The City of Edinburgh Council

10.00am, Thursday, 23 February 2023

Revenue Budget 2023/24 - Risks and Reserves – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

1.1 The Finance and Resources Committee has referred a report on the Revenue Budget 2023/24 - Risks and Reserves to the City of Edinburgh Council on 23 February 2023 as part of the budget-setting process.

Richard Carr
Interim Executive Director of Corporate Services

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Referral Report

Revenue Budget 2023/24 - Risks and Reserves

2. Terms of Referral

2.1 On 7 February 2023, the Finance and Resources Committee considered a report on the Revenue Budget 2023/24 - Risks and Reserves, which advised members on the risks inherent with the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

2.2 The Finance and Resources Committee agreed:

2.2.1 To note the range and nature of the Council's unstable reserves in light of the continuing impacts of the pandemic and wider risk factors.

2.2.2 To remit the report to The City of Edinburgh Council for approval on 23 February 2023 as part of the budget-setting process.

3. Background Reading

3.1 Finance and Resources Committee – 7 February 2023 - Webcast

3.2 Minute of the Finance and Resources Committee – 7 February 2023

4. Appendices

4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Tuesday, 7 February 2023

Revenue Budget 2023/24 - Risks and Reserves

Executive/routine	**Executive**
Wards	**All**

1. Recommendations

1.1 Members of the Finance and Resources Committee are recommended to:

1.1.1 note the range and nature of the Council's usable reserves in light of the continuing impacts of the pandemic and wider risk factors; and

1.1.2 remit the report to The City of Edinburgh Council for approval on 23 February 2023 as part of the budget-setting process.

Richard Carr

Interim Executive Director of Corporate Services

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EDINBVRGH THE CITY OF EDINBURGH COUNCIL

Report

Revenue Budget 2023/24 – Risks and Reserves

2. Executive Summary

2.1 The report advises members of the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

2.2 The report outlines the level of reserves held and the purposes for which they are maintained, including consideration of the adequacy of the balances held to mitigate against known risks.

3. Background

3.1 This report advises members of significant risks identified within the budget process and sets out the range of measures and provisions in place to mitigate these.

3.2 Unallocated reserves are held against the risk of unanticipated expenditure and/or reduced income arising in any particular year. In addition, there are specific earmarked reserves set aside to manage timing differences between the receipt of income and incurring related expenditure, in accordance with accounting rules.

3.3 The reserves held by the Council are reviewed annually as part of the revenue budget-setting process. The review considers the level of balances, the risks inherent in the budget process and the adequacy of arrangements in place to manage these known risks.

4. Main report

Risks

4.1 Risks form an integral part of the business and budget planning process. What is most important, however, is that they are identified, actively managed and, where appropriate, mitigated. Appendix 1 shows a matrix, setting out how it is planned that the known risks identified in this report will be managed. This list is, however, not exhaustive due to the complexity and diversity of the changing environment within which the Council operates.

COVID–19 specific impacts on service expenditure/income loss, including homelessness services

4.2 The continuing impacts of the COVID-19 pandemic pose significant risks, both in terms of the immediate ability to set a balanced budget for 2023/24 and undertaking longer-term financial planning. While relaxation of public health restrictions has allowed for greater certainty in service planning, changing work patterns have affected patronage for Lothian Buses and Edinburgh Trams, with passenger numbers for each at around 80% of pre-COVID levels. These working patterns have also affected usage of Edinburgh Leisure's facilities and the level of parking income received by the Council. There is therefore a risk that the actual increases in service expenditure and losses of income for both the Council and its ALEOs may be higher than assumed in the budget framework.

4.3 The revenue budget framework approved in February 2022 included specific provision for some £11m of continuing COVID-related impacts in 2023/24[1], with this sum reducing to £9m in 2024/25[2] and remaining at this level over the period to 2026/27. The framework also includes provision of up to £7m in 2023/24 for the part-year effect of operation of the tram extension to Newhaven, increasing to £9.25m in 2024/25. While it is anticipated that the level of provision of £25.3m included in the budget framework in the current year will be sufficient to meet all relevant liabilities, it is acknowledged that the adequacy of the significantly reduced sum set aside for COVID impacts in 2023/24 will require to be closely monitored during the year and regular updates will therefore be provided to elected members.

4.4 As outlined in the complementary revenue budget update report included elsewhere on the agenda, total gross additional provision of £19.1m relative to 2022/23 levels has been included within the framework in recognition of increased homelessness-related expenditure, meaning that in cumulative terms, the total service budget has more than doubled since 2019/20. This additional investment reflects a combination of actual and projected service growth, pass-through of inflationary pressures (particularly in energy costs), reduced levels of Housing Benefit recovery and additional accommodation required for Ukrainian households following the ending of initial hosting arrangements. While the level of provision includes an assumption of continuing growth in demand, there is a risk around the adequacy of this funding, particularly following the suspension of "local connection" with effect from 29 November 2022.

4.5 Given the extent of these pressures, a number of prevention-related initiatives have previously been developed. In evaluating the effectiveness of these initiatives, consideration is being given to whether expansion of existing activities, or additional targeted work, would improve outcomes and provide cost benefits to the Council.

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[1] Indicatively comprising £6m for the loss of the Lothian Buses dividend, £3m for reductions in parking income and an increased payment for service to Edinburgh Leisure of £2m.

[2] Indicatively comprising £6m for the loss of the Lothian Buses dividend, £2m for reductions in parking income and an increased payment for service to Edinburgh Leisure of £1m.

Further commentary in this area is included in the revenue budget update report elsewhere on today's agenda.

Inflation and pay awards

4.6 Inflation levels affect the Council's activities in a number of ways; directly through increasing prices of purchased goods and services and the level of uplifts applied to relevant contracts and indirectly through consumer spending and expectations for wage awards. The budget framework currently provides for inflation and pay awards at 3% in each of the four years of the budget framework.

4.7 The Council has been subject to a range of exceptional inflationary pressures in 2022/23, most materially energy cost increases but also including food, fuel, home-to-school transport and uplifts affecting a number of its contracts. In view of these increases, the 2023/24 framework baseline includes an additional £17.7m relative to the approved 2022/23 budget for energy costs and £5.5m for PPP contract-related liabilities. A general additional inflationary provision of £5m has also been incorporated, with an indicative allocation of this sum provided to relevant services. There is a risk, however, that further pressures may emerge.

4.8 The budget framework provides for the recurring cost of the agreed non-teaching pay award in 2022/23. Sums included in the framework for the teachers' pay award are aligned to the most recent (rejected) 5% offer. Any increase in the cash value of this offer without the provision of full Scottish Government funding would hasten a further pressure, with each 1% broadly equivalent to a recurring annual liability of £2.2m.

4.9 Negotiations around the 2023/24 pay award remain at an early stage but, given wider inflationary pressures, there is a significant risk that the level of settlement exceeds the 3% assumed within the budget framework[3]. Should this similarly not be accompanied by the provision of corresponding additional funding, this may require the identification of further savings proposals which would be the subject of future consideration. Across the teaching and non-teaching bargaining groups, each 1% increase would equate to an additional recurring annual liability of some £6.7m.

Delivery of approved savings and management of underlying service pressures

4.10 The effects of the COVID pandemic have also affected management's ability to deliver the level of pre-approved savings and manage on-going pressures to the extent assumed. In setting the 2021/22 budget, however, members approved some £12m of additional core service investment and this, alongside more robust scrutiny at the savings identification, development and implementation stages, has resulted in the continuation of the improving trend apparent in recent years, with 89% of

[3] The SJC (non-teaching) claim for 2023/24 has recently been submitted by the representative trade unions and is for an increase of 12% or £4,000, whichever is greater.

savings by value delivered and all main service areas maintaining core expenditure within budget in 2021/22.

4.11 There are, however, residual pressures apparent within the Education and Children's Services and Place Directorates in 2022/23 (or anticipated within 2023/24) that will require to be managed on a sustainable basis if the integrity of the budget framework is not to be compromised. Specific proposed actions to manage these pressures are being developed and will be reported to members once confirmed.

4.12 While projected savings delivery in 2022/23 has improved further to 97%, the majority of approved savings for the current year are in corporate budgets where delivery has traditionally been higher than in service-specific areas. Given the extent of the overall funding gap and previous reliance on these corporate savings, the 2023/24 revenue budget framework set out elsewhere on today's agenda of necessity includes a greater proportion of savings within Directorates, emphasising the importance of robust implementation plans with accountability clearly assigned and delivery closely monitored.

Future funding settlements

4.13 Uncertainty around future funding settlements poses a significant risk to the Council's ability to set a balanced budget, given its impact on the overall level of savings required. Following a number of years in which provisional grant settlements were only advised in January or February prior to the start of the financial year in April, the Scottish Government's Resource Spending Review (RSR), published in May 2022, provided sector-wide revenue funding planning allocations for the period to 2026/27. The detailed Scottish Budget was then published on 15 December and the provisional Local Government Finance Settlement (LGFS) the following week. The level of grant funding assumed within the revenue budget framework for 2023/24 is aligned to the LGFS announcement.

4.14 In previous years, these allocations were subject to change as part of the Draft Budget's Parliamentary passage. While the signing of a co-operation agreement between the Scottish National Party and Scottish Greens may make subsequent changes less likely, any changes that do occur are unlikely to reduce the overall level of funding provided and the provisional LGFS announcement should therefore serve as a baseline from which to develop the Council's detailed plans[4]. It is anticipated that the impact of any changes arising from this Parliamentary consideration will be known by early February and members will be kept apprised of any implications for the budget framework.

4.15 Future years' funding allocations could also vary for a number of reasons, including the use of updated population and other needs-based data and the complexities of

[4] This is subject to any other distributional issues identified during the consultation period which, while net-neutral in overall terms, could result in downward movement at council-specific level.

funding distribution formulae, as well as wider Scottish and UK Government fiscal policy and the required level of pass-through to the Integration Joint Board.

4.16 The sensitivity of the level of Edinburgh's grant settlement to relatively small changes in population has been vividly demonstrated in 2023/24 through the loss of £10.1m of support received in 2022/23 through application of the Scottish Government policy whereby no authority receives less than 85% of the per capita Scottish average. This loss has only partially been compensated through operation of the first "stability" floor, meaning that the year-on-year level of change in Edinburgh's core grant funding is amongst the lowest in Scotland.

4.17 There is also the potential for significant changes in future grant funding settlements to emerge once the full results of the 2021 census are incorporated, given that current allocations are based on population estimates. By means of illustration, Edinburgh's 2011 census figure was almost 19,000 lower than 2011 mid-year estimate that had underpinned its grant settlement, resulting in a substantial downward revision (and loss of funding) when corrected.

Demographic changes leading to rising service demands

4.18 Demographic changes continue to increase the overall level of demand for the Council's services and the ability to provide for this within available resources. Levels of provision were reviewed in 2021 in light of updated population and pupil roll projections, resulting in the inclusion in the 2023/24 budget framework of total demographic-related investment of £3.9m (with similar incremental increases assumed in subsequent years).

4.19 The level of provision included in the framework is currently being reviewed in light of updated school roll projections. More effective demand management, greater use of preventative approaches to service delivery and service prioritisation will, however, likely be required in order for this level of funding to prove sustainable over the medium to longer term.

4.20 Current economic conditions are also placing additional demands on a number of service areas, including advice services, benefits processing and homelessness services. There is a risk that the resulting additional expenditure demands cannot be contained within existing resources, heightening the importance of proactive and preventative action.

Income

4.21 Assumptions are made in the budget process on the level of income that can be generated by services. There are risks associated with these assumptions, primarily around (i) demand for and/or price sensitivity of chargeable services, (ii) timing of implementation of new or amended charges and (iii) the ability to collect all income due. The Council has a range of measures in place to mitigate these risks, such as application of appropriate debt policies, service level agreements with external users and regular monitoring of income levels as a prompt to remedial action.

4.22 These areas have all been reviewed in light of the pandemic, with detailed monthly monitoring being undertaken and adjustments reflected in future years' budgets for the anticipated on-going loss of the Lothian Buses dividend and reduced levels of parking income. These assumptions remain subject to regular review as the longer-term position becomes clearer.

4.23 Income from Council Tax finances around 26% of the Council's net expenditure. Changes in collection rates, the size and profile of the Council Tax base, required bad debt provisions and sums paid through the Council Tax Reduction Scheme therefore all affect the total level of available resourcing. Despite the impacts of the pandemic, collection rates have largely been maintained since 2019/20, with in-year collection levels of around 97%. Given the potential for this collection level to be affected by current economic conditions, however, the position will continue to be closely tracked in the coming months.

Legislative changes

4.24 Legislative changes present on-going risks to the budget framework and while provision has been made for the projected impact of known factors, there is a risk that further changes are made, resulting in direct or indirect impacts on the Council's budget. It is additionally assumed that implementation of all of the savings measures included in the budget framework is fully within the Council's gift.

4.25 The budget framework in 2023/24 incorporates an estimate of additional liabilities resulting from a Scotland-wide revaluation of properties subject to Non-Domestic Rates (NDR), effective from April 2023. The Council's revenue grant allocation also reflects the full devolving of NDR Empty Property Relief with effect from April 2023.

4.26 Over the longer term, account will require to be taken of a range of other proposed legislative changes, including the creation of a National Care Service (where there is a risk, amongst other factors, that the resulting loss of economies of scale will result in unbudgeted costs being borne by the Council) and reform of the current Council Tax system.

4.27 The Deputy First Minister's Scottish Budget announcement on 15 December 2022 confirmed that councils would have full flexibility to set Council Tax rates appropriate to their local area in 2023/24. The Council's budget framework assumes a baseline increase of 3% in 2023/24, with similar increases in each of the following four years.

Legal claims and inquiries

4.28 There is a risk that the Council is exposed to reputational and financial consequences of legal claims and inquiries in relation to uninsured and insured incidents. The on-going Scottish Child Abuse Inquiry has potentially significant financial implications going forward but, at this stage, the precise impact on the Council (and any associated financial liability) remains to be confirmed. Local authority contributions to the redress scheme have, however, been agreed at national level, with the corresponding funding already deducted in arriving at the amount of distributable funding to local authorities.

4.29 Following an independent inquiry into allegations of abuse conducted by the late Sean Bell and the recommendations contained in the report that followed, the Council launched a redress scheme will which enable it to pay compensation to those who are eligible under the scheme rules. Provision has been made within the revenue budget framework for subsequent redress payments made under this scheme.

Major infrastructure projects

4.30 The long-term financial implications of some major infrastructure projects, particularly the City Plan and energy-efficient retrofitting of the Council's property estate, are still emerging. In addition, in view of cost increases on capital projects in 2022 varying between 15% and 30%, the Sustainable Capital Budget Strategy 2023/33 report included elsewhere on today's agenda proposes a reprioritisation of the existing ten-year programme, including cash-limiting budgets and delaying uncommitted learning estate projects pending development of fully funded business cases.

4.31 While the above proposals would, on current assumptions, allow the programme to absorb anticipated cost pressures and remain fully funded at this time, there is a risk that the Council will require to support additional borrowing and/or revenue running costs associated with these projects. There is additionally a risk that further increases in interest rates will result in unbudgeted loans charge expenditure, rendering the revised programme unaffordable. On-going review of the projects and potential timing and value of funding requirements will therefore continue to be undertaken through relevant project boards and risks escalated as appropriate.

4.32 The Council secured £206m of required borrowing from the Public Works Loan Board in 2021/22, all at an interest rate below 2%. This, alongside temporarily using available cash balances to fund capital expenditure, has served to manage both borrowing-related risks and upward pressure on project costs due to pandemic-related delays, labour and materials shortages while providing on-going savings to the revenue budget. The ability to continue to do so going forward, however, is correspondingly reduced, with the proposed use of the financial concession flexibility also reducing the cash reserves available.

Reserves

4.33 Members are aware that the Council holds a number of earmarked reserves within the General Fund. As of 31 March 2022, the General Fund balance stood at £257.204m, of which £228.224m was earmarked for specific purposes.

4.34 The level of these reserves reflected the receipt, in 2020/21 and 2021/22, of significant COVID-related funding to be applied against relevant expenditure commitments in subsequent years. In line with the Council's 2022/23 Budget Framework, the unallocated General Fund was reduced from £28.981m to

£26.738m, representing the application of sums transferred to this reserve on a one-off basis in 2021/22.

4.35 The earmarked reserves held as of 31 March 2022 comprised four broad categories:

(i) **balances set aside to manage financial risks and for specific investment which are likely to arise in the medium-term future**, including maintenance of an insurance fund, dilapidations and workforce transformation. The Council held £170.981m against these future risks, including £71.179m of general COVID- and other pressures-related funding and £10.858m to cover workforce management costs of change management programmes;

(ii) **balances set aside from income received in advance**, including the Council Tax Discount Fund and City Strategic Investment Fund. The Council held £45.790m of such income, of which £15.159m related to service-specific COVID funding to be offset against relevant expenditure in future years;

(iii) **balances set aside to support investment in specific projects**, such as Spend to Save, which will deliver savings in future years. The Council held £4.206m for such projects; and

(iv) **balances held under the Devolved School Management Scheme and unallocated Pupil Equity Funding**. The Council held £7.246m of these funds.

4.36 As shown in Appendix 2, there are significant projected movements in the level of earmarked reserves during 2022/23 (an overall reduction of some £64.5m). In net terms, this movement is primarily attributable to the application of COVID-related funding received in 2020/21 and 2021/22 against in-year liabilities. While the overall level of the Council's usable reserves is expected to increase by £48.2m in 2023/24, this reflects the creation of a designated reserve linked to adoption of the service concession flexibility. When this is excluded, the level of reserves is anticipated to decrease by £27.5m.

5. Next Steps

5.1 Following Committee's consideration, the report will be referred to The City of Edinburgh Council for approval as part of the budget-setting process.

6. Financial impact

6.1 The report identifies where funding has been made available for the risks set out. The Council also holds unallocated General Fund reserves against the likelihood of unfunded risks occurring. Subject to approval by members, the level of these unallocated reserves will be maintained at £26.7m in recognition of the wider risks to which the Council is exposed, which remains in line with other Scottish local authorities.

7. Stakeholder/Community Impact

7.1 There are no direct impacts arising from this report.

8. Background reading/external references

8.1 Revenue Budget Framework 2022/27 - progress update, Finance and Resources Committee, 3 February 2022

8.2 Revenue Budget Framework 2023/27 - progress update, Finance and Resources Committee, 10 November 2022

9. Appendices

9.1 Appendix 1 – Risk Matrix

9.2 Appendix 2 – Projected Movement in General Fund

Appendix 1

Risk Matrix

The table below summarises how the risks identified in the report are managed.

Risk	**Provisions and other actions to manage**
COVID–19 specific impacts on service expenditure/ income loss, including homelessness services	Regular CLT, ALEO Governance Hub and elected member scrutiny of the impacts of COVID-19 on budget framework assumptions Creation of dedicated COVID-19 mitigation reserve, providing significant funding for relevant impacts from 2023/24 to 2026/27 inclusive, alongside wider re-alignment of existing reserves, including increasing level of unallocated General Fund balance Examination/consideration of all non-service budgets, reserves and available financial “flexibilities” to spread the cost impacts of the pandemic over a longer timeframe Adoption, where practicable, of preventative investment to mitigate demand increases On-going mitigating actions which also relate to wider risk management actions detailed below
Inflation and pay awards	Regular review of inflationary forecasts and, in particular, consideration of impact on Local Government at sector-specific forums Incorporation of known increased liabilities for utilities and contract uplifts Inclusion within budget framework of further additional £5m in 2023/24 for other inflation-linked liabilities Liaison with COSLA on pay award discussions, including affordability
Delivery of approved savings and management of underlying pressures	Updated, detailed and consistently applied guidance for Finance staff in assessing the rigour of accompanying savings implementation plans Earlier recognition, through discussion and agreement at Corporate Leadership Team, of the impact of underlying service pressures and savings shortfalls on the robustness of the budget framework Early consideration of likely required project management and other support Regular CLT and elected member scrutiny of proposed savings at the inception, development and delivery stages Regular SMT consideration of overall service budgetary position, including known or emerging risks and pressures, with a view to taking prompt corrective action

	Budget re-alignment, where required, to facilitate enhanced ownership, accountability and transparency of reporting
Future funding settlements	Provisions included in the Long-Term Financial Plan (LTFP) Regular monitoring of public expenditure projections and active membership of relevant professional forums, promptly recognising potential or actual grant variations in LTFP (including population-related variation) Progress in development of a longer planning timeframe to recognise the potential for variation from baseline assumptions in any given year and, by extension, an ability for additional savings measures to be accelerated
Demographic changes leading to rising service demands	Provisions made in LTFP and regular reviews of the adequacy thereof
Income	Service Level Agreements with external users, application of appropriate debt policies (including, where appropriate, upfront payment for services delivered) and regular monitoring of income levels as a prompt to remedial action
Legislative changes	Provisions made in LTFP and regular reviews of the adequacy thereof On-going monitoring of impacts of welfare reform and other relevant legislation on expenditure and income Active membership of relevant professional forums
Legal claims and inquiries	The Council explicitly provides for a number of known risks and liabilities. Funding could, however, be drawn down from the unallocated General Fund balance to meet unanticipated or additional costs.
Major infrastructure projects	Regular progress monitoring through Change Boards, particularly at key milestones, with documented escalation procedures Senior Finance representation on all Project Boards Review of tender prices Reprioritisation of Sustainable Capital Budget Strategy in view of wider cost pressures Opportunities considered to lock out borrowing rate risk

Projected Movement in General Fund

Appendix 2

General Fund	Opening Balance at 1.04.22 £000	Actual/planned use 2022/23 £000	Projected Balance at 1.04.23 £000	Planned (Uses) / Contributions £000	Projected Balance at 31.03.24 £000	
Balances Set Aside to Manage Financial Risks and for Specific Investment						
Balances set aside for specific investment	60,101	4,121	64,222	(6,508)	57,714	Funding set aside for specific projects, including monies for Enterprise Resource Planning, the Tram Extension and St James GAM and future liabilities for large-scale infrastructure.
Council Priorities Fund	2,628	(2,628)	0	0	0	Monies set aside from previous years' underspends which will be utilised to fund emerging Council priorities or expenditure pressures. Use of the opening balance formed part of the Council's budget strategy for 2022/23.
Contingency and workforce restructuring	10,858	0	10,858	(4,043)	6,815	Monies held to cover costs of workforce management changes including staff severance costs, which may be utilised to support future change programmes. Additional sums may be required in respect of organisational reviews undertaken in the coming year.
Dilapidations Fund	3,957	0	3,957	(3,957)	0	Monies set aside to meet costs arising from the termination of property leases and other related contractual commitments to facilitate rationalisation of property. The planned use in 2023/24 forms part of the £5m in-year application of reserves assumed in the budget framework.
Insurance Fund	22,258	(585)	21,673	(500)	21,173	Insurance Funds are held to defray any loss where the Council could have insured against a loss but has not done so and for paying premiums on an insurance policy. This includes the power to meet excesses on insurance policies and other claims arising from on-going legal inquiries.

General Fund	Opening Balance at 1.04.22 £000	Actual/planned use 2022/23 £000	Projected Balance at 1.04.23 £000	Planned (Uses) / Contributions £000	Projected Balance at 31.03.24 £000	
COVID-19 mitigation reserve	71,179	(41,179)	30,000	(10,000)	20,000	Reserve created primarily in recognition of the continuing cost and income impacts of the pandemic. The opening balance reflects significant COVID-related funding provided by the Scottish Government in 2020/21 and 2021/22 but for use in subsequent years.
Service Concession - Financial Flexibilities	0	0	0	75,760	75,760	Financial flexibilities granted by the Scottish Government to recognise the liabilities for service concessions over the useful life of the asset rather than the contract life with effect from 1 April 2023.
<u>Balances Set aside from Income Received in Advance</u>						
Licensing and Registration Income	5,712	(237)	5,475	0	5,475	Monies representing licensing income related to cabs, houses in multiple occupation, liquor and landlord registration. The Council is not permitted to use these monies on other services.
Other Minor Funds	175	0	175	(64)	111	Minor funds for other specific projects.
Pre-paid PPP monies and lifecycle costs	3,998	305	4,303	236	4,539	Monies set aside in recognition of the phasing issues related to grant monies, for lifecycle costs of projects.
Council Tax Discount Fund	11,304	(6,936)	4,368	0	4,368	Monies set aside as a result of reducing Council Tax second home discounts. Use of the fund is prescribed by the Scottish Government and is restricted to supporting the development of affordable housing. It forms part of the Strategic Housing Investment Fund (SHIF), alongside income from the Repairs and Renewals fund. The movement in any given year reflects the combined impact of Council Tax income set aside and investment funding drawn down.

	Opening Balance at 1.04.22 £000	Actual/ planned use 2022/23 £000	Projected Balance at 1.04.23 £000	Planned (Uses) / Contributions £000	Projected Balance at 31.03.24 £000	
Unspent revenue grants	8,386	195	8,581	(282)	8,299	Monies set aside at the year end, in accordance with proper accounting practice, where income has been received prior to the relevant expenditure being incurred.
City Strategic Investment Fund	1,056	(55)	1,001	0	1,001	Primarily represents funds set aside for strategic regeneration priorities (£2.150m originally approved) and to provide match funding for new city development opportunities (£0.5m).
COVID-19 advances	15,159	(14,322)	837	(155)	682	Reserve reflecting service-specific COVID funding received in 2020/21 and 2021/22 but permitted to be spent in future years.
<u>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</u>						
Spend to Save Fund, Energy Efficiency and Salix CEEF	4,206	340	4,546	(279)	4,267	Funds set aside to assist service areas deliver revenue savings in future years through provision of one-off upfront revenue investment. Scheme repayments will be used to support further new initiatives.
<u>Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund</u>						
Balances held by schools under DSM / Pupil Equity Fund	7,246	(1,246)	6,000	(2,000)	4,000	Balances set aside for Devolved School Management Scheme and Pupil Equity Fund. There will always be a balance at March as the DSM scheme and PEF are based on an academic year.
<u>Unallocated General Fund</u>	28,981	(2,243)	26,738	0	26,738	Unallocated funds held against the risk of unanticipated expenditure and/or reduced income arising in any particular year, in line with Council reserves policy. The movement in 2022/23 reflects the decisions of Council on 27 May 2021 to draw down unspent funding transferred to unallocated reserves in 2021/22.
Total General Fund	**257,204**	**(64,470)**	**192,734**	**48,208**	**240,942**	