

CABINET MEETING – 16 JUNE 2020

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Revenue Budget Outturn 2019/2020

Author(s):

Executive Director of Corporate Services

Purpose of Report:

To report details of the outcome of the Revenue Budget Outturn for 2019/2020.

Description of Decision:

Cabinet is recommended to:

- 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:

To report on the outturn position compared to the budget for 2019/2020.

Alternative options to be considered and recommended to be rejected:

No alternative options are proposed.

Impacts analysed;

Equality Privacy Sustainability Crime and Disorder

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

Cabinet 16th June 2020

Revenue Budget Outturn for 2019/2020

Executive Director of Corporate Services

1. Purpose of Report

- 1.1 This report advises Members of the overall Revenue Budget position for the 2019/2020 financial year. Set out in Section 3 below are details of the Revenue Budget Outturn for 2019/2020. The reporting format reflects the Portfolio Holder responsibilities in place during 2019/2020 and includes:
- contingency and budget transfers for the final quarter for 2019/2020;
 - details of the outturn for service budgets for 2019/2020; and
 - the position in relation to the achievement of budget savings for 2019/2020.
- 1.2 Sections 4 and 5 detail the general fund balances and the major revenue reserves position and Section 6 details the collection fund position for business rates and council tax.

2. Description of Decision (Recommendations)

- 2.1 Cabinet is recommended to:
- 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.

3. Revenue Budget Outturn 2019/2020

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 response. The deadline for the draft Statement of Accounts has been extended to the 31st August 2020 (from 31st May 2020) and 31st October 2020 (from 31st July 2020) for the audited Statement of Accounts.
- 3.1.2 At this stage, the Council intends to publish its draft accounts by the end of June 2020. The Accounts will therefore be available for public inspection from 1st July 2020 until 11th August 2020. The audited Statement of Accounts will be presented to the Audit and Governance Committee on the 25th September 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 under spend of £0.496m. This takes into account service pressures and transitional costs arising in 2019/2020 which have been contained within the overall outturn position.

3.2.2 The outturn position is summarised in the table below, with further detail provided within Appendix A, Appendix B, and Section 3 below.

Area of Variance	Paragraph reference	Variance £m
Delegated Outturn	3.4	(9.518)
Contingencies Transfers	3.5	10.977
Capital Debt Charges	3.6	4.131
Levies	N/A	(0.003)
Grants	3.7	0.605
Reserves set aside	3.8	(5.696)
Final Outturn position (Transferred to SIR)		0.496

3.2.3 The Council's outturn position has been impacted by the COVID-19 pandemic, both in the run up to, and following the lockdown announcement on the 23rd of March, and the wider economic consequences that have entailed. Where the impact was material to the overall financial position, reference is made within the outturn report.

3.2.4 The government provided its first tranche of funding to support Local Authorities in response to the financial pressures arising from the pandemic on the 27th of March. This first tranche, distributed in the main to reflect social care responsibilities, totalled £10.592m. A second tranche, allocated on a per capita basis, provided a further £7.600m in the 2020/2021 financial year.

3.2.5 Whilst a financial impact has been reflected in the Council's 2019/2020 outturn position, given the likely significant costs and lost income that will arise in 2020/2021, the full £10.592m has been rolled forward in a reserve to supplement the second tranche of grant received in support of the 2020/2021 budget. This approach is deemed prudent especially given the reduced confidence in government messaging around full compensation to local authorities for costs incurred and lost income arising as a result of the pandemic.

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 and Social Care portfolio.

3.4 Delegated Budgets – Overall Summary

3.4.1 Details of major variations for each service, which have led to the outturn position, are set out at Appendix A. In overall terms there was a net service pressure of £9.518m, which has been contained within the overall corporate position.

3.4.2 Whilst this is a significant service overspend, this position represents a circa £5m improvement on the position forecast at the third review. In the main the overspend relates to the additional complexity of need resulting in cost pressures within both Adult Social Care and Childrens Social Care, offset by service underspends elsewhere. Additional funding has been allowed for within the 2020/2021 budget to mitigate as far as possible these additional cost pressures.

3.4.3 Progress in the implementation of the £17.364m approved savings plans for 2019/2020 continued during the fourth quarter. The final position reflects the increasing and continued challenge the Council faces in delivering significant savings year on year, with 61% of the savings fully achieved by year end. Where savings haven't been achieved in full, the position is included in the delegated outturn position detail at Appendix A.

- £10.557m (61%) of the savings have been fully realised to date;
- £0.188m (1%) of reductions where good progress is being made, with a good prospect that full savings will be achieved in 2020/2021;
- £0.397m (2%) of savings which have been deferred by securing funding to mitigate the position. It is now anticipated that this funding will be ongoing and not one-off;
- £5.678m (33%) is in respect of areas where delays and issues have been encountered. Of these;
 - £4.689m relates to Adult or Childrens Social Care pressures. Additional funding has been provided for these areas in 2020/2021 and as such these savings will have been significantly mitigated. Ongoing monitoring will be subsumed within normal budget monitoring arrangements.
 - £0.628m of savings that have been funded for 2020/2021 through the Medium Term Financial Plan (MTFP).
 - £0.361m of savings where the service has demonstrated it can achieve other underspends to fully mitigate these savings. As such no ongoing monitoring will be undertaken into 2020/2021, and
- £0.544m (3%) of savings are no longer anticipated to be delivered as originally planned. Of these;
 - £0.429m of savings that have been funded for 2020/2021 through the MTFP
 - £0.115m of savings that are now deemed unachievable. This position will be reviewed during 2020/2021 and to the extent that the service cannot achieve this saving, the MTFP will be amended to address the shortfall.

- 3.4.4 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.
- 3.4.5 The outturn position reflects the establishment of a small number of one off reserves, totaling £0.575m for known service commitments. The creation of these reserves reflect the fact that the commitment has already been established, but the goods or service have not been delivered during 2019/2020. These reserves will therefore meet the commitment when it arises.

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 £6.470m return to contingencies, have been enacted as follows, leaving an overall underspend of £10.977m on the Council's contingency provision. The transfers in the final quarter are:
- **Equal Pay £6.415m**
A review of the equal pay provision has confirmed that there is no longer a need to provide separately for the pension liability as this has been taken into account within the overall pension fund actuarial valuation undertaken for 2020/2021. This has enabled a significant element of the provision to be released and returned to contingencies.
 - **Utilities £1.312m**
Return to contingencies of underspend in respect of utility costs as a result of savings in consumption and unit prices. This underspend primarily relates to the LED replacement programme with accelerated programme delivery and higher than anticipated saving against current budget. The 2020/2021 budget was set reflecting an element of savings on the LED replacement programme, however, further savings may now materialise in 2020/2021.
 - **Newcastle Airport Dividend £0.962m**
Following a board meeting held in January, the Council were notified of a dividend in respect of the Airport's 2019 financial year.
 - **Transitional Costs (£1.183m)**
Transitional costs in relation to the Council and its owned companies have been incurred during 2019/2020 which have been contained within the overall outturn position without the need to draw on capital receipts. This enables capital receipts generated during the year of £1.183m to be freed up to support the capital programme.
 - **Doubtful Debt Impairment (£0.339m)**
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.

- Waste tonnage (£0.161m)
Use of specific provision to meet the shortfall in service budgets in respect of increased waste tonnage being disposed of through the waste partnership agreement.
- Smart Cities (£0.150m)
Initial spend on the outline business case for the Smart Cities project has progressed during the year with associated costs initially being met by contingencies as approved by Cabinet in December.
- Business Rates (£0.118m)
Use of specific contingency to reflect the final Business Rates cost for Council buildings.
- Saving Plan Developments (£0.095m)
As reported at third review, the Council has been working with Ignite, an external consultancy, to support the development of savings plans within the MTFP. Costs incurred to date have been met through a drawdown from general contingencies.
- Make It (£0.092m)
Drawdown from general contingency to support additional campaign spend to attract and encourage inward investment across key sectors within the city.
- Winter Maintenance (£0.081m)
Specific contingency drawdown to support the winter maintenance base budget provision covering the full winter period.

3.6 Treasury Management Savings

- 3.6.1 As reported during the year, debt charges and interest on investment savings are available to support the overall corporate position as a result of reprofiling on the capital programme, reported elsewhere on the agenda, and improved lending and borrowing rates.
- 3.6.2 The final underspend of £4.131m is lower than anticipated at third review. Given the ongoing uncertainty in relation to air travel as a consequence of the COVID-19 pandemic, a deferral of loan note interest from Newcastle Airport has been allowed for in the final outturn position. This deferral is a timing delay and discussions are ongoing with the Airport to agree a new payment profile. Additionally, and in order to comply with accounting standards, the Council has recognised the increased risk associated with this loan, even though this increased risk is considered minimal at this stage.

3.7 Additional Grant Income

- 3.7.1 Additional grant income of £0.605m has been received during the year. This includes the Business Rates Levy Account Surplus distribution (£0.288m) from government. In addition, finalisation of the business rates outturn position has confirmed additional Section 31 compensatory grant amounts of £0.317m are owed by government in respect of various business rates reliefs implemented.

3.8 Reserves

- 3.8.1 Earmarking of specific reserves totaling £5.696m is proposed, to meet:

- One-off costs to be incurred within Together for Children during 2020/2021. Following receipt of external funding late in the year, Together for Children's outturn position subsequently improved. However, the company had intended on utilising these funds during 2020/2021. In recognition of this, the Council has earmarked £0.943m of reserves to support these costs in 2020/2021.
- Earmarking of £3.000m for one-off Children's Social Care costs that may arise in the future as a result of historic legal claims.
- The establishment of a reserve (£1.253m) to mitigate any timing impact that may arise should additional re-profiling of Airport loan interest be required.
- Earmarking of £0.500m for Social Recovery within the city as the COVID-19 situation improves. This reserve to be used to support the charity and voluntary sector within the city. The first proposed use of this, as a grant to the Foundation of Light, is included as a separate agenda item at this Cabinet meeting.

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 2019/2020 budget.
- 4.2 Following a review of these risks and taking into account the revenue outturn position, MTFP, the evolving 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 appropriate for a large unitary council.

5 Review of Existing Reserves

- 5.1 A full Statement of Reserves is set out at Appendix D. As part of the outturn a full review of reserves and provisions has been completed to ensure compliance with recommended accounting practice. As a result, reserves totalling £1.439m have been identified as no longer being required for their original purpose. This includes the levy transitional reserve. The released resources have been transferred to the Strategic Investment Reserve.
- 5.2 As the Council progresses with its regeneration agenda in line with the new City Plan, it is likely that some developments require a lead in time to become self sustaining. It is therefore proposed to establish a Strategic Regeneration Reserve of £10m to act as a smoothing reserve for such developments. This reserve is being established via a transfer from the Strategic Investment Reserve.
- 5.3 Overall the Council's reserves have increased by £14.663m in 2019/2020 to £168.685m. This improved position reflects the first tranche of COVID-19 grant received (£10.592m), capital re-profiling and an improved outturn position.
- 5.4 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, as detailed in Appendix D.

6 Collection Fund

6.1 Business Rates

- 6.1.1 The NNDR1 return to government for 2020/2021 set out a forecast surplus of £2.460m for 2019/2020, relating to the brought forward surplus from the previous financial year. The Council's share of this forecast surplus, £1.205m, has been factored into the 2020/2021 budget on a one off basis.
- 6.1.2 The final position at 31st March 2020 is an overall surplus of £2.792m. The improved position reflects lower than anticipated appeal numbers following the 2017 revaluation exercise. The Council's share of the final overall surplus position is £1.368m i.e. an additional £0.163m compared to forecast. This sum is available to support the Council's budget on a one off basis in 2021/2022.

6.2 Council Tax

- 6.2.1 The council tax element of the collection fund was impacted by the economic conditions in March as the COVID-19 pandemic developed. In response to the developing crisis, the Council scaled back actively pursuing debt in the final weeks of the year. As a result a deficit of £0.147m at 31st March 2020 of which the Council's share is £0.127m has materialised. This represents a deterioration from the amount (£0.835m Council's share) reported to Cabinet in February 2020.
- 6.2.2 This worsened position will be taken into account in the MTFP for the 2021/2022 financial year.

7. Reasons for Decision

- 7.1 To report on the outturn position compared to the budget for 2019/2020.

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 2019/2020
- Appendix B - Overall Outturn Position 2019/2020
- Appendix C - Statement of General Balances
- Appendix D - Major Earmarked Reserves

12. Background Papers

- None

**Cabinet Meeting 16th June 2020
Major Variations 2019/2020**

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	4.001	0.092	0.167	4.260	3.852	0.408	<ul style="list-style-type: none"> Minor variations of £0.408m underspend across a number of services, primarily as a result of the acceleration of savings plans for 2020/2021, salaries vacancy management and supplies and services underspends.
Deputy Leader	3.168	1.261	(0.078)	4.351	4.851	(0.500)	<ul style="list-style-type: none"> Reduced trading profit anticipated for the Port of Sunderland (£0.419m). Additional ongoing funding was provided in the 2020/2021 budget to address this shortfall. Minor variations across a number of service areas (£0.081m overspend).
Cabinet Secretary	13.707	(7.019)	(2.539)	4.149	1.188	2.961	<ul style="list-style-type: none"> Underspend on pension enhancements (£0.703m) due to a lower than anticipated academy conversion rate in the last two years. The budget has been realigned for 2020/2021 to reflect this and also the triennial actuarial review. Underspend (£0.980m) in the benefits section following receipt of government new burdens grant and higher than budgeted recovery on Housing Benefits. Underspend within revenues (£0.452m) due to increased income on court fees compared to budget and on staffing budgets as a result of vacancies and reduction in working hours. Underspend (£0.200m) in relation to Audit and Risk, arising from additional SLA and claims handling income as well as vacancy savings. Underspends on a number of services (£0.626m), predominantly due to vacancy management, but also non staffing budgets and additional income generation.

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
Children, Learning and Skills	74.809	0.024	(0.048)	74.785	79.541	(4.756)	<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. • The TfC contract was realigned for 2019/2020 to reflect the pressures encountered, particularly on Looked After Children, but also to take account of £5.000m of savings proposals. • The final outturn position for TfC, is an overspend of £4.578m, an improvement from third review. The overspend is predominantly in relation to increased complexity of needs being encountered within Looked After Children, with a resultant increase in costs. The position is subject to continuous monitoring. The 2020/2021 budget includes provision for Children's Social Care to reflect and mitigate the budgetary risks in this area. • Minor overspends (£0.178m) across a number of service areas, significantly one off costs of funding the remaining deficit on Millfield Nursery upon closure.
Community and Culture	12.563	(0.002)	0.076	12.637	13.249	(0.612)	<ul style="list-style-type: none"> • Proposals relating to the development of a cultural offer within the city are subject to continued consideration to ensure the most appropriate and fit for purpose model is progressed. The associated savings targets of £0.548m are therefore unachievable and the 2020/2021 budget has been realigned accordingly. • Minor overspends (£0.064m) across a number of service areas.

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
Environment and Transport Portfolio	44.996	(0.926)	(8.150)	35.920	36.379	(0.459)	<ul style="list-style-type: none"> Highways trading – An underspend of £0.373m has arisen as a result of an increase in the profitability of various highways schemes. Parking Services – a shortfall against budgeted surplus of £0.187m, as a result of unachieved efficiency regarding parking permits (funded for 2020/2021), extended free parking over Christmas, additional car parking maintenance and latterly the impact of the COVID-19 pandemic. One off maintenance savings arising on the street lighting contract resulting in an underspend of £0.194m. Bereavement - income pressure, due primarily to a downturn in demand over spring/summer months, together with additional equipment and security costs has led to a budget deficit of £0.273m. Public Protection and Regulatory Services – additional demand within environmental services to focus services towards a more neighbourhood based targeted role has been addressed through additional staffing resource in this area, leading to an overspend of £0.152m. The ongoing position has been included within the 2020/2021 budget. Local Services – additional investment in street scene has seen the introduction of additional response teams, leading to an overspend of £0.147m. The ongoing position has been included within the 2020/2021 budget. Variations on a number of service areas has created an overspend of £0.267m.

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
Health and Social Care	79.343	(0.002)	(20.977)	58.364	65.254	(6.890)	<ul style="list-style-type: none"> Significant financial pressure of £6.979m in Adult Social Care attributable to increasing complexity of need. Initiatives continued to be implemented throughout the year to reduce cost whilst still meeting client need, which have mitigated the position and led to an improved position since the third review. These measures included the use of assistive technology, behavioural management and the management of complex cases. The MTFP included provision for Adult Social Care to reflect and mitigate the budgetary risks in this area with the 2020/2021 budget re-aligned accordingly. Minor underspends (£0.089m) across a number of service areas.
Housing and Regeneration Portfolio	4.012	0.102	0.624	4.738	4.408	0.330	<ul style="list-style-type: none"> Miscellaneous Land and Properties – underspend of £0.683m following additional Siglion dividend and income for regeneration property acquisitions. This position has been factored into the 2020/2021 budget. Overspend of £0.117m against budget on anti-social behaviour in relation to unachieved efficiency. The 2020/2021 budget reflected this pressure and realigned budgets accordingly. Overspend of £0.191m on Building and Development Control, primarily in relation to remediation work undertaken at Teal Farm and the Gasification plant public enquiry. Various minor overspends of £0.045m across a number of service areas.
Total Service Outturn	236.599	(6.470)	(30.925)	199.204	208.722	(9.518)	

* Due to delays with notional Asset Charges and 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.

Cabinet Meeting 16th June 2020
Overall Position 2019/2020

	Revised Budget	Budget Adjustments	Final Budget*	Outturn*	Variance Under / (Over) Spend
	£m	£m	£m	£m	£m
Leader Portfolio	4.001	0.259	4.260	3.852	0.408
Deputy Leader Portfolio	3.168	1.183	4.351	4.851	(0.500)
Cabinet Secretary Portfolio	13.707	(9.558)	4.149	1.188	2.961
Children, Learning and Skills Portfolio	74.809	(0.024)	74.785	79.541	(4.756)
Community and Culture Portfolio	12.563	0.074	12.637	13.249	(0.612)
Environment and Transport Portfolio	44.996	(9.076)	35.920	36.379	(0.459)
Health and Social Care Portfolio	79.343	(20.979)	58.364	65.254	(6.890)
Housing and Regeneration Portfolio	4.012	0.726	4.738	4.408	0.330
Total Service Expenditure	236.599	(37.395)	199.204	208.722	(9.518)
Provision for Contingencies	4.507	6.470	10.977	0.000	10.977
Capital Financing Costs	18.275	0.651	18.926	14.795	4.131
Transfer to/from Reserves	(0.471)	0.000	(0.471)	(0.471)	0.000
Technical Adjustments	(29.153)	9.461	(19.692)	(19.692)	0.000
Levies	15.289	0.000	15.289	15.292	(0.003)
Hetton Town Council	0.067	0.000	0.067	0.067	0.000
Less Grants	(30.270)	20.813	(9.457)	(10.062)	0.605
Total Net Expenditure	214.843	0.000	214.843	208.651	6.192
Revenue Support Grant	(27.507)	0.000	(27.507)	(27.507)	0.000
National Non-Domestic Rates/Retained Business Rates	(44.398)	0.000	(44.398)	(44.398)	0.000
Top Up Grant	(43.023)	0.000	(43.023)	(43.023)	0.000
Collection Fund Surplus	(0.353)	0.000	(0.353)	(0.353)	0.000
Council Tax Requirement	(99.562)	0.000	(99.562)	(99.562)	0.000
Draft Outturn	0.000	0.000	0.000	(6.192)	6.192
Establishment of / Transfer to Reserves	0.000	0.000	0.000	5.696	(5.696)
Final Outturn Position	0.000	0.000	0.000	(0.496)	0.496

* Due to delays with notional Asset Charges and 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.

Cabinet Meeting 16th June 2020
Statement of General Fund Balances

	£m
Balance as at 1st April 2019	12.000
- Contribution to Revenue Budget	(1.250)
- Transfer from Strategic Investment Reserve to support 2019/2020 Budget	1.250
Balance as at 31st March 2020	12.000
- Planned Contribution to Revenue Budget	0.000
Estimated Balance as at 31st March 2021	12.000

Cabinet Meeting 16th June 2020
Major Earmarked Reserves

Reserves	Purpose of the Reserve	Opening Balance 01.04.2019 £m	Movement in Year £m	Closing Balance 31.03.2020 £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	7.758	0.224	7.982
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	0.000	9.188
Capital Priorities Reserve	A reserve established to address some of the Council's key capital developments and strategic priorities.	7.179	0.983	8.162
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.	6.254	1.026	7.280
Strategic Investment Reserve (Capital)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	5.422	(0.877)	4.545
Strategic Investment Plan Reserve	This reserve is necessary to fund part of the Council's contribution to its Strategic Investment Plan	1.656	(0.462)	1.194
Commercial and Economic Development Activity	Reserve established to take advantage of commercial and economic development opportunities that will meet priorities of the Council.	1.452	(0.298)	1.154
Other Earmarked Capital Reserve	Funding set aside to fund future capital projects previously approved.	2.969	(0.140)	2.829
Earmarked General Fund Reserves – Revenue				
Strategic Investment Reserve (Revenue)	A reserve established to address some of the Council's key developments, strategic priorities and address other major liabilities.	23.565	(11.796)	11.769
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.	0.000	10.000	10.000

Appendix D (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2019 £m	Movement in Year £m	Closing Balance 31.03.2020 £m
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
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.	5.602	0.926	6.528
Insurance Reserve	This reserve has been established to provide for potential future claims or claim increases.	4.721	0.956	5.677
Street Lighting and Highway Signs PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	4.476	(0.196)	4.280
HCA Stadium Park	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	3.101	0.008	3.109
SIB Reserve	A reserve held to fund future allocations through the Strategic Initiatives Budget.	2.883	0.420	3.303
Sandhill Centre PFI Smoothing Reserve	The reserve was established to smooth the financial impact to the Council across the 25 years of the contract life.	2.328	(0.177)	2.151
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.	1.908	(0.331)	1.577
Education Redundancy Reserve	The reserve was established to meet the anticipated costs of redundancies as a result of falling pupil rolls within maintained schools.	1.678	0.238	1.916
Riverside Transfer	Reserve established to fund ongoing maintenance of Homes and Communities Agency land transferred to the Council.	1.419	(0.085)	1.334
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.	1.407	(0.171)	1.236
Collection Fund Surplus Reserve	Reserve established as part of 2018/19 budget setting to smooth the collection fund surplus benefit into future years.	1.345	(0.147)	1.198

Appendix D (continued)

Reserves	Purpose of the Reserve	Opening Balance 01.04.2019 £m	Movement in Year £m	Closing Balance 31.03.2020 £m
Levy Transitional Reserve	A reserve established from the redistribution of Business Rates Levy surpluses by government. Earmarked for one off transitional costs.	1.296	(1.296)	0.000
DSG Surplus	This reserve is the underspend from the Dedicated Schools Grant that will be utilised to support schools funding in future years.	1.162	(1.411)	(0.249)
COVID-19	A reserve established from government grant to fund the immediate costs and lost income associated with the COVID-19 pandemic.	0.000	10.592	10.592
Children's Social Care	A reserve to fund any one-off Children's Social Care costs that may arise in the future.	0.000	3.000	3.000
Airport Smoothing Reserve	Reserve established to smooth any delayed airport loan interest payment that may arise.	0.000	1.253	1.253
Other Earmarked Revenue Reserves	Numerous small revenue reserves less than £1m which are set up for specific purposes.	19.106	0.347	19.453
Total General Fund Reserves		142.020	12.586	154.606
Capital Receipts Reserve	Balance of capital receipts held, pending use to fund the capital programme.	6.527	2.535	9.062
Capital Grants Unapplied	Balance of capital grants held pending expenditure on capital programme.	5.475	(0.458)	5.017
Total Usable Reserves		154.022	14.663	168.685