

CABINET MEETING – 18th June 2014 EXECUTIVE SUMMARY SHEET – PART I	
Title of Report:	Revenue Budget Outturn for 2013/2014 and First Revenue Review 2014/2015
Author:	Head of Financial Resources
Purpose of Report:	To report details of the Revenue Budget Outturn for 2013/2014 and First Revenue Review 2014/2015.
Description of Decision:	<p>Cabinet is recommended to: in relation to 2013/2014:</p> <ul style="list-style-type: none"> • approve the contingency and reserve transfers proposed at Appendix A, budget transfers and virement at Appendix B; • approve the final account decisions as set out in the report. <p>in relation to 2014/2015:</p> <ul style="list-style-type: none"> • approve the contingency transfers at Appendix E and budget transfers
Is the decision consistent with the Budget/Policy Framework?	Yes
with the exception of the use of virement requiring Council approval.	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision:	To report on the outturn position compared to the budget for 2013/2014 and respond to variations in expenditure and income which have arisen in 2014/2015.
Alternative options to be considered and recommended to be rejected:	No alternative options are proposed.

Impacts analysed:

Equality

N/A

Privacy

N/A

Sustainability

N/A

Crime and Disorder

N/A

Is this a “Key Decision” as defined in the Constitution?

Yes – these relate to virements set out in Appendix B.

Is it included in the 28 Day Notice of Decisions?

Yes

Scrutiny Committee:

Cabinet 18th June 2014

Revenue Budget Outturn for 2013/2014 and First Revenue Review 2014/2015

Head of Financial Resources

1. Purpose of Report

1.1 This report covers:

The Revenue Budget Outturn 2013/2014

Set out in Section 3 below are details of the Revenue Budget Outturn for 2013/2014. The reporting format reflects the Portfolio Holder responsibilities in place during 2013/2014 and includes:

- proposed contingency transfers, budget transfers and virements for the final quarter for 2013/2014;
- details of the outturn for delegated service budgets for 2013/2014
- the position in relation to the achievement of efficiency targets for 2013/2014.

Section 5 details the general fund balances and the major revenue reserves position.

First Revenue Budget Review 2014/2015

Set out in Section 6 are details of the First Revenue Review for 2014/2015. The format reflects Portfolio responsibilities for 2014/2015. This includes:

- proposed contingency transfers and budget transfers for the first quarter of 2014/2015;
- the position in relation to achievement of savings targets for 2014/2015.

2. Description of Decision (Recommendations)

2.1 In relation to 2013/2014 Cabinet is recommended to:

- approve the contingency and reserve transfers proposed at Appendix A, and budget transfers and virements at Appendix B;
- approve the final account decisions as set out in this report.

2.2 In relation to 2014/2015, Cabinet is requested to:

- approve the proposed contingency transfers at Appendix E and budget transfers.

3. Revenue Budget Outturn 2013/2014

Statement of Accounts

- 3.1 The statutory Statement of Accounts, subject to audit, will be made available on the internet on 30th June 2014 in accordance with the Accounts and Audit Regulations 2011 after being certified by the Head of Financial Resources. The Accounts will be made available for public inspection from 28th July 2014 until the 25th August 2014 and the formal external audit of the accounts will commence on 26th August 2014. The draft Statement of Accounts will be presented to the Audit and Governance Committee in June for consideration and then presented for final approval to the Committee on the 26th September 2014.

Overall Position

- 3.2 The final outturn overall position has resulted in a net underspending of £5.0m as a result of significant actions across the Council to both implement the required savings proposals and contain costs to enable transitional costs to be contained within the overall position. The funding will be earmarked to meet future capital priority funding requirements and therefore reduce the call on the revenue budget. The rest of section 3 of the report provides more detail about this outturn position.

Budget Adjustments 2013/2014 – Contingency Transfers and Budget Transfers

Contingency Transfers

- 3.3 Members will recall from previous reports that transfers from the contingency fund take place on a quarterly basis to reflect expenditure actually incurred in respect of approved provisions. Appendix A sets out the transfers and adjustments for the final quarter amounting to £8.303m including the establishment and transfer to reserves from contingencies amounting to £3.615m in respect of known future commitments.

Budget Transfers

- 3.4 Budget transfers since the third review primarily relate to transfers between Directorates to reflect operational arrangements.

Delegated Budgets - Overall Summary

- 3.5 A positive position at outturn has been achieved which reflects the continued adoption of a strong whole organisational approach to financial management with the aim of releasing as much resource as possible to protect front line services and aid the transition process into 2014/2015.

Ring fenced staffing budgets, cost containment and transitional costs

- 3.5.1 As reported during the year salaries budgets have continued to be ringfenced with any underspendings captured corporately to assist with transitional costs. In addition robust financial management arrangements have ensured cost containment measures are actively applied with all areas of spend subject to challenge.

- 3.5.2 In addition further staffing savings have been generated in relation to acceleration of 2014/15 staffing reductions, flexible working arrangements and other staff turnover savings.
- 3.5.3 As set out as part of the budget setting process and reported during the year, transitional costs have arisen during 2013/2014 as the organisation continues to implement improvement programmes. The savings on salaries have been used to partially offset these transitional costs. This approach enables provision set aside for this purpose as part of previous years outturn positions to be retained in reserves to meet future transitional costs as plans are implemented.

Delegated Budgets - Major Variations

- 3.5.4 Details of major variations for each service, which have led to this outturn position are set out at Appendix C, with key issues highlighted below:
- **Health Housing and Adult Services Demand Pressures**
As reported during the year demand pressures in Home and Community Support and Residential / Nursing Care places have continued throughout 2013/14 resulting in a budget shortfall of £0.360m at outturn. This represents an improvement on the position reported to Cabinet in January primarily as a result of further one off mitigating actions including additional funding received from Health, use of earmarked balances and other cost containment measures. As agreed at January Cabinet, the budget shortfall for 2013/2014 has been contained within the overall corporate outturn position. The ongoing impact into 2014/2015 is £3.101m and actions to address this are set out at paragraph 6.5.5
 - **Children's Services - Safeguarding External Placement**
There continues to be significant demand placed on the service due the level of placement numbers resulting in a budget shortfall in 2013/2014 of £2.399m which has been contained within the overall outturn position. This pressure is anticipated to continue into 2014/2015. While additional funding was provided as part of the 2014/2015 budget process the pressures are likely to be in excess of this provision. The service has retained reserves earmarked in previous years and further sums have been earmarked as part of the 2013/2014 outturn to meet this shortfall. Actions to address the ongoing impact are set out at paragraph 6.5.4.
 - **Economic Downturn**
The economic downturn continues to impact on income generation specifically in relation to rental income for commercial premises. The potential ongoing impact was provided for in setting the budget for 2014/2015.

Delegated Budgets - Efficiency Targets

- 3.5.5 The budget process for 2013/2014 took account of efficiency savings of £37 million. In the vast majority of cases the efficiency savings as originally envisaged have been realised. Where monitoring mechanisms identified that due to delays in implementation, some initiatives would not be fully realised in 2013/2014, Directors identified additional initiatives or one off resource to realise the required overall level of efficiency savings for their Directorate within 2013/2014. Where necessary actions have been put in place to ensure the ongoing achievement of efficiencies into 2014/2015, further detail of which is set out in section 6.

Local Authority Controlled Companies Outturn Position

- 3.6 The accounts for the Local Authority Trading Companies are currently being finalised and the positions will be reflected in the Councils Statements of Accounts which will be reported to Audit and Governance Committee. In relation to Care and Support Sunderland Limited, the company has a projected deficit of £0.141m for 2013/2014. The overall accumulated deficit has been earmarked within the Councils outturn position for 2013/2014 and as part of previous years final accounts

Non Delegated and Contingencies - Summary Outturn Position 2013/2014

- 3.7 Taking into account the pressures contained within the overall outturn position referred to above and provisions for future known pressures including external placements and equal pay, the outturn position for 2013/2014 has resulted in an underspending of £5.0m which arises from the following
- Debt charge and interest on investment savings of £4.3m due to slippage in the Capital Programme and additional investment income over and above that previously reported and utilised to fund in year transitional costs.
 - Other net savings of £4.3m in respect of contingencies, additional one off income, other variations in non delegated expenditure and net of provisions for known future pressures
 - Earmarking of Reserves of £3.6m for specific purposes as listed at Appendix A.

The approach set out in this report to containing in year transitional costs within the overall in year corporate position enables specific provision set aside for this purpose as part of previous years outturn positions to be retained in reserve to meet future transitional costs.

Proposals for Transfer to Capital Priorities Reserve

- 3.8 It is proposed that the remaining £5.0 million underspend identified in 3.7 is transferred to a Capital Priorities Reserve to support priority projects in 2014/2015 and future years in order to minimise the impact on future revenue budgets.

4 Collection Fund

- 4.1 The report to Cabinet in February on the Budget 2014/2015 set out that a deficit of £3.156m was anticipated on the Business Rates element of the collection fund at 31st March 2014. This was due to the level of appeals anticipated to be processed during 2013/2014 and future years which would impact on 2013/2014 and previous years. The final position at 31st March 2014 is a deficit of £3.362m of which Sunderland Councils share is £1.647m.

The impact of the anticipated deficit at 31st March 2014 was taken into account in setting the 2014/2015 budget.

5 General Fund Balances and Major Reserves

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- 5.1 After taking account of the proposed use of balances set out above projected uncommitted general fund balances are £7.570m million after taking account of commitments in 2014/2015.
- 5.2 A full Statement of General Fund Balances and Major Reserves is set out at Appendix D together with supporting background information.
- 5.3 A review of reserves and provisions has been completed to reflect and ensure compliance with the Statement of Recommended Accounting Practice.

6. First Revenue Review 2014/2015

Contingency and Budget Transfers

- 6.1 A full review has been undertaken for each service and full details of all proposed contingency transfers are set out at Appendix E.

Budget Transfers

- 6.2 Proposals for budget transfers primarily relate to transfers between Directorates to reflect operational arrangements.
- 6.3 Appendix F sets out the summary budget position after taking account of the above transfers.

Revenue Budget Monitoring First Review

Budget Savings and Transitional Costs 2014/2015

- 6.4 The budget process for 2014/2015 took account of the requirement for savings of £35.5million. Progress in implementing the proposals is being rigorously monitored in conjunction with Portfolio holders. Monitoring of the budget continues to ensure the position is understood early and actions put in place to mitigate any impact.

At this early stage of the financial year, although overall progress continues to be positive, as we move into the fourth year of the funding cuts the position set out below reflects the increasingly greater challenges the Council faces in implementing changes. Portfolio holders and Directors have been considering the position in respect of areas where pressure is emerging and actions are in hand to address the position.

In overall terms at this early stage the following is noted:

- £25.2million of the savings have been fully realised to date.
- £7.9million of reductions are not yet scheduled for full implementation although good progress is being made with action plans in place, responsibilities assigned and timescales identified. At this stage therefore it is not anticipated this will impact on the overall financial position of the Council as saving is still anticipated although it is imperative that these reductions are driven through to implementation in line with agreed timescales.
- The balance £2.4million is in respect of areas where delays and issues have been encountered and where corrective actions or alternative options are being considered which require close attention to ensure a positive outcome and timely delivery of the savings.

In addition to the above there are ongoing issues from 2013/2014 and emerging budget pressures totalling £3.9 million in relation to Home Care and Community Support, Street lighting and Training Centres.

Further details in respect of delayed efficiencies and issues from 2013/2014 are included as appropriate within the relevant portfolio monitoring update below.

Portfolio Budget Monitoring 2014/2015

6.5 The following issues in terms of emerging pressures and actions being progressed to address them are drawn to Members attention including the impact of ongoing issues arising from the 2013/2014 outturn position.

6.5.1 Leader

- **Training Centres**
The future operating arrangements for this service have been reviewed with a proposed commissioning model for future training contracts to be implemented during 2014/2015. A shortfall in income of £0.217m is anticipated to arise prior to this implementation due to reduced trainee numbers. The shortfall will be met from transitional funding.

6.5.2 Deputy Leader

No issues to raise at this stage

6.5.3 Cabinet Secretary

- Smarter Working and Services has a shortfall of £0.280m pending

development of proposals including further rationalisation of depots, the Moorside facility and joint working arrangements. As plans are developed the forecast shortfall will be revised and the Directorate will seek to contain any remaining shortfall within the overall Directorate resources

6.5.4 Childrens Services

- External Placements / Children Looked After Strategy
This budget area continues to be volatile due to the uncertainty regarding the level of placements in any given year with the number of Looked After Children having increased by 57 from April 2013. Current projections for 2014/2015 indicate the pressure over existing budget can be contained within reserves set aside at outturn 2013/14 and in previous years.

In order to address the ongoing position, the Looked After Children's Strategy is currently being updated. This will focus on improving outcomes for Looked After Children (LAC), reducing the number of LAC in the system and considering options to improve the partnership arrangements with other organisations to inform future commissioning intentions.

- Youth Provision
Initial discussions have commenced within the service and with partners to consider options for alternative delivery of XL, Mobile and Duke of Edinburgh Youth Provision. As part of a strategic approach within People Services it is now proposed to consider this proposal in the context of the wider outcomes of the XL programme including health, Anti Social Behaviour and personal development of young people. This is likely to impact on the timescale for the delivery of the proposal with a shortfall of £0.240m anticipated.

6.5.5 Health, Housing and Adult Services

The directorate are progressing detailed action planning in order to address ongoing pressures from 2013/2014 referred to in paragraph 3.5.5 and savings targets for Personalisation for 2014/15. The key areas are set out below;

- Home and Community Support and reduction in residential care places £3.101m ongoing pressures from 2013/14 and £0.145m 2014/15 Personalisation savings target

Significant work has been undertaken over the last few months on developing and implementing a new customer journey which places much greater emphasis on information, advice, signposting and reablement to better manage demands. A target has been set to reduce the number of residential care placements by 7% in 2014/2015 which would deliver savings of £0.700m.

Work is being progressed to carry out targeted reviews of existing support packages. A dedicated team of social workers has been established to ensure a minimum of 1000 reviews are completed over the next 6 months. Estimated savings will be dependent on individual review outcomes, however it is estimated that at least £1.000m will be achieved.

Other social work teams will also be tasked with carrying out reviews in order for the service to meet the requirement for all service users to be reviewed at least annually. This will involve maximising the use of universal and family support, considering reablement where appropriate and ensuring cost effective service provision to meet any on-going support needs. This should deliver further savings, the value of which is yet to be quantified.

Performance in respect of reviews completed and savings achieved continues to be closely monitored and scrutinised.

The better management of new demand, targeted reviews of existing support plans, revised authorisation arrangements and more intelligent commissioning will together deliver the £3.101m savings target and be instrumental in delivering the 2015/2016 required savings. However as some of the reviews savings will not achieve full year effect, transitional funding will be required in 2014/2015.

- **Clinical Commissioning Group**
Work has been progressed over the last few months with CCG to develop a plan for the Better Care Fund which has been agreed by the Health and Wellbeing Board. Better working relationships and closer integration resulting in improved outcomes for patients and service users / carers will bring financial efficiencies for which there is a target of £0.290m in 2014/2015, however delivery of this saving will be dependent upon implementation of the plan.

6.5.6 Public Health, Wellness and Culture

- **Public Health Commissioning Reviews**
Savings proposals developed are linked to the de-commissioning and re-commissioning of contracts. Savings profiles have been updated taking into account the notice period required to end the contracts, and an in year shortfall of £0.940m is anticipated as a result. At this stage it is anticipated that any shortfall will be met from public health reserves, as set aside from 2013/2014 Public Health underspend, and alternative mitigating actions.

6.5.7 City Services

- **Car Parking**
A budget pressure of £0.159m is anticipated in year following a delay in implementing a number of actions proposed around income initiatives and a restructure of the civil enforcement team. Mitigating actions will be sought to assist in offsetting any shortfall.
- **Street Lighting**
There is an ongoing pressure of £0.406m in relation to a street lighting efficiency dependent on delivery of an invest to save project. Technical sessions have been held with a number of suppliers to develop and refine the business case required to demonstrate the value of investing in LED street lights in residential areas. It would be envisaged that any scheme would require a phased roll-out that would not deliver the full level of savings in the current financial year.

6.5.8 Responsive Services and Customer Care

There are no issues to raise at this stage.

Other Corporate Issues

- 6.6 The holistic approach to monitoring salaries costs across the council, adopted since 2011/2012 will continue throughout 2014/2015.
- 6.7 The 2014/2015 budget savings programme assumed savings arising from a reduction in staffing levels in a number of areas which workforce planning arrangements have been progressed to ensure delivery of these savings.
- 6.8 As reported as part of the budget setting process transitional costs are arising in 2014/2015 as the organisation implements the continued improvement programmes. At this stage these costs can be met from resources set aside to meet transitional costs as part of the previous years outturns and from the 2013/2014 outturn position as referred to in section 3 of this report.

7. Reasons for Decision

- 7.1 To report on the outturn position compared to the budget for 2013/2014 and respond to variations in expenditure and income which have arisen in 2014/2015.

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 The report identifies a number risks in relation to the delivery of budget savings. However, actions in place are anticipated to be sufficient to mitigate the risks identified and further confirmation of mitigating actions will be provided as part of the second review which will be reported to members in due course.

11. List of Appendices

- Appendix A - Variations Necessitating Contingency Transfers 2013/2014
- Appendix B - Virements over £55,000 for the Final Quarter 2013/2014
- Appendix C - Major Variations 2013/2014
- Appendix D - Statement of General Balances and Earmarked Reserves
- Appendix E - Variations Necessitating Contingency Transfers 2014/2015
- Appendix F - Summary Budget Position after First Review 2014/2015

12. Background Papers

None

Cabinet Meeting - 18th June 2014
Variations Necessitating Contingency Transfers 2013/2014

	Justification / Approval	2013/2014 £
Leader		
Better Health at Work Award	General Provision	3,769
International Strategy	Specific Provision	40,000
Key Cities Group – Contribution	General Provision	5,000
ITEC Building Dilapidation Costs	General Provision	127,310
Economic Development	RCCO	105,000
Business Investment – Washington Business Centre	RCCO	70,000
Business Investment – Economic Development Grants	RCCO	211,441
Deputy Leader		
Counsel Fees	General Provision	92,183
Consultants – Workforce Transformation Review	General Provision	113,811
Cabinet Secretary		
Economic Downturn - Bridges and Industrial Units income shortfall	Specific Provision	463,153
LA7 Airport Contribution	General Provision	28,305
Port Dredging	Specific Provision	220,000
Consultants - Transformation Programme	General Provision	374,960
Counsel Fees – Planning Appeals	General Provision	32,932
Carbon Reduction Commitment	Specific Provision	(68,520)
Property Services –Planned capital maintenance	RCCO	832,274
Children's Services		
Adoption and Guardianship	Specific Provision	414,074
Counsel & legal fees -Childrens Safeguarding	General Provision	556,330
Health Housing and Adult Services		
Warm up North	General Provision	7,242
Disabled Facilities	RCCO	570,000
Public Health, Wellness and Culture		
Airshow	General Provision	40,760
Quick Win – Events	RCCO	250,000
World Heritage	Specific Provision	18,322

Appendix A continued

Cabinet Meeting - 18th June 2014
Variations Necessitating Contingency Transfers 2013/2014

	Justification / Approval	2013/2014 £
City Services		
Leasing Vehicles – Blue Bin Scheme	Specific Provision	120,000
Christmas Parking Initiative	General Provision	97,236
Street Lighting – New adoptions	Specific Provision	46,437
Lead Local Flood Authority	Specific Provision	64,178
Winter Maintenance	Specific Provision	210,998
Corporate		
Utilities and Property Rates	Specific Provision	(174,177)
Improvement Programme Efficiencies	Specific Provision	(185,163)
	<u>Sub total</u>	4,687,855
Transfers to Reserves in Respect of Future Years Commitment		
Insurance Reserves and Provisions – Municipal Mutual	General Provision	1,633,787
External placements		1,180,000
Local Authority Trading Company deficit		801,042
	<u>Sub total</u>	3,614,829
Total Contingency Adjustments		8,302,684

Cabinet Meeting 18th June 2014
Virements over £55,000 for the Final Quarter 2013/2014

	Transfer From £000	Transfer To £000
General Balances	5,001	
Transfer to:		
Capital Priorities Reserve		5,001
TOTAL	5,001	5,001

**Cabinet Meeting 18th June 2014
Major Variations 2013/2014**

Where the issues which were identified during 2013/2014 continue into 2014/2015 the impact is referred to below and at section 6.5 of the main report.

All portfolio outturn positions are shown net of savings achieved from vacancy management and other cost containment measures, which have been captured as a corporate saving as referred to in paragraph 3.5 of the main report.

Leader

The portfolio achieved a balanced budget position after taking account of vacancy management and other cost containment measures. The following is drawn to Members attention:

- As highlighted at the third review, the Training Centres have suffered a significant downturn in learner numbers resulting in a shortfall against budget. A shortfall of £0.230m has arisen for 2013/2014 which has been contained within the overall outturn position. The future operating arrangements for this service have been reviewed with a proposed commissioning model for future training contracts to be implemented during 2014/2015.

Deputy Leader

The portfolio achieved a balanced budget position after taking account of vacancy management and other cost containment measures. There are no matters to draw to members attention.

Cabinet Secretary

The portfolio achieved a balanced budget position after taking account of vacancy management and other cost containment measures. The following is drawn to Members attention:

- There continues to be a number of pressures in relation to the prevailing economic Environment, the most significant of which is in respect of Bridges rental income which had a shortfall of £0.415m for 2013/2014, a slight improvement to that forecast at third review. This has arisen primarily as a result of unit turnover, costs incurred with lease renewals and essential repairs and maintenance. Provision was included within contingencies to meet this shortfall.
- The Port recorded an overall surplus of £0.217m for 2013/2014 continuing the positive performance of recent years. The Port continued to handle new and increased levels of cargo during the year, leading to the generation of £4.9m turnover. Capital investment in plant and machinery including a new crane and also the recent purchase of a warehouse on the Port site will lead to a reduction in variable costs from the hiring in of equipment and rental of storage space moving in to 2014/2015. It is proposed that the surplus of £0.217m be transferred to the Port reserve to assist the future aims and objectives of the Port.

- Following the annual actuarial review of the Council's Insurance funds a sum of £1.6m is to be earmarked in respect of the council's known and potential insurance liabilities. This is primarily in respect of the potential future claims arising in relation to the former arrangements with Municipal Mutual Insurance (MMI).

As previously reported to Cabinet, MMI were the leading local authority insurer until 1992 when they ceased underwriting operations however they continue to receive historic claims. They were the Council's Employers Liability insurer until 1992. A Scheme of Arrangement was established with its members in 1993 which would trigger in the event that MMI did not remain solvent. The arrangement allowed MMI to raise a levy against its members if needed to meet the cost of claims. Following MMI's insolvency in November 2012, the levy was triggered and company liquidators set an initial levy at 15%. In addition, future claims would be settled at 85%, therefore leaving members responsible for 15% of future claims. Provision for the initial levy and assumptions around future claims levels were provided for as part of the 2012/2013 outturn position. The initial levy was settled during 2013/2014.

At the annual actuarial review in April 2014, the actuaries have recommended the Council maintains a further reserve in light of an increase in claims being received which increases the likelihood of further levies being raised. It is therefore proposed to increase the MMI reserve to the level recommended by the Council's actuary.

Children's Services

The portfolio achieved a balanced budget position after taking account of vacancy management, cost containment measures and transitional resources. The following is drawn to Members attention:

- Children's External Placements - details are set out at paragraphs 3.5.4 and 6.5.4
- Education Redundancies
The Local Authority is responsible for redundancy costs incurred in maintained schools for which there is anticipated to be additional pressures over that currently provided for over the next few years. It is therefore proposed that additional Education Services Grant received over that provided for in the budget for 2013/2014 be earmarked to meet the cost of maintained schools redundancies arising in future years.

Health, Housing and Adult Services

The portfolio achieved a balanced budget after taking account of vacancy management, cost containment measures and transitional resources. The following is drawn to members attention:

- Details in respect of Home and Community Support and reduction in Residential / Nursing Care places pressures are set out at paragraph 3.5.4 and 6.5.5.
- Health Funding
During 2013/2014 the council received £0.469m funding from Clinical Commissioning Group to deliver Early Support Discharge Service which will result

in improvements in both social and health care services. This project started in late 2013/2014 and the remaining funding will be earmarked for use in 2014/2015 for this scheme.

Public Health, Wellness and Culture

The portfolio achieved a balanced budget position after taking account of vacancy management and other cost containment measures. There are no matters to draw to members attention.

City Services

The portfolio achieved a balanced budget position after taking account of vacancy management and other cost containment measures. There are no matters to draw to members attention.

Responsive Services and Customer Care

The Portfolio is £0.241m under its delegated budget after taking account of vacancy management and other cost containment measures. The underspend is in relation to the Strategic Initiative Budget which has been ring fenced for the same purpose in future years.

Cabinet Meeting 18th June 2014

Statement of General Fund Balances

	£000
Revised Estimate of Balances as at 31st March 2014	7.570
Additions / Variations to Revised Estimate Balances	
Ring fenced Salaries, Unutilised Contingencies and non delegated budgets	5.001
Transfer to Earmarked Reserves	
Capital Priorities Reserve	(5.001)
Balances 31st March 2014	7.570
Use of / Addition to Balances 2014/2015	0
Estimated Balances 31st March 2015	7.570

Cabinet Meeting 18th June 2014

Major Earmarked Reserves - Position Statement

Title and Purpose of Earmarked Reserve	Opening Balance 1/4/2013 £'000	Movement during 2013/2014 £'000	Closing Balance 31/3/2014 £'000
Strategic Investment Reserve A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities	52,523	(2,812)	49,711
Schools Delegated Budget Surpluses These are the financial reserves held by schools under School Finance Regulations.	9,364	(1,039)	8,325
Insurance Reserve This reserve has been established to provide for potential claims associated with the housing stock transfer; future claims increases, and the Port and risk management funds. The Reserve is also intended to cover the excess element of any significant claims in relation to Fire Insurance and Official and Professional Indemnity liability claims should they arise in future	3,931	1,211	5,142
Street Lighting PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Street Lighting PFI contract across the 25 years of the contract life.	6,258	(248)	6,010
Unutilised RCCO Reserve This reserve consists of unutilised direct revenue financing and is fully earmarked to fund capital projects previously approved.	3,009	(373)	2,636
Strategic Investment Plan Reserve A reserve to fund the Council's contribution to its Strategic Investment Plan approved by Council in April, 2008.	7,383	(230)	7,153
HCA Transfer Reserve The reserve was established to fund on-going maintenance of Homes and Communities Agency Land Transferred to the Council, including the recent Stadium park transfer.	11,876	2,883	14,759
Sandhill View PFI Smoothing Reserve The reserve was established in order to smooth the financial impact of the Sandhill View PFI contract across the 25 years of the contract life.	2,665	(75)	2,590
Business Rates Safety Net Reserve This reserve was established to address any potential impact arising from the increased risk and uncertainty within the new Business Rates Retention Scheme.	0	6,097	6,097
External Placements Reserve A reserve to fund the financial impact of increased, but variable demand in relation to Children Looked After.	1,357	1,530	2,887
School Redundancy Reserve The reserve was established to meet future redundancy costs which may arise in Local Authority maintained schools.	1,779	753	2,532

Cabinet Meeting – 18th June 2014
Variations Necessitating Contingency Transfers 2014/2015

	Justification / Approval	2013/2014 £
Children's Services		
Safeguarding legal and counsel fees	General Provision	600,000
Corporate		
Property Rates	General Provision	52,643
Improvement Efficiencies		(346,904)
Portfolio Total		305,739

Cabinet Meeting –18th June 2014

Revenue Budget Position after First Review

	Original Estimate 2014/2015	Budget Transfers	Transfers from Contingency fund	First Review 2014/2015
	£'000	£'000	£'000	£'000
Portfolio				
Leader	7,045	6	(150)	6,901
Deputy Leader	4,867	25	(79)	4,813
Cabinet Secretary	8,405	241	7	8,653
Children's Services	62,378	(50)	585	62,913
Health, Housing and Adult Services	78,932	(15)	(79)	78,838
Public Health, Wellness and Culture	17,033	(37)	14	17,010
City Services	44,632	(112)	8	44,528
Responsive Services and Customer Care	5,020	(58)	0	4,962
Portfolio Expenditure	228,312	0	306	228,618
Contingencies	7,868	0	(306)	7,562
Technical Adjustments	(29,139)	0	0	(29,139)
Transfer to Reserves	2,841	0	0	2,841
Levies	17,293	0	0	17,293
Grants – Council Tax Freeze Grant, New Homes Bonus	(4,336)	0	0	(4,336)
Capital Financing Cost	23,566	0	0	23,566
Total Expenditure	246,405	0	0	246,405
Use of Balances	0	0	0	0
Net Budget Requirement	246,405	0	0	246,405