

CABINET MEETING – 15 JUNE 2021 EXECUTIVE SUMMARY SHEET – PART I								
Title of Report: Revenue Budget Outturn 2020/2021								
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 2020/2021 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 and 5 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 2020/2021.								
Alternative options to be considered and recommended to be rejected: No alternative options are proposed.								
Impacts analysed; <table style="width: 100%; border: none;"> <tr> <td style="border: none;">Equality</td> <td style="border: 1px solid black; padding: 2px 10px; text-align: center;">N/A</td> <td style="border: none;">Privacy</td> <td style="border: 1px solid black; padding: 2px 10px; text-align: center;">N/A</td> <td style="border: none;">Sustainability</td> <td style="border: 1px solid black; padding: 2px 10px; text-align: center;">N/A</td> <td style="border: none;">Crime and Disorder</td> <td style="border: 1px solid black; padding: 2px 10px; text-align: center;">N/A</td> </tr> </table>	Equality	N/A	Privacy	N/A	Sustainability	N/A	Crime and Disorder	N/A
Equality	N/A	Privacy	N/A	Sustainability	N/A	Crime and Disorder	N/A	
Is the Decision consistent with the Council's co-operative values? Yes								
Is this a "Key Decision" as defined in the Constitution? Yes								
Is it included in the 28 day Notice of Decisions? Yes								

CABINET 15 JUNE 2021

REVENUE BUDGET OUTTURN 2020/2021

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 2020/2021 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 Sections 3 and 5 of the report; and
- Note the overall outturn position of the Council.

3. Revenue Budget Outturn 2020/2021

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. The deadline for the draft Statement of Accounts has been extended to the 31st July 2021 (from 31st May 2021) and 30th September 2021 (from 31st July 2021) for the audited Statement of Accounts.

- 3.1.2 At this stage, the Council intends to publish its draft Statement of Accounts by the end of June 2021. It is intended that the draft Statement of Accounts will therefore be available for public inspection from 1st July 2021 until 11th August 2021. The audited Statement of Accounts will be presented to the Audit and Governance Committee on the 24th September 2021 for final approval.

- 3.1.3 Should the outturn position be amended prior to the publishing of 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 £0.264m. This takes into account service pressures and transitional costs arising in 2020/2021 which have been contained within the overall outturn position, as well as the treatment of a variety of covid-related grants which, in some cases, have been received in advance of expected usage.

- 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	(15.075)
Contingencies Transfers	3.5	3.468
Capital Debt Charges	3.6	0.129
Covid Financial Support	3.2	20.765
Reserves set aside	3.7	(19.615)
Outturn position		(10.328)
Covid 19 Reserve brought forward from 2019/2020	3.2	10.592
Final Outturn position (Transferred to Strategic Investment Reserve)		0.264

- 3.2.3 The Council's expenditure and income has been significantly impacted by the Covid-19 pandemic and its wider economic response, and has been reported through the quarterly revenue reviews to Cabinet during 2020/2021.
- 3.2.4 The Government has provided unringfenced Covid support grant funding to Local Authorities in tranches throughout the year. Inclusive of an amount received on 27 March 2020, which was held in a reserve at 31 March 2020 (£10.592m), the Council has received 4 grant payments totalling £26.158m, in recognition of cost pressures faced by councils as a result of the pandemic.
- 3.2.5 The Government has also provided compensation for Sales, Fees and Charges income losses being suffered by councils. Under this scheme the Government compensated councils for 75% of losses beyond the first 5% of planned income, although it should be noted that the detailed guidance set out a number of income generating areas which were excluded. Three claims were submitted covering the period April 2020 to March 2021, which totalled £3.506m. A year end claims validation process will be carried by MHCLG in due course.
- 3.2.6 In addition, through the Tax Income Guarantee Scheme, grant compensation for 2020/2021 is to be received from the Government in respect of Council Tax and Business Rates. This funding compensates councils for reductions in the collectable amounts due compared to the amounts anticipated when the 2020/2021 budget was set in March 2020. It is anticipated that the Tax Income Guarantee Scheme will provide grant funding of £1.130m in respect of council tax and £0.527m in respect of Business Rates. An additional £0.036m of National Non-Domestic Rates (NNDR) section 31 grant was also received in year.

3.2.7 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 2021, as such any unspent grant has been carried forward for use 2021/2022 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 net service pressure of £15.075m, which has been contained within the overall corporate position shown in the table at 3.2.2. Whilst this is a significant service overspend, the position is offset by additional Covid response funding as outlined in 3.2 above.

3.4.2 Progress in the implementation of the £3.225m approved savings plans for 2020/2021 continued during the fourth quarter. Analysis on the achievement of savings during 2020/2021 is shown below. Where savings haven't been achieved in full, the position is included in the delegated outturn position detail at Appendix A.

- £2.842m (88%) of the savings have been fully realised;
- £0.240m (8%) is in respect of areas where delays and issues have been encountered. Of these;
 - £0.132m relates to Property Service proposals to relocate services and rationalise the property estate, these have been unable to progress during 2020/2021 due to the pandemic.
 - £0.108m relates to an income growth target from advertising revenues generated from large format screens. The advertising market has been suppressed during the 2020/2021 financial year due to the economic impact of the pandemic.
- £0.143m (4%) savings is no longer anticipated to be delivered as originally planned. This relates to a planned increase in telecare charges which was not deemed appropriate to be progressed during 2020/2021 given the pandemic situation.

3.4.3 The accounts for the Local Authority Trading Companies have been 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 reserves, totaling £2.248m 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 2020/2021. These reserves 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 a £0.555m return to contingencies, have been enacted as noted below, leaving an overall underspend of £3.468m on the Council's contingency budget. The transfers in the final quarter are:

- Utilities £1.384m
Return to contingencies of the underspend in respect of utility costs as a result of savings in consumption and unit prices. This underspend primarily relates to the LED street lighting replacement programme through accelerated programme delivery and higher than anticipated saving against current budget.
- Doubtful Debt Impairment Allowance (£0.374m)
In light of the current Covid-19 uncertainties and associated increased risk to debtor payments, a prudent increase to the doubtful debt impairment allowance has been made.
- Business Rates £0.095m
Return to a specific contingency to reflect the final business rates cost for Council buildings.
- Saving Plan Developments (£0.097m)
The Council continues to work with Ignite, an external consultancy, to support the development of savings plans within the Medium Term Financial Plan (MTFP). Costs incurred to date have been met through a drawdown from general contingencies.
- Economic Development Activity (£0.128m)
Drawdown from contingency to support a review of the business centres (£0.032m) and inward investment activity (£0.096m).
- Winter Maintenance (£0.300m)
Specific contingency drawdown to support the winter maintenance base budget provision covering the full winter period.

- Other miscellaneous drawdowns (£0.025m)

3.6 Treasury Management Savings / Capital Expenditure Charged to Revenue Account

- 3.6.1 As reported during the year, debt charge and investment savings have accrued during 2020/2021. A total underspend of £8.029m has been generated during 2020/2021 as a result of reprofiling on the capital programme, which is reported elsewhere on today's agenda, and improved, lower borrowing rates.
- 3.6.2 From the debt charge underspend outlined above, £7.900m is utilised to directly fund capital expenditure incurred during 2020/2021. The direct funding of capital expenditure has reduced the Council's borrowing requirement and will benefit the revenue budget through lower loan interest charges in future years.

3.7 Reserves

- 3.7.1 Earmarking of specific reserves totaling £19.615m is proposed, to meet a number of high priorities aligned to Covid recovery:

- Streetscene and Open Spaces Reserve (£3.500m) and Environmental Services staffing (£0.480m) – additional funding of £0.500m was included in the budget agreed by Council in March 2021 to support new ways of working within Environmental Services. At the time of setting the budget, the full staffing proposals had not been developed so it was agreed that this would be reported back to Cabinet at a future date. Those plans now indicate an additional £0.480m will be required – in 2021/22 this will be funded through this reserve, with the on-going base budget to be incorporated into the 2022/23 MTFP process. In addition, to enhance the city's recovery from covid and to ensure that the full benefit can be made of the regeneration activities across the city, £3.500m is being set aside to work on a range of streetscene and open space projects. Plans are currently being developed, which will be reported to Cabinet in future months. It is expected that this reserve will be extended during 2021/22 by up to £1.000m from covid funds in the current financial year. We will also build upon the proactive enforcement work which has seen additional prosecutions and the use of a wider range of powers. This will include making the best use of technology alongside additional enforcement staff deployed across the City and in specific locations – both geographical (eg City Centre) and type (eg parks and cemeteries).
- Smart Cities (£4.000m) and Digital Divide (£0.100m) – an integral part of the City Plan is to be a connected city. The Council is currently in a procurement process for ambitious 5G and wireless advancements, which have existing capital programme approvals of circa £10m in place. The creation of this reserve would set aside revenue funding to cover 8-10 years, to support the best value for money solution from this procurement.

Further details will be brought to Cabinet as the procurement process develops. In addition, Cabinet recognises that addressing the challenge that some residents have with accessing digital services, so is creating an initial fund of £0.100m to support projects in this area.

- Low level family and preventative support (£2.000m) – Cabinet are recommended to set aside a £2.000m reserve to support activities with families and individuals to address the challenges of recovering from the pandemic. This will be supplemented by further covid funds from the current financial year (expected to be circa £2.450m to be confirmed in future budget monitoring reports) to allow proactive work to be undertaken with temporary additional staffing to support recovery. It is anticipated that support will also be delivered through the VCS, building on the success of arrangements during Covid and recognising this as a model of social prescribing, as well as through continuing the targeted work of the Community Champion model which has proved so successful in reaching specific communities. As well as addressing the immediate recovery challenges faced by families, it is expected that this injection of support will lead to longer term improved outcomes for people and financial efficiencies for the Council. Progress will be reported through future Cabinet reports as plans are further developed.
- Children's and Young People Recovery (£1.700m) – similar to the reserve above, Together for Children (TfC) has identified a range of activities that would support covid-recovery. Detailed review and reporting will be via the TfC Board, with progress reports via future Cabinet budget monitoring reports.
- TfC transformation funding (£0.500m) – TfC's outturn position for 2020/21 improved through the receipt of transformation funding from the Department for Education, which was earmarked for use during 2021/2022. In recognition of this, the Council has earmarked £0.500m of reserves to support these costs in 2021/2022.
- Behaviour change (£0.460m) and keeping residents informed (£0.200m) – as well as investment in specific projects, working with our residents is vital to ensure that they are kept informed of the work of the Council but also how they can play their part in creating a more healthy, vibrant and dynamic Sunderland, so that all parties are working towards the same outcomes. These funds will support a range of activities to promote the city, develop civic pride and community working, and provide funding in the current year for a quarterly mailer to all homes in the city. Further funding of £0.250m is expected to come from 2021/2022 covid funds, with future year budget requirements to be incorporated into the 2022/2023 MTFP process.

- Transformation fund (£3.000m) – the Council is facing a number of financial pressures as it emerges from the pandemic and addresses the on-going MTFP challenges as set out in previous budget reports. To support the changes that are likely to be required over the next 12-18 months, a transformation reserve has been created – the use of this reserve will be reported through future budget monitoring reports.
- Triathlon World Series (£1.200m) – the Council is in discussions with British Triathlon about a multi-year arrangement that would see a number of triathlon events being held in the city, ranging from Elite-level races to mass participation events. This reserve, in part funded from the events budget underspend from 2020/2021, will support this bid as it demonstrates the financial commitment the Council is able to make to secure these world-class events. Cabinet will receive further reports as these bids are advanced.

3.7.2 In addition, the underspend on the ringfenced Public Health Grant (£2.354m), the profit generated by the Port (£0.085m) and Section 31 grant funding relating to business rates (£0.036m) have been transferred to the appropriate reserves at the year end.

4 General Fund Balances

- 4.1 Following the annual review of financial risks faced by the Council, the Council's General Fund balance was set at £12m for the 2020/2021 budget.
- 4.2 Following a review of these risks and taking into account the revenue outturn position, the MTFP, the continued Covid-19 situation 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 5.4% 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 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. As a result, reserves totalling £2.631m have been identified as no longer being required for their original purpose. The released resources have been transferred to the MTFP Smoothing Reserve.
- 5.2 Overall the Council's reserves have increased by £34.161m in 2020/2021 to £202.846m. A significant element of the improved position reflects the creation of an NNDR Covid Reliefs reserve (£19.874m) as explained further in section 6. The reserves have also been increased due to capital programme reprofiling and an 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, notably to address Covid-19 pressures, 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 administered the government's Covid Business Rate Reliefs scheme during 2021/2022 which provided full business rates relief for businesses within the Retail, Hospitality, Leisure and Nursery sectors. The Council has received Covid Business Rates Reliefs grant funding from Government to compensate for this loss of income. Due to the required technical treatment of the grant, whereby grant received during 2020/2021 cannot be applied until 2021/2022, the collection fund has a significant deficit at the end of the year. In addition, any deficit unrelated to Business Rates Reliefs, can be spread over the 3 financial years 2021/2022 to 2023/2024.
- 6.1.2 The NNDR1 return to the Government for 2021/2022 set out a forecast deficit of £42.723m at the end of the 2020/2021 financial year, with the Council's 49% share being £20.934m. The forecast Covid Business Rates Relief grant at that time was £19.838m, this would largely fund the brought forward deficit in 2021/2022.
- 6.1.3 The final business rates position at 31st March 2021 is an overall deficit of £41.320m, of which £20.247m relates to the Council's 49% share. The Business Rates Relief grant (£19.874m) has been transferred to a reserve and will be utilised in 2021/2022 to offset the brought forward collection fund deficit in line with accounting requirements.

6.2 Council Tax

- 6.2.1 The council tax element of the collection fund has also been impacted by the economic conditions as a result of the Covid pandemic which has impacted on the City's residents and increased the number of recipients of local council tax support. Recovery action in respect of council tax was also curtailed during 2020/21, alongside enforcement action in line with national lockdown measures. As a result, a deficit of £5.227m was recorded as at 31st March 2020, of which the Council's share is £4.544m. This represents an improvement from the amount (£4.691m Council's share) reported to Cabinet in February 2021.
- 6.2.2 In line with the technical treatment for business rates the impact of this deficit is also to be spread over the financial years 2021/2022 and 2023/2024, this has been provided for within the MTFP.

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 2020/2021.

8. Alternative Options

- 8.1 No alternative options are proposed.

9. Impact Analysis

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

10. Other Relevant Considerations / Consultations

- 10.1 None

11. List of Appendices

Appendix A	-	Major Variations 2020/2021
Appendix B	-	Overall Outturn Position 2020/2021
Appendix C	-	Statement of General Balances
Appendix D	-	Major Earmarked Reserves

12. Background Papers

None

**Cabinet Meeting 15th June 2020
Major Variations 2020/2021**

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 (NB: individual portfolio variations do not include associated additional covid support funding, which is held corporately rather than allocated to individual service areas)
Leader	4.945	(0.588)	0.095	4.452	3.900	0.552	<ul style="list-style-type: none"> • Variation of £0.552m underspend across a number of services relating to vacancy posts and reduced spend on supplies & services and transport costs due to the pandemic.
Deputy Leader	52.886	(0.690)	3.014	55.210	59.403	(4.193)	<p>Overspend across a number of services, primarily due to the current Covid-19 pandemic, including:</p> <ul style="list-style-type: none"> • Business and Investment (£0.261m overspend) – loss of income due to rental and room hire shortfalls arising from the impact of the pandemic on the business centres. • Parking Services – a shortfall against budgeted surplus of £1.722m following reduced car park usage during the year and suspension of permit requirements. The position also reflects the reduced footfall in the City Centre. • Bereavement – a net overspend of £0.300m mainly in respect of temporary storage facilities, amended service arrangements and other associated covid costs, partially offset by additional income. • Waste Collection and Recycling – overspend of £0.637m primarily due to additional staffing costs, loss of income in respect of trade and garden waste and cost pressures arising from bulky collections and additional equipment. • Waste disposal – additional costs of £0.690m due to increased waste tonnage volumes during 2020/2021. • Building Services – a shortfall against the budgeted surplus of £0.516m due to reduction in works activity during national lockdown and local restriction periods.

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 (NB: individual portfolio variations do not include associated additional covid support funding, which is held corporately rather than allocated to individual service areas)
							<ul style="list-style-type: none"> • Infrastructure and Transportation – underspend of £0.930m arising from additional fee earning income in year and vacant posts. • Schools Meals - £0.795m overspend due to school closures and other lockdown restrictions during the year. • Fleet – overspend of £0.332m primarily linked to additional staffing and fleet repair costs, some of which have arisen from managing operations during the pandemic situation. • Net variations totalling £0.130m on a number of service areas linked to additional income generation, partially offset by additional staffing and deep clean costs.
Cabinet Secretary	13.258	0.077	(1.066)	12.269	11.943	0.326	<ul style="list-style-type: none"> • Revenues – net overspend of £1.025m due to unachieved enforcement and court fee income as a result of pauses in enforcement action and court hearings for Council Tax and Business Rate collection, partially offset by staff vacancies. • Housing Benefits – underspend of £0.950m related to staff vacancies, additional new burdens funding and higher than budgeted recovery on housing benefit overpayments. • Corporate Management – net overspend of £0.754m relating to Covid related business continuity spend (£1.866m) partially offset by insurance and pension fund adjustments. • Security Services – net shortfall of £0.071m due to loss of cash in transit income as a result of the pandemic partially offset by reduced staffing costs. • Electoral Services – underspend of £0.234m as a result of a fallow election year.

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 (NB: individual portfolio variations do not include associated additional covid support funding, which is held corporately rather than allocated to individual service areas)
							<ul style="list-style-type: none"> • Audit and Risk – underspend of £0.171m due to reduced staffing costs, supplies & services savings, and additional income generation. • Business Support– underspend of £0.244m due to reduced staffing costs, transport and supplies & services savings and additional income generation. • 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 £0.577m.
Children, Learning and Skills	73.855	(0.046)	1.723	75.532	81.125	(5.593)	<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 £4.599m including those pressures as a result of the Covid-19 pandemic.</p> <ul style="list-style-type: none"> • Derwent Hill – net lost income of £0.972m as result of lost trade due to the pandemic. • Minor overspends of £0.022m on other budgets areas.
Vibrant City	14.161	(0.006)	(1.542)	12.613	13.682	(1.069)	<ul style="list-style-type: none"> • Sport and Leisure – overspend of £1.127m 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.

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 (NB: individual portfolio variations do not include associated additional covid support funding, which is held corporately rather than allocated to individual service areas)
							<ul style="list-style-type: none"> Events – the in-year underspend due to the postponement or cancellation of a number of Council organised events within the City has been transferred to an events reserve for future use in particular to support world triathlon events (£0.800m). Various over and underspends across all services with a net overspend impact of £0.742m, relating to the Covid-19 pandemic and the non-drawdown of reserves.
Healthy City	88.479	0.062	(28.644)	59.897	63.168	(3.271)	<ul style="list-style-type: none"> Significant financial pressures of £22.001m primarily in respect of the required Adult Social Care and Commissioning response to the pandemic. These pressures include additional care home fees, PPE and workforce pressures. This cost pressure has been partially offset by contributions from the health authority (£12.236m), reductions in some areas of demand (£3.921m) and staffing vacancies (£0.248m). Welfare Reform – a direct pressure of £0.029m as a result of Covid-19 increasing demand. Public Health – underspend of £2.354m on grant expenditure in relation to planned core activity due to the lower take up of activity based contracts and the diversion of staffing resource in order to focus public health support on responding to the Covid-19 pandemic for which additional Covid-19 related funding has been received. This underspend will be transferred to reserves and earmarked for public health related expenditure.

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 (NB: individual portfolio variations do not include associated additional covid support funding, which is held corporately rather than allocated to individual service areas)
Dynamic City	5.218	0.048	1.948	7.214	9.041	(1.827)	<ul style="list-style-type: none"> Miscellaneous Land and Properties – overspend of £1.307m relating to a shortfall on Bridges rental income as well as loss of summer concessions income across the city due to the pandemic. Regeneration Properties – overspend of £0.265m relating to Park Lane Market loss of rental income due to vacant units and additional premises holding costs, offset by savings on other premises related costs and supplies and services. Building and Development Control - underspend of £0.223m primarily in relation to additional planning regulation and inspection fee income. Access to Housing – overspend of £0.394m relating to additional homelessness provision due to the pandemic. Other minor variations on a number of service areas has created an overspend of £0.084m.
Total Service Outturn	252.802	(1.143)	(24.472)	227.187	242.262	(15.075)	

* 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 15th June 2021 Overall Position 2020/2021

	Revised Budget	Budget Adjustments	Final Budget*	Outturn*	Variance Under / (Over) Spend
	£m	£m	£m	£m	£m
Leader Portfolio	4.945	(0.493)	4.452	3.900	0.552
Deputy Leader Portfolio	52.886	2.324	55.210	59.403	(4.193)
Cabinet Secretary Portfolio	13.258	(0.989)	12.269	11.943	0.326
Children, Learning and Skills Portfolio	73.855	1.677	75.532	81.125	(5.593)
Vibrant City Portfolio	14.161	(1.548)	12.613	13.682	(1.069)
Healthy City Portfolio	88.479	(28.582)	59.897	63.168	(3.271)
Dynamic City Portfolio	5.218	1.996	7.214	9.041	(1.827)
Total Service Expenditure	252.802	(25.615)	227.187	242.262	(15.075)
Provision for Contingencies	2.913	0.555	3.468	0.000	3.468
Capital Financing Costs	23.600	0.228	23.828	23.699	0.129
Transfer to/from Reserves	20.173	0.000	20.173	22.563	(2.390)
Technical Adjustments	(33.058)	(4.139)	(37.197)	(37.197)	0.000
Levies	15.210	0.008	15.218	15.218	0.000
Hetton Town Council	0.068	0.000	0.068	0.068	0.000
Less Grants	(57.867)	28.337	(29.530)	(50.295)	20.765
Total Net Expenditure	223.841	(0.626)	223.215	216.318	6.897
Revenue Support Grant	(27.955)	0.000	(27.955)	(27.955)	0.000
National Non-Domestic Rates/Retained Business Rates	(46.400)	0.626	(45.774)	(45.774)	0.000
Top Up Grant	(43.725)	0.000	(43.725)	(43.725)	0.000
Collection Fund Surplus	(0.835)	0.000	(0.835)	(0.835)	0.000
Council Tax Requirement	(104.926)	0.000	(104.926)	(104.926)	0.000
Draft Outturn	0.000	0.000	0.000	(6.897)	6.897
Establishment of / Transfer to Reserves	0.000	0.000	0.000	6.633	(6.633)
Final Outturn Position	0.000	0.000	0.000	(0.264)	0.264

* 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 15th June 2021
Statement of General Fund Balances**

	£m
Balance as at 1st April 2020	12.000
- Contribution to Revenue Budget	0
Balance as at 31st March 2021	12.000
- Planned Contribution to Revenue Budget	0
Estimated Balance as at 31st March 2022	12.000

Appendix D

Cabinet Meeting 15th June 2021 Major Earmarked Reserves

Reserves	Purpose of the Reserve	Opening Balance 01.04.2020 £m	Movement in Year £m	Closing Balance 31.03.2021 £m
General Fund	General Fund of the Council	12.000	0.000	12.000
School Balances	Balances held by schools under a scheme of delegation	7.982	2.760	10.742
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.	9.188	(0.147)	9.041
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	9.254	(1.062)	8.192
Section 106 Reserves	Under Section 106 of the Town and Country Planning Act 1990, developers make financial contributions to the Council relating to affordable housing, public open spaces including allotments and locally equipped play parks, educational facilities, highways and public transport improvements, sports and recreational facilities and environmental improvements.	7.280	0.715	7.995
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	4.545	(0.763)	3.782
Commercial and Economic Development Activity	Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council.	1.154	(0.147)	1.007
Strategic Investment Plan Reserve	This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan	1.194	(1.032)	0.162
Other Earmarked Capital Reserve	Funding set aside to fund future capital projects previously approved.	1.737	(0.379)	1.358
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.	0.000	19.874	19.874

Appendix D (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2020 £m	Movement in Year £m	Closing Balance 31.03.2021 £m
Medium Term Planning Smoothing Reserve	This reserve has been established to address any potential impact arising from increased risk and uncertainty with the Business Rate Retention Scheme. It is being used to smooth the impact of government funding uncertainties.	6.528	11.331	17.859
Service Reduction Reserve	This reserve is to provide temporary transitional funding relating to the implementation of planned service reductions.	12.145	0.000	12.145
Strategic Regeneration Reserve	A reserve to support the Council's regeneration ambitions, specifically to smooth any revenue impact of projects until they become self-sustaining.	10.000	(0.003)	9.997
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	11.769	(6.020)	5.749
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	5.677	(0.077)	5.600
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
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	3.303	0.876	4.179
Smart Cities	This reserve was established to set aside revenue funding to cover 8-10 years, to support the best value for money solution for 5G and Wireless within the city.	0.000	4.000	4.000
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.	0.000	3.500	3.500
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
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.	0.000	3.000	3.000
Children's Social Care	A reserve to fund any one-off Children's Social Care costs that may arise in the future.	3.000	0.000	3.000
Public Health Grant	Ringfenced Public Health grant funding, to deliver future public health initiatives.	0.633	2.354	2.987

Appendix D (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2020 £m	Movement in Year £m	Closing Balance 31.03.2021 £m
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
Education Redundancy Reserve	The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools.	1.916	0.209	2.125
Low Level Family Support	Reserve to support activities with families and individuals to address the challenges of recovering from the pandemic.	0.000	2.000	2.000
Children and Young People Recovery	The reserve was established for TfC to deliver a range of activities that will support covid-recovery activities.	0.000	1.700	1.700
Collection Fund Surplus Reserve	Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years.	1.198	0.335	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.	10.592	(9.080)	1.512
Housing Benefit Smoothing Reserve	This reserve has been established to smooth any potential impact of outstanding debtors as housing benefit is subsumed within universal credit.	1.577	(0.279)	1.298
Airport Smoothing Reserve	Reserve established to smooth any delayed airport loan interest payment that may arise.	1.253	0.000	1.253
Triathlon	Reserve established to support a bid to secure a multi-year arrangement with British Triathlon to host triathlon events in the City.	0.000	1.200	1.200
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.334	(0.137)	1.197
House Sale Income	The reserve relates to the sale of client's homes that will be utilised to support future support needs of those clients.	1.236	(0.216)	1.020
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	18.596	0.216	18.812
Total General Fund Reserves		154.631	34.729	189.360
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	9.062	0.339	9.401
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	4.992	(0.907)	4.085
Total Usable Reserves		168.685	34.161	202.846

