Council transitions to a new target operating model, which is better equipped to serve our residents and communities.
- **ICT Digital Platform (£0.150m)**
A new and improved digital platform which has enabled the Council to deliver a whole range of self-serve options for external customers and across internal services, helping us to achieve a position where over 55% of customers are now accessing our services on-line, providing greater choice and convenience.
- **Utilities £0.134m**
Return to contingencies of the underspend in respect of utility costs during 2021/22. Utility cost rises have in part been mitigated by further savings arising from reduced energy consumption following the LED street lighting replacement programme.
- **Regeneration Properties (£0.073m)**
Overspend of £0.073m relating to premises holding costs of properties in council ownership.
- **By Elections (£0.027m)**
Costs to deliver by-elections during 2021/2022 for Hetton and Redhill wards.
- **Doubtful Debt Impairment Allowance (£0.485m)**
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 (£0.364m)**
Specific contingency drawdown to support the winter maintenance base budget provision covering the full winter period.
- **Other miscellaneous drawdowns (£0.119m)**

3.6 Treasury Management Savings

- 3.6.1 As reported during the year, debt charge and investment savings have accrued during 2021/2022. A total underspend of £3.475m has been generated during 2021/2022 as a result of reprofiling on the capital programme, which is reported elsewhere on today's agenda, and securing borrowing at lower than forecast interest rates during the year.

3.7 Reserves

- 3.7.1 Earmarking of specific reserves totaling £19.516m is proposed, to meet a number of expected pressures:

- **Energy and General Inflation (£5.750m)**
The cost of living crisis fuelled by inflation is impacting on council service provision as well as households. The creation of a reserve would set aside funding to manage the forecast impact of energy price rises and also support other inflationary and trading impacts expected during 2022/2023 and potentially beyond.
- **Health and Social Care (£9.336m)**
Additional external income from in-year Health funding utilised to create a reserve to support health and social care services in Sunderland in the short to medium term.
- **Culture House (£3.000m)**
A reserve has been set aside to provide funding for a range of immersive technologies in the new Culture House. The base budget for 2023/24 already includes an estimate for the annual revenue/running costs of £1.000m and the capital programme includes the required budgets for the building of the new facility.
- **Together for Children (TfC) transformation and Covid Recovery funding (£0.680m)**
TfC benefited from the award of Department for Education transformation funding during 2020/2021, the majority of funding has now been spent with £0.100m transferred to reserves to fund ongoing initiatives in to 2022/2023. Similarly, £0.580m of Covid Response Support funding will be transferred to this reserve to fund ongoing response initiatives within children's services.
- **Strategic Regeneration (£0.750m)**
To support the Council's development ambitions this will provide additional funding in to the Council's regeneration reserve, specifically to smooth any revenue impact of projects until they become self-sustaining.

- 3.7.2 In addition, the underspend on the ringfenced core Public Health Grant (£1.045m) has been transferred to the Public Health reserve at the year end.

- 3.7.3 The 2021/2022 budget was set with an assumed drawdown of £2.288m from the medium term planning smoothing reserve. Given the revenue underspend position this drawdown has not been required and such the funding remains in the reserve for future use. Reserve levels will be monitored throughout 2022/23 and changes will be reported to Cabinet through the quarterly budget monitoring reports.

4 General Fund Balances

- 4.1 As part of the budget setting process for 2021/2022 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 5.8% of the Council's net budget requirement, which remains at a level considered appropriate for a large unitary council by the Executive Director of Corporate Services.

5 Review of Existing Reserves

- 5.1 A full Statement of Reserves and their forecast use up to 2025 is 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 increased by £14.838m in 2021/2022 to £219.020m. A significant element of the improved position reflects the need to hold a National Non-Domestic Rates (NNDR) Covid Reliefs reserve (£8.202m) as explained further in section 6. The reserves have also been increased due to capital programme reprofiling and the improved outturn position.
- 5.3 Cabinet members will be aware that, with the exception of the £12m General Fund set out in section 4 above, these usable reserves are earmarked for specific purposes and commitments, which are subject to regular review. Any decision to apply these reserves for other purposes, would have a detrimental impact on the Council as the reserve could not be used for its intended purposes, which are detailed in Appendix D.

6 Collection Funds

6.1 Business Rates

- 6.1.1 The Council continued to administer further rounds of the Government's Covid Business Rate Reliefs scheme during 2021/2022 which provided business rates relief for businesses within the Retail, Hospitality and Leisure sectors. The Council has received Covid Business Rates Reliefs grant funding from the Government to compensate for this loss of income. Due to the required technical treatment of the grant, whereby grant received during 2021/2022 cannot be applied until 2022/2023, the collection fund has a significant deficit at the end of the year.
- 6.1.2 The NNDR1 return to the Government for 2022/2023 set out a forecast deficit of £24.697m at the end of the 2021/2022 financial year, with the Council's 49% share being £12.101m. The forecast Covid Business Rates Relief grant at that time was £10.966m. The forecast deficit was provided for as part of the 2022/2023 budget setting process.
- 6.1.3 The final business rates position at 31st March 2022 is an overall closing deficit balance of £11.885m, of which £5.824m relates to the Council's 49% share. The Business Rates Relief grant and other section 31 grant increases (£8.202m) have been transferred to a reserve and will be utilised in 2022/2023 to offset the brought forward collection fund deficit in line with accounting requirements.

6.2 Council Tax

- 6.2.1 As noted in section in section 3.5, the Council has supported those residents accessing Local Council Tax Support, with further hardship council tax support during 2021/2022. This coupled with in an increase in collection following the initial covid related downturn has resulted in the council tax element of the collection fund generating a surplus against budget in 2021/2022. An in-year surplus of £1.632m was recorded as at 31st March 2022, of which the Council's share is £1.422m. This also represents an improvement from the surplus amount (£1.295m Council's share) reported to Cabinet in February 2022.

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 2021/2022.

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 - Delegated Budget Major Variations 2021/2022
- Appendix B - Overall Outturn Position 2021/2022
- Appendix C - Statement of General Balances
- Appendix D - Major Earmarked Reserves

12. Background Papers

- None

Cabinet Meeting 9th June 2022
Delegated Budget Major Variations 2021/2022

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in Para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Final Variation Under / (Over) Spend £m	Reason for Variation
Leader	5.199	0.012	(0.066)	5.145	4.845	0.300	<ul style="list-style-type: none"> Underspends across a number of services which include £0.125m relating to Members Allowances and an underspend on Member Support supplies and services of £0.097m. Minor underspends of £0.078m on other budget areas.
Deputy Leader	64.221	2.610	(1.891)	64.940	69.518	(4.578)	<p>Net overspend across a number of services including:</p> <ul style="list-style-type: none"> Bereavement Services – overspend of (£0.073m) linked to increased premises costs, video streaming and cremator repairs partially offset by increased income. Corporate Affairs and Communications – (£0.282m) overspend primarily arising through the costs of City Brand £0.122m, Civic Pride Campaign £0.056m and Residents Newsletters £0.094m being met from the service budget rather than through a reserve as previously planned. Building Services – a shortfall of (£1.037m) against budgeted surplus, primarily linked to the ability to achieve the additional income target and partially due to staff self-isolations. A restructure of the service is ongoing, to ensure maximisation of income earning opportunities. Business and Investment – a shortfall of (£0.484m) due to £0.346m reduction in rent and other income across the Council's Business Centres. Plus increases in other expenditure (£0.118m) mainly due to major repairs to both lifts in Rainton Bridge Business Centre. Civic Catering – (£0.075m) loss of income due to reduced usage / temporary closure of 'The Social' café during the year. Coroners Court - £0.129m underspend predominantly due to additional income through post mortem and mortuary fees.

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in Para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Final Variation Under / (Over) Spend £m	Reason for Variation
							<ul style="list-style-type: none"> • Fleet – a shortfall against budget of (£0.991m), due to delays in realising operational costs savings target and costs incurred in relation to fuel spillage incident at South Hylton House. • Infrastructure and Transportation – an underspend of £1.040m, primarily as a result of increased trading and fee income. • Local Services – an overspend of (£1.310m) from additional staffing, vehicle and personal protective equipment costs. • Parking Services - a shortfall of (£0.852m) against budget due to the continued reduced car park usage and suspension of permit requirements, partially offset by vacant staffing posts. • Port of Sunderland - £0.141m delegated underspend. Additional income of £0.935m due to additional vessels and cargos was offset by additional staffing, fuel and utility costs and general expenses incurred in support of the additional trading activity. • Public Protection and Regulatory Services - £0.190m underspend due to salary savings. • Schools Meals – (£0.427m) shortfall in income due to lower uptake of the service and increasing staff costs due to self isolation/extended lunchtime arrangements. Outturn includes the impact of increased food and energy price increases. • Strategic and Operational HR – (£0.310m) overspend mainly due to unachieved income • Street Lighting – (£0.112m) overspend position as funding not drawn down from the smoothing reserve as originally forecast. • Waste Collection and Recycling –overspend of (£0.429m) due to additional staffing costs from Covid-19 workforce pressures.

Appendix A (continued)

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in Para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Final Variation Under / (Over) Spend £m	Reason for Variation
							<ul style="list-style-type: none"> Waste Disposal – underspend of £0.147m due to contract savings arising from HWRC move to Pallion site and reduced PFI Waste Disposal charges. Net variations totalling £0.157m on a number of service areas linked to additional income generation, partially offset by additional staffing and other costs.
Cabinet Secretary	21.166	2.312	(2.797)	20.681	19.331	1.350	<ul style="list-style-type: none"> Revenues – net underspend of £0.787m, arising through £0.328m staffing underspend in relation to flexible working and vacant posts not recruited to; additional New Burdens income of £0.497m to primarily support delivery of the various business grants programmes; net reduction in court and enforcement fee income £0.211m; and other reductions in supplies and services costs of £0.173m. Asset Management - £0.160m underspend due to unfilled vacant posts (£0.054m) and additional income from surveying (£0.100m). Various minor over and underspends with a net underspend £0.006m. Audit and Risk – net underspend of £0.162m due to reduced staffing costs and supplies and services savings partially offset by unachieved income generation. Benefits Service - £0.955m underspend due to additional New Burdens income of £0.741m to support the delivery of the Test and Trace Isolation Payment programme; salaries underspend of £0.120m; net rent allowances and housing benefit subsidy underspend of £1.014m and movement of £0.900m to the Corporate Services review reserve.

Appendix A (continued)

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in Para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Final Variation Under / (Over) Spend £m	Reason for Variation
							<ul style="list-style-type: none"> • Business Support – underspend of £0.164m due to reduced staffing costs, transport and supplies & services savings and additional income generation. • Civic Buildings – (£0.915m) overspend due to funds not being drawn down from reserves as originally anticipated for Sandhill View and City Hall. • Corporate Management – net underspend of £0.133m relating to loan repayments and additional grant funding partially offset by one off COVID expenditure and pension fund adjustments. • Procurement underspend of £0.161m due to salary slippage, underspend on supplies and services and additional income. • Repairs and Renewals – (£0.342) overspend covering a number of repairs areas including storm damage of (£0.100m). • Various over and underspends across a number of services, including costs and lost income in respect of the pandemic, but offset by savings elsewhere, particularly in respect of vacant posts and reduced hours resulting in a net underspend of £0.085m.
Children, Learning and Skills	78.083	(0.039)	0.175	78.219	84.187	(5.968)	<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. <p>The financial year end position was an overspend of (£5.646m) including those pressures as a result of the Covid-19 pandemic.</p> <ul style="list-style-type: none"> • Derwent Hill – net lost income of (£0.362m) as result of lost trade due to the pandemic. • Minor underspends of £0.040m on other budgets areas.

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in Para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Final Variation Under / (Over) Spend £m	Reason for Variation
Vibrant City	12.846	1.063	0.247	14.156	14.031	0.125	<ul style="list-style-type: none"> • Sport and Leisure – underspend of £0.304m 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 offset by Public Health contributions and grant funding. • Events – (£0.147) additional cost relates to funding the cost of hiring lighting to deliver the Festival of Light in lieu of planned capital expenditure. • Environmental Enforcement – (£0.127m) shortfall on income due to the temporary suspension of the service and the reallocation of staff to support the wider council response to the pandemic. • Other minor variations on a number of service areas have created an underspend of £0.095m.
Healthy City	95.199	(0.027)	(32.363)	62.809	53.826	8.983	<ul style="list-style-type: none"> • Adult Social Care (ASC) - £9.887m underspend. This underspend comprises of a net (£2.585m) Covid-19 response cost pressure less £9.336m contributions from the CCG to support hospital discharges and demand pressures within ASC. £2.875m general demand pressures decrease and additional funding in the ASC service, staffing underspend due to vacancies of £0.333m and minor overspends of (£0.072m) • Strategic Commissioning – (£1.323m) overspend from SCAS Workforce Pressures and loss of Income due to COVID-19 (£0.680m), non-drawdown of Recovery at Home Reserve (£0.700m) offset by other minor underspends (0.057m). • Welfare Reform – £0.509m underspend of Clinically Extremely Vulnerable funding due to the lower take up of planned activity as a result of other support provision available. • Joint Commissioning – (£0.090) Overspend due to additional employee costs.

Appendix A (continued)

Portfolio	Latest Revised Budget (Budget Book) £m	Contingency Transfers (detailed in Para 3.5) £m	Budget Adjustments £m	Final Budget* £m	Outturn* £m	Final Variation Under / (Over) Spend £m	Reason for Variation
Dynamic City	7.536	0.676	1.109	9.321	7.078	2.243	<ul style="list-style-type: none"> • Development Control - £0.132m underspend primarily in relation to additional planning regulation and inspection fee income. • Planning Implementation - £0.103m underspend due to vacant posts. • Regeneration Properties - £1.052m underspend due to additional income from the Beam and Nightingale hospital rental income in excess of that assumed within the budget. • Miscellaneous Land and Properties (MLP) - £0.474m underspend predominantly on supplies and services, across the whole MLP portfolio. • Access to Housing - £0.135m underspend due to additional government grant funding being received. • Supporting People - £0.365m underspend relating to reduced spend on supplies & services costs. • Other minor variations on a number of service areas have created an overspend of (£0.018m).
Total Service Outturn	284.250	6.607	(35.586)	255.271	252.816	2.455	

* 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 B

Cabinet Meeting 9th June 2022 Overall Position 2021/2022

	Revised Budget	Budget Adjustments	Final Budget*	Outturn*	Variance Under / (Over) Spend
	£m	£m	£m	£m	£m
Leader Portfolio	5.199	(0.054)	5.145	4.845	0.300
Deputy Leader Portfolio	64.221	0.719	64.940	69.518	(4.578)
Cabinet Secretary Portfolio	21.166	(0.485)	20.681	19.331	1.350
Children, Learning and Skills Portfolio	78.083	0.136	78.219	84.187	(5.968)
Vibrant City Portfolio	12.846	1.310	14.156	14.031	0.125
Healthy City Portfolio	95.199	(32.390)	62.809	53.826	8.983
Dynamic City Portfolio	7.536	1.785	9.321	7.078	2.243
Total Service Expenditure	284.250	(28.979)	255.271	252.816	2.455
General Contingencies	9.031	(2.157)	6.874	0.000	6.874
Covid Contingencies	13.583	(4.450)	9.133	0.000	9.133
Capital Financing Costs	20.247	0.184	20.431	16.956	3.475
Transfer to/from Reserves	(22.126)	0.000	(22.126)	(19.838)	(2.288)
Technical Adjustments	(63.043)	3.146	(59.897)	(59.897)	0.000
Levies	15.169	0.000	15.169	15.169	0.000
Hetton Town Council	0.067	0.000	0.067	0.067	0.000
Less Grants	(54.509)	32.014	(22.495)	(22.399)	(0.096)
Total Net Expenditure	202.669	(0.242)	202.427	182.874	19.553
Revenue Support Grant	(28.110)	0.000	(28.110)	(28.110)	0.000
National Non-Domestic Rates/Retained Business Rates	(24.881)	0.241	(24.640)	(24.640)	0.000
Top Up Grant	(43.724)	0.001	(43.723)	(43.723)	0.000
Collection Fund Surplus	2.211	0.000	2.211	2.211	0.000
Council Tax Requirement	(108.165)	0.000	(108.165)	(108.165)	0.000
Draft Outturn	0.000	0.000	0.000	(19.553)	19.553
Establishment of / Transfer to Reserves	0.000	0.000	0.000	19.516	(19.516)
Final Outturn Position	0.000	0.000	0.000	(0.037)	0.037

* 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 9th June 2022
Statement of General Fund Balances**

	£m
Balance as at 1st April 2021	12.000
- Contribution to Revenue Budget	0
Balance as at 31st March 2022	12.000
- Planned Contribution to Revenue Budget	0
Estimated Balance as at 31st March 2023	12.000

Cabinet Meeting 9th June 2022

Major Earmarked Reserves

Reserves	Purpose of the Reserve	Opening Balance 01.04.21	Movement in Year	Closing Balance 31.03.22	Opening Balance 01.04.22	Forecast Movement in Year	Closing Balance 31.03.23	Opening Balance 01.04.23	Forecast Movement in Year	Closing Balance 31.03.24	Opening Balance 01.04.24	Forecast Movement in Year	Closing Balance 31.03.25
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Fund	General Fund of the Council	12.000	0.000	12.000	12.000	0.000	12.000	12.000	0.000	12.000	12.000	0.000	12.000
School Balances	Balances held by schools under a scheme of delegation	10.742	(0.960)	9.782	9.782	(4.121)	5.661	5.661	(2.191)	3.470	3.470	(2.000)	1.470
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.	9.041	(0.004)	9.037	9.037	(0.389)	8.648	8.648	0.000	8.648	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.	8.192	(0.335)	7.857	7.857	(4.161)	3.696	3.696	(0.027)	3.669	3.669	(3.669)	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.	7.995	1.367	9.362	9.362	(2.006)	7.356	7.356	(2.582)	4.774	4.774	(1.050)	3.724
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	3.782	(1.321)	2.461	2.461	(1.374)	1.087	1.087	(1.087)	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.	1.007	(0.123)	0.884	0.884	(0.577)	0.307	0.307	(0.307)	0.000	0.000	0.000	0.000
Strategic Investment Plan Reserve	This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan	0.162	(0.162)	0.000	0.000	0.000	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.	1.358	0.440	1.798	1.798	(0.319)	1.479	1.479	(0.050)	1.429	1.429	(0.050)	1.379

Reserves	Purpose of the Reserve	Opening Balance 01.04.21	Movement in Year	Closing Balance 31.03.22	Opening Balance 01.04.22	Forecast Movement in Year	Closing Balance 31.03.23	Opening Balance 01.04.23	Forecast Movement in Year	Closing Balance 31.03.24	Opening Balance 01.04.24	Forecast Movement in Year	Closing Balance 31.03.25
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 proceeding financial year. Section 31 Retail, Hospitality and Leisure Relief Grant held to offset deficit in 2021/2022.	19.874	(11.672)	8.202	8.202	(8.202)	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.	17.858	16.743	34.601	34.601	(5.543)	29.058	29.058	(9.000)	20.058	20.058	(9.000)	11.058
Service Reduction Reserve	This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions.	12.145	(12.145)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Children's Social Care	A reserve to fund any one-off Children's Social Care costs that may arise in the future.	3.000	(3.000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	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.	9.997	0.750	10.747	10.747	(1.500)	9.247	9.247	(3.000)	6.247	6.247	(3.000)	3.247
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	5.749	(0.108)	5.641	5.641	(2.882)	2.759	2.759	(1.512)	1.247	1.247	0.000	1.247
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	5.600	(0.130)	5.470	5.470	0.000	5.470	5.470	0.000	5.470	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	0.000	4.281	4.281	(0.300)	3.981	3.981	(0.500)	3.481	3.481	(0.500)	2.981
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	4.179	0.319	4.498	4.498	(0.500)	3.998	3.998	(0.500)	3.498	3.498	(0.500)	2.998
Public Health Grants	Ringfenced Public Health grant funding, to deliver future public health initiatives.	4.142	0.946	5.088	5.088	(0.520)	4.568	4.568	0.000	4.568	4.568	0.000	4.568
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	0.000	4.000	4.000	(0.500)	3.500	3.500	(0.500)	3.000	3.000	(0.500)	2.500

Reserves	Purpose of the Reserve	Opening Balance 01.04.21	Movement in Year	Closing Balance 31.03.22	Opening Balance 01.04.22	Forecast Movement in Year	Closing Balance 31.03.23	Opening Balance 01.04.23	Forecast Movement in Year	Closing Balance 31.03.24	Opening Balance 01.04.24	Forecast Movement in Year	Closing Balance 31.03.25
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.	3.500	0.698	4.198	4.198	(3.319)	0.879	0.879	(0.879)	0.000	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	3.109	0.000	3.109	3.109	0.000	3.109	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.	3.000	(0.059)	2.941	2.941	(2.000)	0.941	0.941	(0.941)	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.	2.125	(0.046)	2.079	2.079	0.200	2.279	2.279	0.200	2.479	2.479	0.200	2.679
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	2.151	(0.247)	1.904	1.904	(0.267)	1.637	1.637	(0.307)	1.330
Low Level Family Support	Reserve to support activities with families and individuals to address the challenges of recovering from the pandemic.	2.000	2.386	4.386	4.386	(2.000)	2.386	2.386	(2.200)	0.186	0.186	(0.186)	0.000
Children and Young People Recovery	The reserve was established for TfC to deliver a range of activities that will support covid-recovery activities.	1.700	(1.700)	0.000	0.000	0.000	0.000	0.000	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	1.533	0.000	1.533	1.533	0.000	1.533	1.533	0.000	1.533
Covid-19	A reserve established from the Government grant to fund the immediate costs and lost income associated with the Covid-19 pandemic.	1.512	(1.512)	0.000	0.000	0.000	0.000	0.000	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.	1.298	0.161	1.459	1.459	(0.250)	1.209	1.209	(0.250)	0.959	0.959	(0.250)	0.709
Airport Smoothing Reserve	Reserve established to smooth any delayed airport loan interest payment that may arise.	1.253	0.000	1.253	1.253	0.000	1.253	1.253	0.000	1.253	1.253	0.000	1.253

Reserves	Purpose of the Reserve	Opening Balance 01.04.21	Movement in Year	Closing Balance 31.03.22	Opening Balance 01.04.22	Forecast Movement in Year	Closing Balance 31.03.23	Opening Balance 01.04.23	Forecast Movement in Year	Closing Balance 31.03.24	Opening Balance 01.04.24	Forecast Movement in Year	Closing Balance 31.03.25
Triathlon	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	1.200	(0.250)	0.950	0.950	(0.600)	0.350	0.350	(0.350)	0.000
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.197	(0.105)	1.092	1.092	(0.105)	0.987	0.987	(0.104)	0.883	0.883	(0.105)	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.	1.020	(0.204)	0.816	0.816	(0.204)	0.612	0.612	(0.204)	0.408	0.408	(0.204)	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.	0.000	9.336	9.336	9.336	(3.550)	5.786	5.786	(3.306)	2.480	2.480	(1.378)	1.102
Energy and General Inflation	Reserve established in response to significant inflationary and trading pressures expected to impact council services in the short to medium term	0.000	5.750	5.750	5.750	(4.000)	1.750	1.750	(1.750)	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	0.000	3.000	3.000	3.000	0.000	3.000	3.000	(3.000)	0.000	0.000	0.000	0.000
Member Recovery Fund	Members Covid Response fund	0.000	1.000	1.000	1.000	(1.000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	19.008	0.374	19.382	19.382	(8.283)	11.099	11.099	(3.791)	7.308	7.308	(2.855)	4.453
Total General Fund Reserves		190.711	9.683	200.394	200.394	(57.902)	142.492	142.492	(38.348)	104.144	104.144	(25.704)	78.440
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	9.386	3.295	12.681	12.681	(7.632)	5.049	5.049	(5.049)	0.000	0.000	0.000	0.000
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	4.085	1.860	5.945	5.945	(4.945)	1.000	1.000	(1.000)	0.000	0.000	0.000	0.000
Total Usable Reserves		204.182	14.838	219.020	219.020	(70.479)	148.541	148.541	(44.397)	104.144	104.144	(25.704)	78.440

