

Transport for the North Board – Item 12.1 – Appendix 1

Subject: Appendix 1: Forecast Financial Position at Outturn

Author: Gareth Sutton, Financial Controller

Sponsor: Iain Craven, Finance Director

Meeting Date: Thursday 12 March 2020

1. Purpose of the Report:

- 1.1 This appendix provides a brief summary of the forecast financial position of TfN as at the outturn of financial year 2019/20.

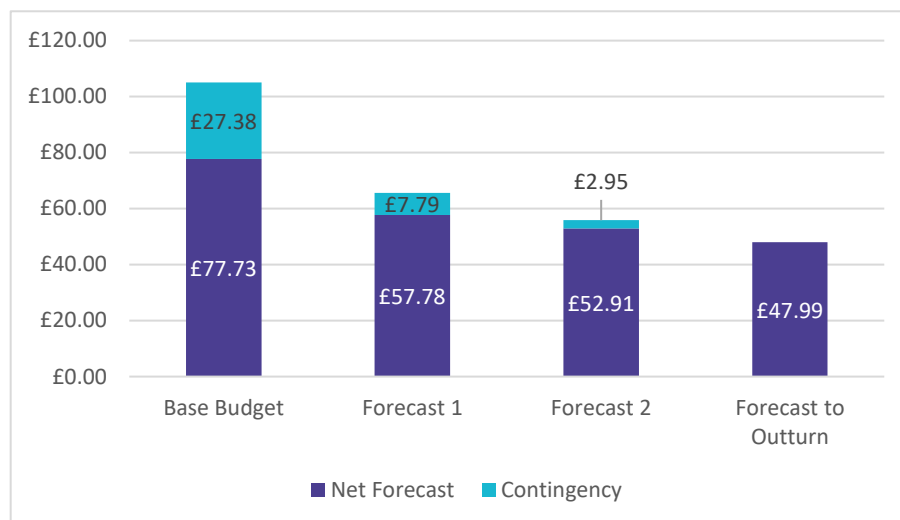
2. Executive Summary:

- 2.1 TfN forecasts that over the course of financial year 2019/20 it will have incurred expenditure of £47.89m set against an opening budget, exclusive of contingency, of £77.71m, generating an underspend of £29.82m. No draws will be made on the contingency budget of £27.38m
- 2.2 £44.79m, or 79%, of this variance relates to the previously reported pause and subsequent re-working of Phase 3 of the IST programme.
- 2.3 This paper summarises how expenditure will be funded, and the implications of forecast underspend on in-year funding allocations.

3. Budget Summary:

- | | |
|-----|---|
| 3.1 | TfN's opening budget for financial year 2019/20 stood at £105.09m, of which £27.38m was contingency. TfN monitors financial performance against the net budget – that is, the budget excluding contingency envelopes. |
| 3.2 | Over the course of the year TfN has formally revised its budget twice: after Quarter 1, and again after Quarter 2. An informal reforecast was also completed after Quarter 3 which informs this outturn forecast. |
| 3.3 | At each reforecast point the budget has been reduced as savings have accrued and activity has been moved out of the year due to deferments or slippage. However, the salient event during the year was recognised at Quarter 1 when it became apparent that Phase 3 of the IST programme would not proceed as initially forecast. |

- 3.4 The following graphic highlights these movements, with the noticeable drop between the base budget and Revision 1 reflecting the adjustment to Phase 3 assumptions:



- 3.5 Changes to expenditure forecasts affect TfN's funding position. In the majority of cases, where TfN underspends against its budget its funding position is simply corrected by drawing down on less government grant. However, where underspending relates to activity funded by TfN's Core Grant, then the amount saved will flow through to reserves. These reserves are then available for future deployment, being matched against slipped activity or deployed to meet new priorities.

4.0 Periods 1-10 Financial Performance

- 4.1 TfN's financial performance up to the end of January is set out in the Period 10 (January) Monthly Operating Report included within this pack.
- 4.2 The financial performance at Period 10, measured against the Revision 2 budget adopted in October, can be summarised as follows:

	Actuals £m	Budget £m	Var. £m	Var. %
Integrated and Smart Ticketing	£8.56	£11.86	£3.30	28%
Northern Powerhouse Rail	£19.98	£22.28	£2.29	10%
Strategic Development Corridors	£1.29	£1.42	£0.13	9%
Programmes	£29.84	£35.56	£5.72	16%
Rail Operations	£1.56	£1.59	£0.03	2%
Operational Areas	£4.05	£4.45	£0.40	9%
	£35.45	£41.59	£6.15	15%

- 4.3 Over the year to-date, a number of issues have been identified that have impacted on TfN's expenditure. These include:

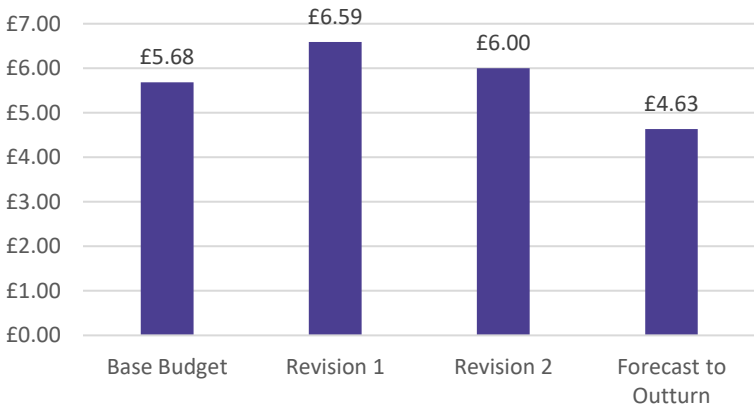
	<ul style="list-style-type: none">• Underspend on Phase 1 of the IST programme as train operating companies incurred delays in the delivery of platform validators and other equipment in support of the ITSO on Rail project;• Significant underspend on Phase 3 of the IST programme as the ABBOT project was paused following the shortfall in bus-operator support; and• Systemic underspends within the Transport Analysis, Modelling & Economic Appraisal function across both TfN's NPR and Strategic Development Corridor programme areas, and within the Strategy and Policy directorate, as key commissions slipped backwards																																																												
5.0	Forecast Financial Position to Outturn																																																												
5.1	TfN forecasts that it will incur expenditure totalling £47.89m by the end of financial year 2019/20.																																																												
5.2	Set against the opening base net budget, exclusive of contingency, this represents an underspend of £29.74m:																																																												
5.3	<table><tr><th></th><th>Outturn £m</th><th>2019/20 £m</th><th>Variance £m</th><th>Variance %</th></tr><tr><td>Programmes:</td><td></td><td></td><td></td><td></td></tr><tr><td>IST</td><td>£10.71</td><td>£36.28</td><td>£25.57</td><td>70%</td></tr><tr><td>NPR</td><td>£27.73</td><td>£29.75</td><td>£2.02</td><td>7%</td></tr><tr><td>Strategic Development Corridors</td><td>£1.51</td><td>£2.57</td><td>£1.07</td><td>41%</td></tr><tr><td></td><td>£39.95</td><td>£68.61</td><td>£28.66</td><td>42%</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Rail Operations</td><td>£1.92</td><td>£1.92</td><td>£0.00</td><td>0%</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Operational Areas</td><td>£6.01</td><td>£7.19</td><td>£1.18</td><td>16%</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Total</td><td>£47.89</td><td>£77.73</td><td>£29.84</td><td>38%</td></tr></table>		Outturn £m	2019/20 £m	Variance £m	Variance %	Programmes:					IST	£10.71	£36.28	£25.57	70%	NPR	£27.73	£29.75	£2.02	7%	Strategic Development Corridors	£1.51	£2.57	£1.07	41%		£39.95	£68.61	£28.66	42%						Rail Operations	£1.92	£1.92	£0.00	0%						Operational Areas	£6.01	£7.19	£1.18	16%						Total	£47.89	£77.73	£29.84	38%
	Outturn £m	2019/20 £m	Variance £m	Variance %																																																									
Programmes:																																																													
IST	£10.71	£36.28	£25.57	70%																																																									
NPR	£27.73	£29.75	£2.02	7%																																																									
Strategic Development Corridors	£1.51	£2.57	£1.07	41%																																																									
	£39.95	£68.61	£28.66	42%																																																									
Rail Operations	£1.92	£1.92	£0.00	0%																																																									
Operational Areas	£6.01	£7.19	£1.18	16%																																																									
Total	£47.89	£77.73	£29.84	38%																																																									
5.4	The significant majority of this underspend (96%) is forecast to accrue in the programme areas. This largely reflects both the scale of the programmes in comparison to the other budgetary areas, but also the sensitivity of programme activity to suppliers, gateway decision points, and the inherent complexity of what those programmes are delivering.																																																												
	<u>Integrated & Smart Ticketing Programme</u>																																																												
5.5	The IST programme's base net budget – before contingency - was set at £36.14m. Forecasts to outturn suggest that the programme will incur total expenditure of £10.71m, generating an underspend of £25.43m:																																																												
5.6	<table><tr><th></th><th>Outturn</th><th>Base</th><th>Variance</th><th>Variance</th></tr></table>		Outturn	Base	Variance	Variance																																																							
	Outturn	Base	Variance	Variance																																																									

Integrated & Smart Ticketing		£m	£m	£m	%
Phase 1		£4.63	£5.68	£-1.05	-18%
Phase 2		£2.20	£2.28	£-0.08	-3%
Phase 3		£2.39	£25.69	£-23.30	-91%
Programme Support		£1.48	£2.48	£-1.00	-40%
		£10.71	£36.14	£-25.43	

5.7

Phase 1 underspend reflects train operating company delays in the implementation of platform validator and other equipment in support of the ITSO on Rail scheme. The underspend shown against the base budget masks that the project’s budget ceiling was increased at Revision 1 to accommodate slipped activity from financial year 2018/19:

5.8



Scenario	Value (£m)
Base Budget	£5.68
Revision 1	£6.59
Revision 2	£6.00
Forecast to Outturn	£4.63

5.9

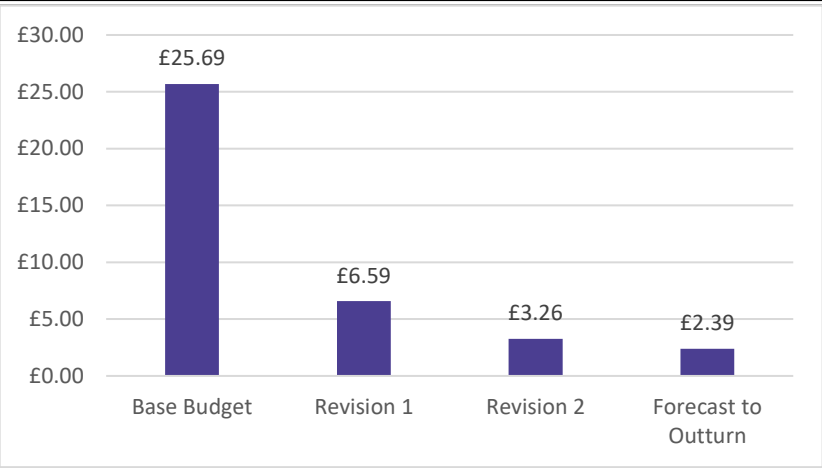
Phase 1 underspend has been reported consistently since the Autumn as the TOC’s expenditure fell behind profile. Whilst it was hoped that contracting would conclude before Christmas enabling a full quarter of implementation activity, this did not come to pass. Whilst contracting is now finalised and the TOCs have entered into civils delivery, it is now forecast that a significant amount of activity and associated cost will slip into the new financial year.

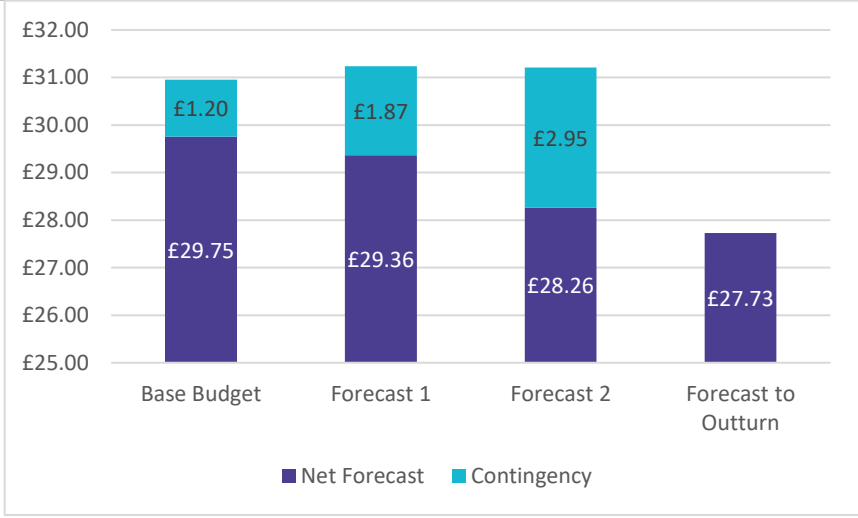
5.10

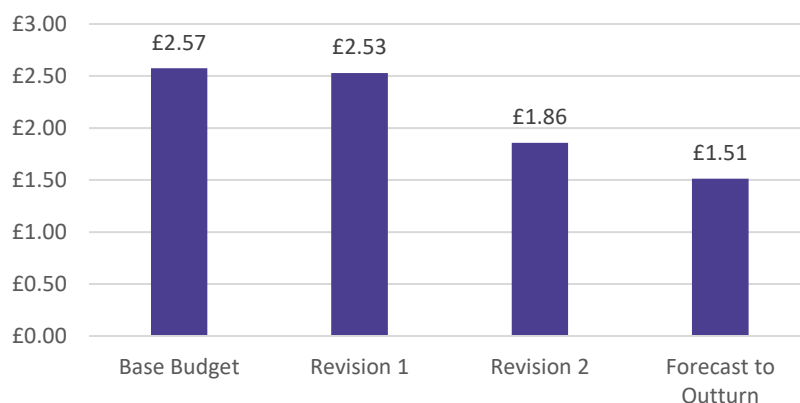
Phase 2 underspend is relatively minor and reflects the delays to the major contracts for the Fares and Disruption workstream development. Delays here were largely due to the need to re-run tender exercises following concerns around the financial standing of some of the bidding suppliers. Contracts are now underway.

5.11

Phase 3 underspend has been widely reported on and reflects the ‘active pause’ of the project - following the shortfall in bus operator support for the project - and the subsequent approval from the Board to reshape the project into two new workstreams. Whilst the entire forecast delivery phase of the project was removed at Revision 1, subsequent adjustments were made to reflect deeper than forecast cost savings during the pause period and the deferment of new development activity into the new financial year:

5.12	 <table border="1"> <thead> <tr> <th>Category</th> <th>Value (£m)</th> </tr> </thead> <tbody> <tr> <td>Base Budget</td> <td>£25.69</td> </tr> <tr> <td>Revision 1</td> <td>£6.59</td> </tr> <tr> <td>Revision 2</td> <td>£3.26</td> </tr> <tr> <td>Forecast to Outturn</td> <td>£2.39</td> </tr> </tbody> </table>	Category	Value (£m)	Base Budget	£25.69	Revision 1	£6.59	Revision 2	£3.26	Forecast to Outturn	£2.39
Category	Value (£m)										
Base Budget	£25.69										
Revision 1	£6.59										
Revision 2	£3.26										
Forecast to Outturn	£2.39										
	<p>Programme team underspend largely reflects lower than forecast corporate recharges, simply reflecting the lower level of effort required from support functions as activity fell away.</p>										
	<p><u>Northern Powerhouse Rail Programme</u></p>										
5.13	<p>The NPR programme started the year with a net budget before contingency of £29.75m. An additional uncommitted contingency element of £1.20m was held in reserve to manage the risk inherent in managing this activity.</p>										
5.14	<p>This expenditure was funded by a Core grant contribution of £0.95m and an in-year Transport Development Fund (TDF) allocation of £30m.</p>										
5.15	<p>Over the course of the year the programme has underspent month-on-month. Earlier in the year this largely reflected delays to the commissioning of a number of large contracts following the late pivot from an employee-based delivery model to a contractor one. This, in turn, was principally due to grant conditions placed on the TDF resource.</p>										
5.16	<p>However, as the year progressed TAME modelling commissions began to slip as delays to the delivery of the Northern Rail Modelling System (NoRMS) impacted upon other activity. This was further exacerbated by internal delays in taking a number of commissions to market, along with a number of genuine procurement efficiencies as the market supplied a number of contracts under budget.</p>										
5.17	<p>Over the course of the year the NPR budget has been flexed to reflect slippage brought forward from the prior year and underspends that became apparent as savings were made and activity began to move backwards:</p>										

		 <table border="1"> <thead> <tr> <th>Scenario</th> <th>Net Forecast (£m)</th> <th>Contingency (£m)</th> <th>Total (£m)</th> </tr> </thead> <tbody> <tr> <td>Base Budget</td> <td>£29.75</td> <td>£1.20</td> <td>£30.95</td> </tr> <tr> <td>Forecast 1</td> <td>£29.36</td> <td>£1.87</td> <td>£31.23</td> </tr> <tr> <td>Forecast 2</td> <td>£28.26</td> <td>£2.95</td> <td>£31.21</td> </tr> <tr> <td>Forecast to Outturn</td> <td>£27.73</td> <td>£0.00</td> <td>£27.73</td> </tr> </tbody> </table>	Scenario	Net Forecast (£m)	Contingency (£m)	Total (£m)	Base Budget	£29.75	£1.20	£30.95	Forecast 1	£29.36	£1.87	£31.23	Forecast 2	£28.26	£2.95	£31.21	Forecast to Outturn	£27.73	£0.00	£27.73	
Scenario	Net Forecast (£m)	Contingency (£m)	Total (£m)																				
Base Budget	£29.75	£1.20	£30.95																				
Forecast 1	£29.36	£1.87	£31.23																				
Forecast 2	£28.26	£2.95	£31.21																				
Forecast to Outturn	£27.73	£0.00	£27.73																				
5.18	It is now forecast that the programme will incur total expenditure of £27.73m, generating an underspend of £2.02m against the opening base budget.																						
	<u>Strategic Development Corridor Programme</u>																						
5.19	The SDC programme budget was set at £2.57m with sufficient resource to complete the 'qualitative' and 'quantitative' elements of the programme. The qualitative elements reflect the seven initial corridor studies, whilst the quantitative element covered the means and method of analysing how interventions could be sequenced in the most efficient manner.																						
5.20	Over the course of the year the qualitative element of the programme has progressed well and is expected to complete in year. However, it became apparent before Christmas that the TAME led 'quantitative' element of the programme was at risk of delay. Whilst it was expected that the quantitative element would complete in year, this assumption was then revised to move all but two months' worth of activity, and then subsequently all of it, into the new year.																						
5.21	Despite the absorption of some slippage from the prior year the delays to the quantitative element of the programme have meant that programme expenditure has continuously been revised down:																						



- 5.22 It is now forecast that the programme will incur full year expenditure of £1.51m, generating an underspend of £1.06m or 41%. Of this underspend, £0.89m or 84% relates to the movement of the quantitative element of the work into the next financial year:

Strategic Development Corridors	Outturn £m	Base £m	Variance %	Variance %
Programme Team	£0.44	£0.56	£-0.12	-22%
Strategic Development Corridors:				
Qualitative	£0.78	£0.80	£-0.02	-2%
Quantitative	£0.14	£1.03	£-0.89	-86%
Major Route Network	£0.15	£0.19	£-0.03	-18%
	£1.51	£2.57	£-1.06	41%

- 5.23 Underspend on the non-quantitative element of the work generally relates to staffing and procurement efficiencies, the savings on which will flow through to reserves.

Rail Operations

- 5.24 The Rail Operations budget resources the work Rail North Partnership Team and the Strategic Rail Team. Both these teams support TfN in discharging its statutory responsibilities for overseeing the northern rail franchises.
- 5.25 Budgets for both teams largely resource staffing and operational overhead costs, so are relatively stable. Some professional services resource is also afforded to the Strategic Rail Team.
- 5.26 It is forecast that at outturn the Rail Operations function will incur expenditure totalling £1.92m. This places the function in line with the original budget, but masks additional expenditure of £0.05m relating to new Esk Valley and Trans Pennine Route Upgrade workstreams that were not included in base assumptions.

	<u>Core Operations</u>																																													
5.27	TfN’s core operations areas cover the back, front, and middle office teams familiar to any public body. They include the teams that allow TfN to discharge on its statutory obligations towards good governance and the sound-stewardship of public funds, along with the policy and strategy teams that help shape TfN’s activity and its commitment to evidenced-based decision making, and the communications and engagement teams that allow TfN to speak with one voice on behalf of the North.																																													
5.28	The opening base budget for these teams stood at a net £7.19m for the year after forecast recharges into programmes of £2.00m.																																													
5.29	Over the course of the year savings have been generated due to staffing vacancies and the removal of activity that was deemed unnecessary as the year progressed. Savings were also generated from procurement efficiencies and the deferment of some significant pieces of activity within the Economic Appraisal function as other priorities displaced capacity. Conversely, these underspends will be offset, in part, by a lower than forecast recharge into the IST programme (£1m) reflecting the significantly reduced activity in that area.																																													
5.30	<p>It is now forecast that the Operations areas will incur net expenditure of £6.01m, generating underspend of £1.18m:</p> <table><tr><th>Operational Areas</th><th>2020/21 £m</th><th>2019/20 £m</th><th>Variance £m</th><th>Variance %</th></tr><tr><td>Leadership</td><td>£0.33</td><td>£0.27</td><td>£0.06</td><td>18%</td></tr><tr><td>Finance & Business Systems</td><td>£1.01</td><td>£1.23</td><td>-£0.22</td><td>3%</td></tr><tr><td>Business Capabilities</td><td>£3.33</td><td>£3.72</td><td>-£0.39</td><td>-1%</td></tr><tr><td>Programme Management Office</td><td>£0.26</td><td>£0.39</td><td>-£0.13</td><td>-10%</td></tr><tr><td>Strategy & Policy</td><td>£2.21</td><td>£3.58</td><td>-£1.37</td><td>-18%</td></tr><tr><td>Total Expenditure</td><td>£7.13</td><td>£9.19</td><td>-£2.06</td><td>-7%</td></tr><tr><td>Recharges to Programmes</td><td>-£1.12</td><td>-£2.00</td><td>£0.88</td><td>-50%</td></tr><tr><td>Net Expenditure</td><td>£6.01</td><td>£7.19</td><td>-£1.18</td><td>5%</td></tr></table> <p>Underspend within the Finance directorate reflects that the forecast requirement for systems development activity has largely fallen away, with development completed in whole or in part in-house. This is complemented by deposit income from cash surpluses that have accrued over the course of the year.</p>	Operational Areas	2020/21 £m	2019/20 £m	Variance £m	Variance %	Leadership	£0.33	£0.27	£0.06	18%	Finance & Business Systems	£1.01	£1.23	-£0.22	3%	Business Capabilities	£3.33	£3.72	-£0.39	-1%	Programme Management Office	£0.26	£0.39	-£0.13	-10%	Strategy & Policy	£2.21	£3.58	-£1.37	-18%	Total Expenditure	£7.13	£9.19	-£2.06	-7%	Recharges to Programmes	-£1.12	-£2.00	£0.88	-50%	Net Expenditure	£6.01	£7.19	-£1.18	5%
Operational Areas	2020/21 £m	2019/20 £m	Variance £m	Variance %																																										
Leadership	£0.33	£0.27	£0.06	18%																																										
Finance & Business Systems	£1.01	£1.23	-£0.22	3%																																										
Business Capabilities	£3.33	£3.72	-£0.39	-1%																																										
Programme Management Office	£0.26	£0.39	-£0.13	-10%																																										
Strategy & Policy	£2.21	£3.58	-£1.37	-18%																																										
Total Expenditure	£7.13	£9.19	-£2.06	-7%																																										
Recharges to Programmes	-£1.12	-£2.00	£0.88	-50%																																										
Net Expenditure	£6.01	£7.19	-£1.18	5%																																										
5.31	Forecast underspends within the Business Capabilities directorate reflect a number of issues including the deferment of the TfN Annual Conference following the election; delays to the contracting for the ICT hardware refresh; the deferment of the organisational design rail review following the government’s High Speed North announcement; and lower than forecast requirements for external legal support.																																													
5.32	Forecast underspends within the Programme Management Office reflects the decision to defer commissions relating to benefits management and metadata.																																													

	whilst the provision for a new risk management software package will slip into the new financial year.																														
5.33	Strategy and Policy forecast underspends are significant, and in part reflect wider reported issues around TAME commissioning of activity. The following table breaks down the forecast variances as at outturn by team:																														
5.34	<table><tr><th>Strategy and Policy Directorate</th><th>Outturn £m</th><th>Base £m</th><th>Variance £m</th><th>Variance %</th></tr><tr><td>Policy Team</td><td>£0.70</td><td>£1.06</td><td>£0.36</td><td>34%</td></tr><tr><td>Modelling Team</td><td>£0.85</td><td>£1.27</td><td>£0.42</td><td>33%</td></tr><tr><td>Innovation Activity</td><td>£0.00</td><td>£0.09</td><td>£0.09</td><td>100%</td></tr><tr><td>Economic Appraisal Team</td><td>£0.65</td><td>£1.16</td><td>£0.51</td><td>44%</td></tr><tr><td></td><td>£2.21</td><td>£3.59</td><td>£1.38</td><td>39%</td></tr></table>	Strategy and Policy Directorate	Outturn £m	Base £m	Variance £m	Variance %	Policy Team	£0.70	£1.06	£0.36	34%	Modelling Team	£0.85	£1.27	£0.42	33%	Innovation Activity	£0.00	£0.09	£0.09	100%	Economic Appraisal Team	£0.65	£1.16	£0.51	44%		£2.21	£3.59	£1.38	39%
Strategy and Policy Directorate	Outturn £m	Base £m	Variance £m	Variance %																											
Policy Team	£0.70	£1.06	£0.36	34%																											
Modelling Team	£0.85	£1.27	£0.42	33%																											
Innovation Activity	£0.00	£0.09	£0.09	100%																											
Economic Appraisal Team	£0.65	£1.16	£0.51	44%																											
	£2.21	£3.59	£1.38	39%																											
5.35	Policy Team underspend includes the deferment of freight study activity and workstreams around international connectivity, and the long-term investment programme work. This is exacerbated by staffing savings relating to a number of posts that were held vacant pending the recruitment to the Strategy Director role.																														
5.36	Underspends within the Modelling team include the deferment of £0.10m of activity related to Strategic Rail support along with several commissions relating to the development of the team’s evidence base, tools, and software.																														
5.37	The budget provided for innovation activity has not been required during the year, with resource redirected to the Policy team for ‘future scenario’ work.																														
5.38	Forecast underspends within the Economic Appraisal team are material at 44% of the overall budget for the year. Underspend is forecast to accrue due to savings on the Independent Economic Review (£0.14m), a saving of £0.04m and slippage of £0.09m relating to the Customer Insight Survey, the deferment of a research project/fund (£0.18m), and a saving of £0.05m on an evaluation and monitoring commission.																														
6.0	Funding																														
6.1	TfN plans to resource its forecast expenditure of £47.89m from a mixture of grant, contributions, and contracted income.																														
6.2	Variances between the planned use of resource compared to forecast outturn largely reflects the variances in expenditure:																														

6.3	<table><tr><th>Funding (not including contingency)</th><th>Outturn £m</th><th>Base £m</th><th>Variance £m</th><th>Variance %</th></tr><tr><td>IST Grant</td><td>£10.71</td><td>£36.28</td><td>£25.57</td><td>-70%</td></tr><tr><td>TDF Grant (NPR)</td><td>£26.78</td><td>£28.80</td><td>£2.02</td><td>-7%</td></tr><tr><td>Core Grant</td><td>£9.13</td><td>£10.00</td><td>£0.87</td><td>-9%</td></tr><tr><td>Rail North Grant & Contribution</td><td>£1.22</td><td>£1.18</td><td>£0.04</td><td>4%</td></tr><tr><td>Contracted Income</td><td>£0.05</td><td>£0.00</td><td>£0.05</td><td>-</td></tr><tr><td>Reserves</td><td>£0.00</td><td>£1.46</td><td>£1.46</td><td>-100%</td></tr><tr><td></td><td>£47.89</td><td>£77.72</td><td>£29.83</td><td>-38%</td></tr></table>	Funding (not including contingency)	Outturn £m	Base £m	Variance £m	Variance %	IST Grant	£10.71	£36.28	£25.57	-70%	TDF Grant (NPR)	£26.78	£28.80	£2.02	-7%	Core Grant	£9.13	£10.00	£0.87	-9%	Rail North Grant & Contribution	£1.22	£1.18	£0.04	4%	Contracted Income	£0.05	£0.00	£0.05	-	Reserves	£0.00	£1.46	£1.46	-100%		£47.89	£77.72	£29.83	-38%
Funding (not including contingency)	Outturn £m	Base £m	Variance £m	Variance %																																					
IST Grant	£10.71	£36.28	£25.57	-70%																																					
TDF Grant (NPR)	£26.78	£28.80	£2.02	-7%																																					
Core Grant	£9.13	£10.00	£0.87	-9%																																					
Rail North Grant & Contribution	£1.22	£1.18	£0.04	4%																																					
Contracted Income	£0.05	£0.00	£0.05	-																																					
Reserves	£0.00	£1.46	£1.46	-100%																																					
	£47.89	£77.72	£29.83	-38%																																					
6.4	<p>The implications of underspend against grant envelopes varies by funding stream:</p> <ul style="list-style-type: none">IST grant can be held on TfN’s balance sheet as grant-unapplied or rolled into the new budgetary period by the Department if not drawn upon.TDF grant is made available on an annual basis and awarded on a ‘need’ basis with unused allocations being redeployed at the Department’s discretion in-year.Rail North grant is received in full by TfN each year with unused amount held for future use as grant-unapplied.Core grant is received in full by TfN each year with unused resource flowing through to the Core Grant Reserve.																																								
6.5	<p>It should be noted that underspend that is generated from slippage is recorded in the new budget cycle. Where possible, the unspent resource that was intended to pay for it also carried forward into the new cycle.</p>																																								
6.6	<p>However, where this is not possible, (as in the NPR programme where £0.96m of commitments entered into in 2019/20 will now fall due for payment in 2020/21), this slipped activity will place a first call on the resource made available to the programme in the new year.</p>																																								
6.7	<p>Of note is the reduced requirements for Core grant and the use of reserves generated from Core grant underspends in prior years. In total this amounts to a lower than forecast requirement for Core grant resource of £2.33m.</p>																																								
6.8	<p>This underspend is generated from slippage of c. £1.76m and genuine savings of c. £0.60m. Lower than forecast requirements for Core grant resource will obviate the need for a draw on reserves and conversely enable a contribution to the Core reserve at the year-end:</p> <table><tr><th>Core Grant Reserves</th><th>Outturn £m</th><th>Base £m</th><th>Variance £m</th></tr><tr><td>Reserve b/f</td><td>£5.58</td><td>£5.58</td><td>£0.00</td></tr><tr><td>Draw</td><td>£0.00</td><td>£1.46</td><td>£1.46</td></tr><tr><td>Contribution</td><td>£0.87</td><td>£0.00</td><td>£0.87</td></tr><tr><td>Reserve c/d</td><td>£6.45</td><td>£4.12</td><td>£2.33</td></tr></table>	Core Grant Reserves	Outturn £m	Base £m	Variance £m	Reserve b/f	£5.58	£5.58	£0.00	Draw	£0.00	£1.46	£1.46	Contribution	£0.87	£0.00	£0.87	Reserve c/d	£6.45	£4.12	£2.33																				
Core Grant Reserves	Outturn £m	Base £m	Variance £m																																						
Reserve b/f	£5.58	£5.58	£0.00																																						
Draw	£0.00	£1.46	£1.46																																						
Contribution	£0.87	£0.00	£0.87																																						
Reserve c/d	£6.45	£4.12	£2.33																																						
6.9	<p>These reserves will go forward to support the 2020/21 budget process.</p>																																								

7. Conclusion:

- 7.1 This report provides a summary of the forecast financial position at outturn and the associated impact on the funding position.

8. Recommendation:

- 5.1 It is recommended that Board notes the forecast financial position as at outturn. This position will be formalised after the year-end.

9. Appendices:

- 9.1 None