

Cabinet Meeting

29 November 2017

Report title	Revenue Budget Monitoring 2017-2018	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	(All Wards)	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Claire Nye Tel Email	Director of Finance 01902 550478 claire.nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	14 November 2017

Recommendations for noting:

The Cabinet is asked to note:

1. That as a result of proactive financial management across the Council, all services have completed recovery plans which have identified efficiencies and mitigating actions to recover part of the overspend that was forecast as at quarter one of 2017-2018. The overall projected outturn for the General Fund for 2017-2018 is now forecast to be an overspend in the region of £1.0 million.
2. That projected redundancy costs, including the cost of pension strain, totalling £2.9 million are included in the forecast outturn. The projected costs are subject to change dependent upon the actual redundancies approved by year end. It is anticipated that Capital Receipts flexibility announced by the Secretary of State, will offset the cost of redundancies.

3. That 575 council tax accounts totalling £256,683.42, as detailed in paragraph 8.4.1, have been approved by for write off by Director of Finance in accordance with the Council's Financial Procedure Rules.
4. That 50 Non-Domestic Rates (NDR) debts totalling £157,549.98, as detailed in paragraph 8.4.2, have been approved by for write off by Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 156 sundry debt accounts totalling £151,758.48, as detailed in paragraph 8.3, have been approved by for write off by Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 43 housing benefit overpayments totalling £6,321.11, as detailed in paragraph 8.7, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That a £17.0 million surplus on the Housing Revenue Account (HRA) is projected compared with a budgeted surplus of £16.8 million as shown at Table 10 and in detail at Appendix I. The projected increased surplus of £177,000 will be used to redeem debt in line with the HRA Business Plan.

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the use of £1.2 million from the Regeneration Reserve to fund various development works and schemes as detailed at paragraph 5.2.2.
2. Approve the repayment of pump priming allocation totalling £485,000 back into the Regeneration Reserve which was previously drawn down for the Housing Development Company as detailed at paragraph 5.2.2.
3. Approve the use of £406,000 from the Transformation Reserve to fund various development works and schemes as detailed at paragraph 5.2.3, in the event that capital receipts are not available in-year to support transformation.
4. Approve the use of £320,000 from the Budget Contingency Reserve to cover expert and barrister costs incurred as a result of Storm Doris inquest and back filling of three Environmental Health Officer posts as detailed at paragraph 5.2.4. There is the potential for recovery of all or part of this sum in the event that a prosecution may arise.
5. Approve the use of £70,000 from the Regional Work Reserve as contribution towards Black Country Growth company, as detailed at paragraph 5.2.5, in the event that this cost could not be met from underspends within Corporate Budgets.

6. Approve the reinvestment of £14,000 to the Victoria Square Sinking Reserve as annual planned contribution to sinking fund from tenant contributions as detailed at paragraph 5.2.6.
7. Approve the use of the Budget Contingency Reserve to fund the anticipated deficit balances arising upon directed academy conversion by the Department for Education (DfE) in 2017-2018 as detailed at paragraph 7.4.1.
8. Approve the write off of one Non-Domestic Rates (NDR) debts totalling £5,616.04 as detailed in Appendix F.
9. Approve the write off of seven sundry debts totalling £94,860.39 as detailed in Appendix G.
10. Approve forty-six virements totalling £11.8 million, for transfers within directorates, as detailed in Appendix H.
11. Approve setting up of supplementary expenditure budgets within the 2017-2018 approved budget as detailed in paragraph 4.2 for grant funded expenditure.
12. Approve the delegation of authority to the Cabinet Member for Resources and Cabinet Member for Education, in consultation with the Director of Finance and Director of Education to approve proposed changes to the local funding formula including method, principles and rules adopted as detailed in paragraph 7.5.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet with a projection of the likely revenue outturn position for the General Fund and Housing Revenue Accounts, compared with the Council's approved revenue budgets for 2017-2018.
- 1.2 This is the second report of this financial year detailing the likely outturn projection for 2017-2018. The previous report was presented to Cabinet (Resources) Panel on 25 July 2017.

2.0 Background

- 2.1 Overall, the General Fund projected outturn is currently forecast to overspend against the net budget, as analysed in Table 1.

Table 1 – 2017-2018 General Fund Revenue Budget Projected Outturn

	Net Controllable Budget 2017-2018 £000	Projected Outturn 2017-2018 £000	Projected Variation Over/(Under)	
			£000	%
People	117,468	118,466	998	0.85%
Corporate	61,259	59,564	(1,695)	-2.77%
Place	40,920	41,032	112	0.27%
Education	2,935	5,189	2,254	76.82%
Net Budget Requirement	222,582	224,251	1,669	0.75%
Government Grant (General)	(59,378)	(60,010)	(632)	1.06%
Enterprise Zone Business Rates	(1,790)	(1,790)	-	0.00%
Council Tax	(90,937)	(90,937)	-	0.00%
Business Rates	(70,459)	(70,459)	-	0.00%
Collection Fund Deficit	2,886	2,886	-	0.00%
Business Rates Equalisation	(2,904)	(2,904)	-	0.00%
Reserves				
Total Resources	(222,582)	(223,214)	(632)	0.28%
Net Budget (Surplus) / Deficit	-	1,037	1,037	0.47%

- 2.2 An overspend of £2.1 million was projected at the time of reporting to Cabinet (Resources) Panel on 25 July 2017. Services were asked to deliver further in-year budget reductions in order to address the projected overspend. As a result of proactive financial management across the Council, all services have completed recovery plans which have identified efficiencies and mitigating actions to recover part of the overspend that was forecast as at quarter one of 2017-2018. The projected overspend has now reduced considerably to £1.0 million. Work will continue to review the in-year pressures within each service and to assess the impact on the Medium Term Financial Strategy (MTFS).

- 2.3 The Council continues to be faced with a challenging projected financial position over the medium term, and significant budget reduction and income generation proposals are required in order to achieve a robust financial position. The Budget 2017-2018 and Medium Term Financial Strategy 2017-2018 to 2019-2020 approved by Full Council on 1 March 2017, identified that the Council would be faced with finding further budget reduction and income generation proposals totalling £20.5 million (£14.8 million for 2018-2019) over the two-year period to 2019-2020. It is important to note that the updated projected budget deficit assumes the achievement of prior year budget reduction and income generation proposals amounting to £33.8 million over the three-year period to 2019-2020.
- 2.4 A report was presented to Cabinet on 19 July 2017, which detailed the outcome of work that has been in progress across all areas of the Council to identify budget reduction and income generation targets to deliver the strategy of identifying £14.8 million for 2018-2019. Over the summer period, detailed work continued to take place and a further update was provided to Cabinet on 18 October 2017 which it is projected will enable the Council to set a balanced budget for 2018-2019.
- 2.5 An update on the General Fund budget risks is provided at section 6. Overall the risk for 2017-2018 is currently assessed as Amber as the Council has significant budget reductions to deliver and income to achieve.
- 2.6 It is important to note that projected redundancy costs, including the cost of pension strain, totalling £2.9 million are included in the forecast outturn. It is anticipated that Capital Receipts flexibility announced by the Secretary of State, will offset the cost of redundancies.
- 2.7 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval at this meeting. There are forty-six virements that require approval in this report as detailed in Appendix H.
- 2.8 The most significant factors contributing towards the projected net overspend against the budget are reported on a service-by-service basis in section 3.
- 2.9 The forecast outturn position for the Housing Revenue Account is a surplus of £17.0 million, compared to a budgeted surplus of £16.8 million. The projected additional surplus of £177,000, which is mainly due to a forecast underspend on interest payable, will be used to redeem debt to comply with the Council's approved HRA Business Plan.

3.0 General Fund Revenue Budget Monitoring: Service Analysis

3.1 People

3.1.1 A summary of the projected outturn against the People 2017-2018 revenue budget is provided in Table 2, whilst a detailed analysis is provided in Appendix A.

Table 2 – 2017-2018 Revenue Budget Projected Outturn - People

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director including Strategic Commissioning	4,774	4,390	(384)	-8.04%
Adults Services	63,239	63,239	-	0.00%
Children & Young People	49,426	50,808	1,382	2.80%
Public Health & Wellbeing	29	29	-	0.00%
People Total	117,468	118,466	998	0.85%

3.1.2 Overall a net overspend of £1.0 million (0.85%) is projected for the year. The directorate implemented recovery plans during quarter two in order to reduce the pressures identified at quarter one for 2017-2018. This has resulted in a reduction of £800,000 on the forecast overspend from quarter one. The main factors contributing towards this forecast overspend are:

1. **Strategic Director including Strategic Commissioning** – There is a projected net underspend of £384,000 for this service directorate mainly due to a forecast underspend within Strategic Commissioning totalling £400,000 as a result of this service generating efficiencies across contracts and vacancies held across service.
2. **Adult Services** – A balanced budget is forecast which is achieved as a result of various factors including:
 - a. Forecast overspend within Learning Disabilities Care Purchasing totalling £1.8 million as a result of cost pressures across care purchasing budgets due to increased demand for support.
 - b. Forecast overspend within Physical Disabilities Care Purchasing as a result of cost pressures across care purchasing budgets due to increased demand for support (£181,000).
 - c. Forecast overspend within Independent Living Service totalling £111,000 as a result of overspend due to an increase in demand for equipment.

These forecast overspends are offset by projected underspends within the following services:

- d. The Carer Support service is projecting an underspend of £274,000 as a result of lower demand on support packages.
 - e. The Learning Disability Provider is projecting an underspend due to the restructure of the Outreach Service (£210,000).
 - f. The Assessment and Care Management service is projecting an underspend of £505,000 due to staff vacancies within the service as well as receiving additional income.
 - g. The Older People Provider Services is projecting an underspend of £106,000 mainly as a result of one-off savings on staffing costs due to delays in recruitment.
 - h. The overall breakeven position reported for Adult Services assumes that the final risk sharing arrangements with the Wolverhampton Clinical Commissioning Group (CCG) on the Better Care Fund are finalised as currently proposed by the Council. It also assumes the current plans against the new improved Better Care Funds (iBCF) monies announced in the Spring Budget for Adult Social Care are spent according to current plans. The 2017-2018 allocation for Wolverhampton was £6.4 million. At the time of writing the report the CWC were still in negotiations with the CCG on the final risk sharing arrangements for the Better Care Fund. The outcome of these discussions could have a sizable impact on the forecast outturn position for Adult Services. An update will be provided at quarter three once the risk sharing arrangements have been signed off with the CCG.
3. **Children & Young People** - There is a forecast overspend totalling £1.4 million for this service directorate mainly due to forecast overspends within the following services:
- a. Looked After Children is forecasting an overspend on placement budgets totalling £1.5 million based on the latest financial modelling, which is partially offset by efficiencies across staffing budgets. Looked After Children numbers are not currently reducing at the rate required to deliver the savings target, however, work is underway to rectify the situation by year end with the aim of delivering a balanced budget. However, due to the extremely challenging nature of this work, there is a sizeable risk that there will be an overspend at year end. Whilst Wolverhampton has not seen a reduction in the number of Looked After Children; the number has stabilised at around 630. However, other authorities both nationally and regionally are reporting increases in their number of Looked After Children.

- b. The Child Protection service is forecasting an overspend totalling £349,000 which is due to increased Section 17 expenditure including No Recourse to Public Funds (NRPF) totalling £483,000. This overspend is an ongoing pressure for the service and is being considered as part of the budget setting process for 2018-2019. This overspend is partially offset by one-off efficiencies across general expenditure.
- c. The Safeguarding service is forecasting an overspend totalling £381,000 as a result of forecast overspends on staffing budgets along with cost pressures on Deprivation of Liberty Safeguards (DoLS). Cost pressures on DoLS are primarily associated with our duties under the Mental Capacity Act and include doctors' fees and best interest assessments. These cost pressures are partially offset by efficiencies across general expenditure.

The forecast overspends are offset by projected underspends within the following services:

- d. The Early Intervention service due to delays in recruitment along with reduction in general expenditure (£318,000).
 - e. Specialist Support service (£247,000) as a result of one off underspends on staffing costs and general expenditure. This underspend is partially offset by a forecast overspend within Alternative Provision
 - f. Youth Offending service due to one off savings on staffing budgets due to delays in recruitment (£160,000).
4. **Public Health and Wellbeing** is currently projecting a breakeven position. This breakeven position takes into account the application of £1.7 million from the Budget Contingency Reserve which was approved in quarter one.

3.2 Corporate

3.2.1 A summary of the projected outturn against the Corporate 2017-2018 revenue budget is provided in Table 3, whilst a detailed analysis is provided in Appendix B.

Table 3 – 2017-2018 Revenue Budget Projected Outturn - Corporate

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Managing Director including Corporate Business Support	1,848	1,512	(336)	-18.19%
Corporate Services	24,654	24,331	(323)	-1.31%
Governance	7,438	7,396	(42)	-0.57%
Corporate Budgets	27,319	26,325	(994)	-3.64%
Corporate Total	61,259	59,564	(1,695)	-2.77%

3.2.2 Overall a net underspend of £1.7 million (-2.77%) is projected for the year. The directorate implemented recovery plans during quarter two in order to help mitigate the pressures identified across the Council at quarter one 2017-2018. The main factors contributing towards the projected underspend are:

1. **Managing Director** – There is a projected underspend totalling £336,000 due to staff vacancies held across the Corporate Business Support service.
2. **Corporate Services** – There is a projected underspend of £323,000 for this service directorate as a result of underspend totalling £238,000 in Audit Services due to vacancies, and within Central Corporate Budgets due to lower than anticipated enhanced pension costs and a reduction in bank charges following the switch from an external to in house payments hosting system.

The underspends are partly offset with overspends within the following services:

- a. Commercial Services totalling £220,000 which has arisen as a result of additional resources required to improve contract efficiency and commercialisation. It is anticipated that contract efficiencies will be obtained across the Council.
- b. Digital Transformation Programme totalling £100,000 due to revenue costs associated with the Digital Transformation Programme. This overspend has been considered within the whole directorate and it is planned that this cost will be offset by efficiencies identified across other services within the Corporate directorate.
3. **Governance** – There is a net underspend of £42,000 projected against this service directorate due to a projected underspend on Democratic Services totalling £125,000. This is due to a combination of factors, including savings generated from

the restructure of the Register Office, receipt of government grant and 2017-2018 being a fallow local election year.

There is also a projected underspend within Human Resources as a result of unfilled vacancies as the service is currently going through a minor restructure. The overspends are partly offset by an overspend within Legal Services due to external services incurred in support of one off legal matters.

4. **Corporate Budgets** - Overall there is a projected underspend of approximately £1.0 million against this budget as a result of projected:
- a. Net underspend of £1.1 million against the Treasury Management budget primarily due to a reduced borrowing need in year due to rephasing in the capital programme and changes in the interest rates.
 - b. Net underspend on the Apprenticeship Levy totalling £260,000, due to net cost being lower than the original estimate. This is being taken into account in the 2018-2019 budget setting process.
 - c. Projected redundancy costs, including the cost of pension strain, totalling £2.9 million are included in the forecast outturn. It is anticipated that Capital Receipts flexibility announced by the Secretary of State, will offset the cost of redundancies.
 - d. Planned net underspend on other corporate and transformational budget and contingencies totalling £1.5 million in order to help offset overspends within other directorates.
 - e. Net overspend totalling £1.9 million arising as a result of budget reductions that are unlikely to be achieved in year, including savings within the Waste & Recycling Service. The delayed transformation of this service has arisen due to an ongoing contractual dispute with Amey which the Council has not been able to resolve by negotiation and therefore legal proceedings have been issued by the Council in the High Court. A virement has been proposed to move the savings to Corporate Budgets in 2018-2019.

3.3 Place

3.3.1 A summary of the projected outturn against the Place 2017-2018 revenue budget is provided in Table 4, whilst a detailed analysis is provided in Appendix C.

Table 4 – 2017-2018 Revenue Budget Projected Outturn – Place

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director	438	438	-	0.00%
City Economy	8,083	8,123	40	0.49%
Corporate Landlord	7,439	7,699	260	3.50%
Public Service Reform	86	86	-	0.00%
Housing	1,686	1,644	(42)	-2.49%
City Environment	23,187	23,042	(145)	-0.63%
Place Total	40,920	41,032	112	0.27%

3.3.2 Overall a net overspend of £112,000 (0.27%) is projected for the year. The directorate implement recovery plans during quarter two in order to reduce the pressures identified at quarter one for 2017-2018. The main factors contributing towards this overspend are:

1. **City Economy** – A £40,000 net overspend is forecast within this service directorate mainly due to a forecast overspend within Visitor Economy due to reduced income as a result of the Civic Halls closure for refurbishment (£242,000).

The overspend is partly offset by underspends from a number of services including an underspend within Skills totalling £103,000 which is being taken into account in the 2018-2019 budget setting process.

2. **Corporate Landlord** – A £260,000 overspend is forecast within this service directorate as a result of projected overspend within:
 - a. Catering Service totalling £522,000 due to the slippage in the delivery of budget reduction proposals and reduced income due to the loss of schools' catering business.
 - b. The Capital Programmes service due to the budget reflecting budget reduction proposals to be achieved across the Corporate Landlord directorate (£104,000).

These overspends are offset by projected underspends within the Estates and Valuations totalling £200,000 because of generation of additional rental income and Corporate Asset Management totalling £250,000 due to reduced expenditure anticipated on utilities.

3. **City Environment** – Overall there is a net projected underspend totalling £145,000 within this service directorate as a result of:

- a. A forecast underspend within the Transportation service totalling £152,000 and Highways Maintenance totalling £100,000 due to reduced anticipated expenditure.
- b. A forecast underspend within Public Protection service totalling £188,000 due to unfilled vacancies.
- c. These underspends are offset in part by a forecast overspend within the Fleet Service totalling £360,000 due to the delay in the delivery of budget reduction proposals.

3.4 Education

3.4.1 A summary of the projected outturn against the Education 2017-2018 revenue budget is provided in Table 5, whilst a detailed analysis is provided in Appendix D.

Table 5 – 2017-2018 Revenue Budget Projected Outturn - Education

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Education	2,935	5,189	2,254	76.82%
Education Total	2,935	5,189	2,254	76.82%

3.4.2 Overall a net overspend of £2.3 million (76.82%) is projected for the year. The main factors contributing to this overspend are:

- a. Standards and Vulnerable Pupils service are currently forecasting an overspend in the region of £1.6 million as a result of Special Educational Needs (SEN) Out of City educational costs increasing due to additional demand on the provision. Work is currently being undertaken during this financial year to review the provision and potential funding sources to mitigate the pressure on this service. Funding for SEN costs is met from Dedicated Schools Grant. A report will be taken to Schools Forum to seek additional funding to meet the increased costs in this area.
- b. The School Planning and Resources service are forecasting an overspending totalling £609,000 due to an increase in the demand on Special Schools Home to School Transport budget for high need pupils.

- c. The Education service is also monitoring the risk to the Council associated with schools that are operating at a deficit. If a school converts to Academy status via directed conversion the Council is required to retain the deficit. Currently the value of this risk in this financial year is estimated to be in the region of £600,000.

In April 2018 a new national schools funding formula will be implemented, this year will be a transitional period until further updated details are received from government, in respect of this the Council is required to seek approval to make adjustments to the formula in line with the guidance and recommendations from School Forum.

In line with the Schools Revenue Funding 2018-2019 Operational Guidance, delegation of authority to the Cabinet Member for Resources and Cabinet Member for Education, in consultation with the Director of Finance and Director of Education is sought to approve proposed changes to local funding formula including method, principles and rules adopted. Any proposed amendments to the Schools formula will be fully consulted on with all stakeholders and approved via the Schools Forum in January 2018.

4.0 Changes to Grant Funded Expenditure

- 4.1 It is not always possible to reflect all grant-funded expenditure in the budget approved by Full Council prior to the start of the financial year. This is due to late notification from grant awarding bodies of grant amounts, and proactive grant applications during the year.
- 4.2 Approval is sought from the Panel to establish supplementary expenditure budgets within the 2017-2018 approved budget as set out in the table below, and in accordance with the grant's terms and conditions. This will have no effect on the Council's net revenue budget as the expenditure is fully funded from grant.

Table 6 – Grant Approval Sought from this Panel

Grant Name	Description of the Activities this Grant will Fund	Awarding body	Expenditure 2017-2018 £000
Controlling Migration Fund	Supporting the Emotional and Mental and Wellbeing of unaccompanied asylum seeking children (UASC)	DCLG	74
ERDF Blue Network	Project management costs associated with the delivery of environmental improvements across the Black Country	DCLG (ERDF)	57
ERDF Bilston Urban Village public open space	Project management costs associated with the creation of public open space at Bilston Urban Village	DCLG (ERDF)	69
Therapy Provision in Discharge to Assess / Step Down	Support patients who have been discharged from an acute setting into Discharge to Assess / Intermediate Care / Step Down to access occupational therapy and / or physiotherapy in a timely manner.	CCG	84
Red Bag Funding	Provision of Red bag for all clients in residential nursing homes if they are taken to hospital	CCG	90
Pi / Predict X	Project management costs associated with a regional system flow dashboard.	LGA	50
Deprived Area Funding	Seedcorn grant paid to enterprises	DWP	1

5.0 Reserves and Balances

5.1.1 The General Fund Balance remains unchanged at £10.0 million.

5.1.2 In addition to the General Fund balance, the Council also holds a number of Specific Reserves. The total specific reserves balance at the end of 2016-2017 was £54.6 million which was a reduction of £7.3 million from the balance held at the end of 2015-2016.

5.2 Transfers to/from Specific Reserves

5.2.1 Approval is sought for a number of transfers to/from specific reserves, as set out in the following paragraphs. In the event that the use of capital receipts replaces previously

approved specific reserve drawdowns as a result of the new capital receipts flexibilities announced by central government, an update will be provided to Cabinet and Council.

5.2.2 Regeneration Reserve

Approval is sought from this meeting for the use of £1.2 million from the Regeneration Reserve to fund expenditure as shown in Table 7:

Table 7 – Allocations from Regeneration Reserve

Service	Amount Allocated £	Details
City Development	35,000	Westside/Southside
City Development	60,000	Canal side
Transport	14,000	Ring Road Environmental
City Development	115,000	City Centre Prospectus
City Development	15,322	City Learning Quarter
City Development	7,000	Pipeline Review.
City Development	153,394	Bilston Urban Village/Bilston Town Centre
City Development	50,000	Bilston Urban Village
City Development	146,526	Eastern Gateway
Strategic Organisation Development	25,713	ERDF Bid Development.
Corporate Asset Management	36,000	Non-highways Structures
Skills	118,777	Workbox
Strategic Organisation Development	17,000	Library Transformation Programme
Strategic Organisation Development	45,000	Libraries City-REDI economic evidence base
City Development	18,000	J2 Development (including EZ Extension)
Transport	6,000	Springfield (Vine Island) Transport
Transport	12,075	J2 to Springfield Transport Scheme Design
Transport	54,918	Stafford Road/Willenhall Road Transport Scheme.
Corporate Asset Management	50,000	Public Service Hub
Corporate Asset Management	25,000	Health & Social Care Hub
City Economy	16,729	Transforming Cultural Offer.
Planning	20,000	Bilston Public Realm
City Development	100,000	City Learning Quarter
Planning	9,400	Strategic Planning

In addition to the drawdown of reserve, approval is also sought for transferring the repayment totalling £485,000 of pump priming allocation back into the Regeneration Reserve as this was previously drawn down from Regeneration Reserve for Housing Company Development.

5.2.3 Transformation Reserve

As a result of the new capital receipts flexibilities announced by central government, the Council will look to use capital receipts where possible to support revenue transformation, with updates provided to Cabinet and Council in due course.

However, in the event that capital receipts are not available, approval is sought from this meeting for the use of £406,000 from the Transformation Reserve to fund:

1. Performance Analyst for 12 months spanning 2017-2018 and 2018-2019 for the Outcome Based Accountability Project (£96,000);
2. Special Education Needs Transport Review (£120,000) and resources to covert to new system of Education Health and Care (EHC) plans (£190,000).

5.2.4 Budget Contingency Reserve

Approval is sought from this meeting to use £320,000 from the Budget Contingency Reserve to cover expert and barrister costs incurred as a result of Storm Doris inquest and back filling of three Environmental Health Officer posts. There is the potential for recovery of all or part of this sum in the event that a prosecution may arise.

5.2.5 Regional Working Reserve

Approval is sought from this meeting to use £70,000 from the Regional Working Reserve as contribution towards Black Country Growth company, in the event that this cost could not be met from underspends within Corporate Budgets.

5.2.6 Victoria Square Sinking Fund Reserve

Approval is sought from this meeting to transfer £14,000 to the Victoria Square Sinking Reserve as annual planned contribution to sinking fund from tenant contributions (self-financing). The tenant contributions from the i11 building are set aside to meet costs of future repairs such as the roof of the building.

6.0 General Fund Budget Monitoring – Risk Management

- 6.1 The overall level of risk associated with the budget 2017-2018 is assessed as Amber, it is important to note, however, that the Council has significant budget reductions to deliver and income to achieve. The six main areas of risk are summarised in the table at Appendix E.

7.0 Revenue Budget Monitoring – Schools' Budgets

- 7.1 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year 31 May and 31 October. Returns submitted on 31 May estimated that overall balances would reduce by £6.2 million to £1.9 million as shown in Table 8 overleaf.

Table 8 – Projected Movement on Schools’ Balances 2017-2018

Sector	Balances as at 31 March 2017 £m	Use of Balances in 2017-2018 £m	Balances as at 31 March 2018 £m
Secondary	(1.2)	0.1	(1.1)
Primary	4.5	(2.6)	1.9
Junior	0.4	(0.3)	0.1
Infant	0.2	(0.3)	(0.1)
Nursery	0.8	(0.5)	0.3
Special	1.4	(1.0)	0.4
Pupil Referral Units	2.0	(1.6)	0.4
Total	8.1	(6.2)	1.9

7.2 Schools with Surplus Balances

7.2.1 At the end of 2016-2017 maintained schools had balances of £8.1 million. 33 schools were identified as having balances above recognised thresholds detailed in the local scheme (5% for secondary schools and 8% for primary, special and nursery schools). Schools will be reporting their intended use of surplus balances over the coming months and this will be updated at Q3 reporting.

7.2.2 The Scheme for Financing Schools establishes an arbitration process to review the Authority’s decision and determine if, and to what level, any excess balances should be recovered. This process was invoked to review 2014-2015 surplus balances and 8 schools were subject to review with £85,000 being recovered from one school in 2016-2017. The panel met again in March 2017 to review the position of a further 4 schools, and the decision was made to recover 50% of the excess balance from a single primary school. Based on the school’s outturn, the recovery in respect of 2016-2017 was £26,000.

7.3 Schools in a deficit balance position.

7.3.1 As part of its overview of schools in deficit, a Schools under Notice of Concern Board (SuNC) chaired by the Director of Education reviews monthly financial information from schools in deficit to evaluate the financial position of the schools. The chair of Schools Forum is also a member of the board. The position currently on schools with anticipated deficits in 2017-2018 is as follows:

Table 9 – Schools with anticipated deficits in 2017-2018

Name	Balance at the end of 2016-2017 £	Anticipated balance at end of 2017-2018 £	Status
Woodfield Junior	112,730	106,904	School with approved licensed deficit and a plan to recover the deficit by March 2017. Converted to Academy September 2017. Final balance to be advised.
Coppice	227,736	304,968	School with approved licensed deficit and a plan to recover the deficit within a 3-year time frame. Academy conversion proposed for January 2018.
St Matthias	873,043	1,132,101	A deficit recovery plan and application are under discussion with the school.
Woodthorne	210,021	127,740	A licenced deficit budget has been approved.
Castlecroft Primary	(10,123)	66,958	Will require a licensed deficit application if outturn remains as planned.
Claregate Primary	46,271	32,487	Application for licensed deficit in progress.
Long Knowle Primary	(73,646)	23,549	Will require a licensed deficit application if outturn remains as planned.
Merridale Primary	(206)	9,760	Licensed deficit will not be required provided the forecast deficit remains below £10,000.
Wodensfield Primary	(1,178)	13,005	Will require a licensed deficit application if outturn remains as planned.
Westacre Infant	(115,061)	31,185	Will require a licensed deficit application if outturn remains as planned.
Woodfield Infant	104,006	106,930	Converted to Academy September 2017. Final balance to be advised.
Penn Hall Special School	(286,544)	54,587	Will require a licensed deficit application if outturn remains as planned.
The King's Church of England	43,102	245,867	Licensed deficit application has been received for consideration.

7.4 Deficits Following Sponsored Academy Conversion

7.4.1 The schools surplus or deficit balance on conversion to academy status usually transfers at the same time. However, where the conversion is directed by Department for Education (DfE) through a sponsorship arrangement any deficit remains with the local authority. Such costs must be met from the Authority's General Fund, at this time it is anticipated that these costs will be in the region of £600,000 in this financial year. Cabinet approval is therefore sought to fund the academy conversion deficit from the Budget Contingency Reserve.

The Local Government Association (LGA) has stated that this policy is unfair on local authorities. However, DfE have said that academies are a vital part of the plan for transforming education and that the accumulated deficits for sponsored academies must be met by local authorities.

7.5 Changes to local funding formula

7.5.1 In April 2018 a new national schools funding formula will be implemented, this year will be a transitional period until further updated details are received from government, in respect of this the Council is required to seek approval to make adjustments to the formula in line with the guidance and recommendations from School Forum.

7.5.2 In line with the Schools Revenue Funding 2018-2019 Operational Guidance, delegation of authority to the Cabinet Member for Resources and Cabinet Member for Education, in consultation with the Director of Finance and Director of Education is sought to approve proposed changes to local funding formula including method, principles and rules adopted. Any proposed amendments to the Schools formula will be fully consulted on with all stakeholders and approved via the Schools Forum in January 2018.

8.0 Debt Write Offs

8.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.

8.2 **Sundry Debtors** - Income is due to the Council for a wide range of services provided to individuals and businesses. To reflect the fact that, despite the Council's best efforts, not all of this income will actually be collected, the Council makes provision for bad and doubtful debts, which it charges directly to the General Fund.

8.3 Overall, 163 debt write offs totalling £246,618.88 have been incurred. All but seven valued at £94,860.39 in total, which require the approval of this Panel (see Appendix G), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

8.4 **The Collection Fund** - The City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the

receipt of council tax and business rates (non-domestic rates) income and payments to precepting authorities such as the Fire Authority and the Police. Within this account, provisions are made for bad and doubtful debts and any write offs are charged to the council tax or business rates provision as appropriate.

- 8.4.1 **Council Tax** – Overall, 575 debt write offs totalling £256,683.42 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 8.4.2 **Non-Domestic Rates (NDR)** – Overall, 51 debt write off totalling £163,166.02 have been incurred. All but one valued at £5,616.04 in total, which require the approval of this Panel (see Appendix F), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 8.5 **Housing Benefits** - Housing benefit overpayments occur when rent rebate or rent allowance awards exceed a recalculated entitlement. Whilst the Council aims to limit the incidence of overpayments they may occur for a number of reasons including as a result of fraud or error. In general, overpaid benefit is written off in line with Government guidance where recovery would cause hardship, where the debtor has died or cannot be traced.
- 8.6 The Council receives Government subsidy in respect of overpaid housing benefit at rates of between 40% and 100% according to the circumstances in which the overpayment arose. The unsubsidised element of any overpayment is charged to the General Fund.
- 8.7 Overall, 43 overpayments totalling £6,321.11 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

9.0 Housing Revenue Budget Monitoring

- 9.1 Table 10 shows the latest forecast revenue outturn against budget for the Housing Revenue account (HRA). The forecast outturn position for the year is a surplus of £17.0 million, compared to a budgeted surplus of £16.8 million. It is proposed that the projected additional surplus of £177,000 will be used to redeem debt to comply with the Council's approved HRA Business Plan.

Table 10 – Housing Revenue Account Projected Outturn 2017-2018

	Budget	Projected Outturn	Projected Variation
	£000	£000	£000
Total income	(97,840)	(97,297)	543
Total expenditure	70,074	69,686	(388)
Net cost of HRA services	(27,766)	(27,611)	155
Interest payments etc.	10,938	10,606	(332)
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(16,828)	(17,005)	(177)
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	16,828	17,005	177
Balance for the year	-	-	-

9.2 Rental income from dwellings is forecast to be lower than budgeted by £500,000, due to higher than anticipated right to buy sales. This is offset by forecast underspends on Repairs and Maintenance (£300,000).

9.3 Financing costs are forecast to underspend by £300,000, due to the reprofiling of capital schemes resulting in a reduced interest charge.

10.0 Evaluation of alternative options

10.1 The write-offs, virements and use of reserve requests requiring the approval of Cabinet are all considered to be prudent in the opinion of the Director of Finance and the Cabinet Member for Resources.

11.0 Reason for decision(s)

11.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of Cabinet (Resources) Panel. Contribution to and from reserves also requires the approval from Cabinet (Resources) Panel. The write-offs, virements and use of reserve requests detailed in this report which seek the approval of Cabinet are all considered to be prudent in the opinion of the Director of Finance and the Cabinet Member for Resources.

12.0 Financial Implications

12.1 The financial implications are discussed in the body of the report.
[MH/20112017/T]

13.0 Legal Implications

- 13.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.
[TS/20112017/T]

14.0 Equality Implications

- 14.1 This report provides details of the projected outturn for 2017-2018. The necessary equalities analyses were carried out as part of the preparations for setting the 2017-2018 budgets, and will similarly form part of the requisite pre-work for 2018-2019.

15.0 Environmental Implications

- 15.1 A range of services focused upon the Council's environmental policies is supported through revenue budgets reviewed in this report. Changes in levels of funding will be considered as such changes are proposed.

16.0 Background Papers

2017-2018 Budget and Medium Term Financial Strategy 2017-2018 to 2019-2020, report to Cabinet, 22 February 2017.

Budget 2017-2018 and Medium Term Financial Strategy 2017-2018 to 2019-2020, report to Full Council, 1 March 2017.

Reserves, Provisions and Balances 2016-2017, report to Cabinet, 19 July 2017.

Revenue Budget Outturn 2016-2017, report to Cabinet, 19 July 2017.

Draft Budget and Medium Term Financial Strategy 2017-2018 to 2019-2020, report to Cabinet, 19 July 2017.

Revenue Budget Monitoring 2017-2018, report to Cabinet (Resources) Panel, 27 July 2017.

Draft Budget and Medium Term Financial Strategy 2017-2018 to 2019-2020, report to Cabinet, 18 October 2017.

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APPENDIX A

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason for Variance
Strategic Director People				-	
Strategic Director People	266	282	16	16	
Strategic Commissioning	4,508	4,108	(400)	(300)	An underspend is forecast as a result of generating efficiencies across contracts and vacancies held across service.
Total Strategic Director People	4,774	4,390	(384)	(284)	

APPENDIX A

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Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Adult Services				-	
Better Care Fund	-	-	-	-	
Business Support	209	209	-	-	
Carer Support	1,062	788	(274)	(434)	The Carer Support Service is projecting an underspend of £274,000 on support packages. The variation between quarters one and two reflect an approved budget virement to deal with cost pressures on Learning Disabilities Care Purchasing.
Emergency Duty Team	412	477	65	46	
Welfare Rights & Financial Assessment	1,602	1,530	(72)	(36)	
Community Support	901	891	(10)	(6)	
Learning Disability Provider	4,926	4,716	(210)	(123)	Further efficiencies have been identified across Learning Disabilities Provider Services as part of their financial recovery plan. The underspend of £200,000 is projected due to the restructure of the Outreach Service.
Older People Provider Services	4,065	3,959	(106)	(28)	Further efficiencies have been identified across the service as part of their financial recovery plan. The underspend is mainly as a result of one-off savings on staffing costs due to delays in recruitment.
Independent Living Service	2,438	2,549	111	(12)	The forecast overspend is caused by increased demand for equipment.
Quality Assurance and Policies	359	343	(16)	(17)	
Adults Assessment and Care Management	1,349	844	(505)	(398)	A one-off underspend is projected due to staff vacancies within this service as well as receiving additional income. Efficiencies have also been identified during quarter two across general budgets to contribute towards cost pressures across the service.
Mental Health Assessment & Care Management	3,927	3,895	(32)	(6)	
Older People Care Purchasing	17,987	18,065	78	366	
Learning Disabilities Care Purchasing	16,214	18,030	1,816	904	An overspend is forecast as a result of cost pressures across care purchasing budgets due to slippage on budget reduction targets.
Physical Disabilities Care Purchasing	4,396	4,577	181	538	An overspend is forecast as a result of cost pressures across care purchasing budgets due to increased demand for support.
Service Director Adults	3,392	2,366	(1,026)	47	See note overleaf*
Total Adult Services	63,239	63,239	-	841	

APPENDIX A

Revenue Budget Monitoring – People

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* The overall breakeven position reported for Adult Services assumes that the final risk sharing arrangements with the Wolverhampton Clinical Commissioning Group (CCG) on the Better Care Fund are finalised as currently proposed by CWC. It also assumes the current plans against the new improved Better Care Fund (iBCF) monies announced in the Spring Budget for Adult Social Care are spent according to current plans. The 2017-2018 allocation for Wolverhampton was £6.4 million. At the time of writing the report CWC were still in negotiations with the CCG on the risk sharing arrangements for the Better Care Fund. The outcome of these discussions could have a sizable impact on the forecast outturn position for Adult Services. An update will be provided at quarter three once the risk sharing arrangements have been signed off with the CCG.

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Children & Young People	-				
Service Director Children & Young People	938	849	(89)	(52)	
Child Protection	9,232	9,581	349	181	Please see paragraph 3.1.2 section 3b
Early Intervention	4,317	3,999	(318)	(105)	Further efficiencies have been identified across the service as part of their financial recovery plan to offset cost pressures across the service. The underspend is mainly as a result of one-off savings on staffing costs due to delays in recruitment along with a reduction in general expenditure.
Early Years	524	574	50	(0)	
Inclusion Support	578	492	(86)	(24)	
Looked After Children	27,630	29,132	1,502	852	Please see paragraph 3.1.2 section 3a
Specialist Support	2,794	2,547	(247)	(118)	As part of the financial recovery plan the service has identified further efficiencies across general expenditure and from delaying recruitment. The underspend is as a result of one-off savings on staffing costs totalling £202,000, along with general expenditure of £173,000. This underspend is partially offset by a forecast overspend within Alternative Provision totalling £130,000.
Youth Offending	1,244	1,084	(160)	(77)	An underspend is forecast due to one off savings on staffing budgets due to delays in recruitment
Safeguarding	2,169	2,550	381	229	An overspend is forecast due to cost pressures on staffing budgets totalling £258,000, of which £134,000 is associated with Deprivation of Liberty Safeguards (DoLS). Cost pressures on DoLS are primarily associated with our duties under the Mental Capacity Act and include doctors' fees and best interest assessments. These cost pressures are partially offset by efficiencies across general expenditure.
Total Children & Young People	49,426	50,808	1,382	886	

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APPENDIX A

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Public Health & Wellbeing					
Service Director Public Health & Wellbeing	-	-	-	-	
Business Continuity & Emergency Planning	6	6	-	-	
Commissioning	-	-	-	-	
Community Safety	23	23	-	-	
Contracts	-	-	-	376	The breakeven position takes into account the application of £1.7 million from the Budget Contingency Reserve, which was approved a quarter one.
Health Protection & NHS Facing	-	-	-	-	
Healthier Places Service	-	-	-	-	
Intelligence & Evidence	-	-	-	-	
Management and Administration	-	-	-	-	
Sports Development	-	-	-	-	
Transformation - Public Health	-	-	-	-	
Total Public Health & Well Being	29	29	-	376	
Total People Directorate	117,468	118,466	998	1,819	

Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Managing Director					
Managing Director	209	209	-	-	
Corporate Business Support	1,639	1,303	(336)	(248)	The underspend is forecast due to unfilled staff vacancies held across the service.
Total Managing Director	1,848	1,512	(336)	(248)	

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Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Corporate Services					
Finance Director	140	140	-	-	
Audit Services	2,012	1,774	(238)	(55)	The underspend is forecast due to unfilled staff vacancies held across the service.
Central Corporate Budgets	4,668	4,319	(349)	(223)	The underspend is forecast due to lower than anticipated enhanced pension costs and a reduction in bank charges following the switch from an external to in house payment hosting system.
Commercial Services	651	871	220	222	The forecast overspend within this service has arisen as a result of additional resources required to improve contract efficiency and commercialisation. It is anticipated that contract efficiencies will be obtained across the Council. This overspend has been considered within the whole directorate and it has been agreed that it will be offset by efficiencies identified across other services within the Corporate directorate.
Corporate Communications	1,862	1,846	(16)	1	
Customer Services	3,045	3,046	1	-	
ICTS	4,915	4,965	50	-	
Digital Transformation Programme	-	100	100	-	An overspend is forecast due to revenue costs associated with the Digital Transformation Programme. This overspend has been considered within the whole directorate and it has been agreed that it will be offset by efficiencies identified across other services within the Corporate directorate.
Leisure Services	1,165	1,165	-	-	Early indications have shown that there is a potential pressure within this area, but it will be monitored closely throughout the financial year. Any potential pressures will be contained within efficiencies held across the corporate directorate.
Revenues & Benefits	2,232	2,228	(4)	-	
Service Improvement	87	87	-	-	
Strategic Finance	2,327	2,239	(88)	-	
The Hub	1,551	1,551	-	-	
Total Corporate Services	24,654	24,331	(323)	(54)	

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Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Governance					
Democratic Services	2,430	2,305	(125)	(131)	The underspend projected is due to a combination of factors, including savings generated from the restructure of the Register Office, receipt of government grant and 2017-2018 being a fallow local election year.
Director of Governance	201	203	2	-	
Governance Services	577	644	67	(12)	
Human Resources	3,145	3,007	(138)	-	The underspend is due to vacancies held as the service is currently going through a minor restructure.
Legal Services	2,208	2,385	177	-	The overspend is forecast due to external fees incurred in support of one off legal matters.
Licensing	(438)	(438)	-	-	
Markets	(685)	(710)	(25)	65	
Total Governance	7,438	7,396	(42)	(77)	

APPENDIX B

Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018	2017-2018	2017-2018	2017-2018	Reason For Variance
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	Controllable Budget £000	Controllable Forecast £000	Forecast Variance Q2 £000	Forecast Variance Q1 £000	
Corporate Budgets					
Treasury Management Budgets	16,337	15,228	(1,109)	(810)	The underspend is primarily due to a reduced borrowing need in year due to rephasing in the capital programme and changes in the interest rates
Central Provision for Auto-enrolment and Pay Award Costs	2,766	2,766	-	-	
West Midlands Transport Levy	10,912	10,912	-	-	
Environment Agency Levy	71	71	-	-	
Birmingham Airport - Rent	(69)	(69)	-	-	
Gross Redundancy Costs	-	2,900	2,900	2,900	Projected redundancy payment due in 2017-2018 arising as a result of the voluntary redundancy programme.
Capital Receipts Flexibility - Redundancy Costs	-	(2,900)	(2,900)	(2,900)	In December 2015, the Secretary of State announced that from 1 April 2016 capital receipts may be used for revenue transformational projects. It is currently anticipated that capital receipts totalling £2.9 million will be used to offset reorganisation costs.
Apprenticeship Levy	800	540	(260)	-	The forecast underspend against this budget has arisen due to the recharge of schools' apprenticeship levy for which information was not available at quarter one.
Other Corporate / Transformation Budgets and Contingencies	2,974	1,448	(1,525)	(1,912)	The underspend against this budget will help to offset overspends within other directorates.
Cross-cutting savings proposals	(1,315)	(1,315)	-	-	
Budget reduction proposals held corporately including Waste & Recycling	(1,900)	-	1,900	1,700	An overspend is forecast due to budget pressures relating to the delayed transformation of the Waste & Recycling service as a result of ongoing contractual dispute with Amey which the Council has not been able to resolve by negotiation and therefore legal proceedings have been issued by the Council in the High Court.
Corporate Adjustments	293	293	-	-	
Contribution from the Budget Contingency Reserve re special dividend from Birmingham Airport	(3,550)	(3,550)	-	-	
Total Corporate Budgets	27,319	26,325	(994)	(1,022)	
Total Corporate Directorate	61,259	59,564	(1,696)	(1,402)	

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget	2017-2018 Controllable Forecast	2017-2018 Forecast Variance Q2	2017-2018 Forecast Variance Q1	Reason For Variance
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	£000	£000	£000	£000
Strategic Director Place				
Strategic Director Place	438	438	-	-
Total Strategic Director Place	438	438	-	-

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance

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City Economy					
Adult Education	(145)	(145)	-	-	
City Development	635	574	(61)	-	
Enterprise	926	908	(18)	-	
Strategic Organisation Development	1,916	1,879	(37)	(23)	
Planning	922	871	(51)	(15)	
Service Director City Economy	93	159	66	-	
Skills	2,466	2,363	(103)	(13)	Underspend on budgets that will form part of 2018-2019 savings already identified
Visitor Economy	1,272	1,514	242	214	An overspend is forecast as it reflects anticipated reduced income as a result of the planned Civic Halls refurbishment.
Total City Economy	8,083	8,123	40	163	

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Corporate Landlord					

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Capital Programme	(44)	60	104	103	An overspend is forecast due to a directorate wide budget pressure
Catering	(1,522)	(1,000)	522	590	An overspend is forecast due to reduced income and increased competition within this market.
Cleaning	1,099	1,099	-	-	
Corporate Asset Management	7,988	7,738	(250)	(257)	An underspend is projected due to the reduced expenditure anticipated on utilities.
Corporate Landlord Support	496	496	-	-	
Estates and Valuations	(3,063)	(3,263)	(200)	(500)	The underspend shown is based on an updated, realistic projection of additional rental income. On-going work and analysis is taking place to identify additional rental income opportunities.
Facilities Management	839	905	66	-	
Head of Corporate Landlord	(3)	16	19	-	Additional pressures have been identified which the service will be looking to address over the second half of the year.
Maintenance Programme	1,648	1,648	-	-	
Total Corporate Landlord	7,439	7,699	260	(65)	

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APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Public Service Reform					
Public Service Reform	86	86	-	-	
Total Public Service Reform	86	86	-	-	

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Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
City Housing					
Housing	1,686	1,644	(42)	(29)	
Total City Housing	1,686	1,644	(42)	(29)	

APPENDIX C

Revenue Budget Monitoring – Place

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Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
City Environment					
Service Director City Environment	132	210	78	(0)	
Bereavement Services	(2,587)	(2,633)	(46)	49	
Environmental Maintenance	6,570	6,538	(32)	(0)	
Fleet Services	(811)	(451)	360	433	An overspend is forecast due the reprofiling and allocation of the passenger transport budget reduction proposals
Highways Maintenance	2,011	1,911	(100)	-	An underspend is projected due to the reduced expenditure anticipated on winter maintenance.
Landscape	26	26	-	-	
Operation & Maintenance of Existing Network	1,019	983	(36)	-	
Parking Services	(3,251)	(3,251)	-	81	
Public Protection	2,098	1,910	(188)	-	An underspend is forecast reflecting current vacancies.
Street Lighting	2,717	2,684	(33)	-	
Transportation	992	840	(152)	-	An underspend is projected due to the reduced expenditure anticipated.
Waste and Recycling Service	14,242	14,248	6	42	
Black Country Transport	27	27	-		
City Environment	-	-	-	(500)	
Total City Environment	23,187	23,042	(145)	104	
Total Place Directorate	40,920	41,032	113	173	

Revenue Budget Monitoring – Education

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance Q2 £000	2017-2018 Forecast Variance Q1 £000	Reason For Variance
Director of Education					
Director of Education	240	298	58	-	Additional Consultant Costs incurred for SEN and School Improvement Reviews
School Planning & Resources	3,395	4,004	609	586	An overspend is forecast due to an increase in demand on Special Schools Home to School Transport budget for high need pupils.
Schools	(1,630)	(1,630)	-	-	
Standards and Vulnerable Pupils	930	2,517	1,587	1,587	An overspend is forecast for SEN Out of City educational costs due to additional demand on the provision. Work will be undertaken during this financial year to review the provision and potential funding sources to mitigate the pressure on this service. Funding for SEN costs is met from Dedicated Schools Grant. A report will be taken to Schools Forum to seek additional funding to meet the increased costs in this area.
Total Director of Education	2,935	5,189	2,254	2,174	

General Fund Budget Risks 2017-2018

Risk	Description	Level of Risk
Medium Term Forecasting	Risks that might materialise as a result of the impact of non-pay inflation and pay awards, uptake of pension auto enrolment, Equal Pay.	Amber
Budget Management	Risks that might materialise as a result of loss of key personnel or loss of ICTS facilities	Green
Transformation Programme	Risks that might materialise as a result of not identifying budget reductions, not delivering the reductions incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering budget reductions and downsizing the workforce.	Amber
Income and Funding	Risks that might materialise as a result of income being below budgeted levels, claw back, reduction to government grant or increased levels of bad debts. The risk of successful appeals against business rates.	Amber
Service Demands	Risks that might materialise as a result of demands for services outstretching the available resources.	Amber
Third Parties	Risks that might materialise as a result of third parties and suppliers ceasing trading or withdrawing from the market.	Amber
Government Policy	Risks that might materialise as a result of changes to Government policy including changes in VAT and taxation rules and, in particular, from the Care Bill. Furthermore risks that may materialise as a result of Government policy relating to directed academy conversions; deficit balances must be funded by the local authority on directed academy conversion.	Red

APPENDIX F

NDR Write offs to be approved by Cabinet

Account number	Reason for write-off	Total £
5054854	Write Off – Recovery Prohibited by Statue	5,616.04
	Total	5,616.04

APPENDIX G

Sundry Write offs to be approved by Cabinet

Account Number	Write off reason	Amount £
16002917	Write off – Deceased (no estate)	6,712.12
16003631	Write off – Deceased (no estate)	10,640.52
16009210	Write off – Deceased (no estate)	11,452.15
16009563	Write off – Deceased (no estate)	42,528.64
16012663	Write off – Deceased (no estate)	8,344.06
16019744	Write off – Deceased (no estate)	6,492.48
16033820	Write off - Uneconomical to Collect	8,690.42
	Total	94,860.39

General Fund Budget Virements

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
Corporate	Human Resources	Corporate	Human Resources	28	Transfer of part of external service provider budget to employees to support restructure within Workforce Development team.
Corporate	Corporate Communications	Corporate	Corporate Communications	10	Transfer of part of corporate marketing budget to support employee structure change.
Corporate	Licensing	Corporate	Governance Services	77	Transfer of budget for Head of Governance Services as part of a wider restructure within Licensing.
Corporate	Licensing	Corporate	Licensing, Legal Services, Governance Services & Customer Services	813	Increase in employee and running costs budgets matched by Licensing income (expansion in Licensing services).
Corporate	Legal Services	Corporate	Legal Services	51	Increase in running costs budgets matched by external income.
People	Service Director	Corporate	HR	21	To fund R&R Officer 18.5 Hours
Corporate	Corporate Accounts	People	Service Director	3	To fund salary increase
People	Service Director	Corporate	Customer Services	69	Children's contribution towards customer service savings target.
People	Adults Assessment & Care Management - North	People	Adults Assessment & Care Management - North	178	Removing reserves contribution from budget
People	Learning Disability Provider	People	Learning Disability Provider	387	Creation of the Community Pathways Team budget
People	Mental Health Assessment & Care Management	People	Mental Health Assessment & Care Management	58	Removing contribution from Reserve budget, now part of SLC team
People	Adults Assessment & Care Management North	People	Adults Assessment & Care Management North	214	Removing contribution from Reserve budget, now part of SLC team
People	Adults Assessment & Care Management North, Mental Health Assessment & Care Management	People	Adults Assessment & Care Management SLC	459	Creation of the Supporting Life Choices Team
People	Adults Assessment & Care Management North	People	Independent Living Service	84	Transfer of rehabilitation posts to ILS
People	Adults Assessment & Care Management SLC	People	Adults Assessment & Care Management SLC	104	Funding from Reserves to complete the SLC structure
Corporate	Corporate Accounts	People	Strategic Director People	727	Domestic Abuse MTFs PH grant
People	Independent Living Service	People	Independent Living Service	84	Create I&E budgets to deliver contract for therapy provision in Discharge to assess and Step Down
Place	Enterprise	Place	Enterprise	15	transfer of budget from non-staffing to salaries
Place	Strategic Director	Place	City Economy	42	Reapportionment of Customer Services rationalisation
Place	Strategic Director	Place	City Environment	39	Reapportionment of Customer Services rationalisation
Place	Strategic Director	Place	Corporate Landlord	110	Reapportionment of Customer Services rationalisation
People	Adults Assessment & Care management North	People	Adults Assessment & Care management North	1,249	Adults Service restructure
People	Adults Assessment & Care management West	People	Adults Assessment & Care management West	1,250	Adults Service restructure

General Fund Budget Virements

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
People	Adults Assessment & Care management North	People	Adults Assessment & Care management West	98	Adults Service restructure
People	Adults Assessment & Care management North	People	Adults Assessment & Care management East	432	Adults Service restructure
People	Adults Assessment & Care management East	People	Adults Assessment & Care management East	986	Adults Service restructure
People	Adults Assessment & Care management West	People	Adults Assessment & Care management East	115	Adults Service restructure
People	Older People Provider Services	People	Older People Provider Services	600	Service restructure
People	Learning Disability Provider	People	Learning Disabilities Care Purchasing	164	Transferring ISF Budget from Outreach Services Team (G10170) into Care Purchasing (G10160). Services are now being provided externally as opposed to in-house provision.
People	Adults Assessment & Care management SLC	People	Adults Assessment & Care management SLC	25	Removing capital allocation salary and income budgets
People	Older People Care Purchasing	People	Older People Care Purchasing	106	Transfer funding from block to spot cost centre to reflect contract switch from block to spot provision
People	Community Support	People	Community Support	219	Remove income and expenditure budgets
People	Adults Assessment & Care management East	People	Adults Assessment & Care management West	71	Transfer post as part of Adults Services restructure
People	Adults Assessment & Care management West	People	Business Support	114	Transfer IT budgets to Adults Business Support as part of restructure
People	Adults Assessment & Care management West	People	Business Support	55	Transfer post as part of Adults Services restructure
People	Carer Support	People	Learning Disabilities Care Purchasing	200	Transfer unallocated budget to offset pressures on LD Care Purchasing
People	Service Director Adults	People	Adults Assessment & Care management West	84	Fund post created as part of Adults restructure
People	Independent Living Service	People	Independent Living Service	34	Creation of agency budget from non-salary budgets to cover work being carried out by Wolverhampton Homes
People	Independent Living Service	People	Independent Living Service	138	Realign budgets based on coding of contract
People	Adults Assessment & Care management SLC	People	Mental Health Assessment & Care Management	69	Transfer of 2 FTE GR05 Support workers from SLC into MH service
People	Learning Disability Provider	People	Learning Disabilities Care Purchasing	199	Transfer in year savings achieved to offset pressures on LD Care Purchasing
People	Learning Disability Provider	People	Learning Disability Provider	17	Budget transfer from non-staffing to reflect agency spend
People	Commissioning	People	Commissioning	90	Create income and expenditure budget for red income bag project.
People	Service Director Adults	People	Service Director Adults	50	Create income and expenditure budget Pi / PredictX project.
Place	Waste & Recycling	Corporate	Corporate Budgets	1,700	Budget Reduction targets
Place	Parking Services	Corporate	Corporate Budgets	200	Budget Reduction targets
			Total	11,838	

Housing Revenue Account Budget Monitoring

	2017-2018 Budget £000	2017-2018 Forecast Outturn £000	2017-2018 Forecast Variance £000
Income			
Gross rents – dwellings	(91,261)	(90,887)	374
Gross rents – non-dwellings	(923)	(892)	31
Charges to tenants for services and facilities	(5,656)	(5,518)	138
Total income	(97,840)	(97,297)	543
Expenditure			
Repairs and maintenance	26,104	25,773	(331)
Supervision and management	19,172	19,115	(57)
Rents, rates and taxes	435	435	-
Increase in provision for bad debts	2,250	2,250	-
Depreciation of fixed assets	22,113	22,113	-
Total expenditure	70,074	69,686	(398)
Net cost of HRA services	(27,766)	(27,611)	155
Interest payable	11,095	10,737	(358)
Interest and investment income	(37)	(11)	26
Adjustment for premiums and discounts	(120)	(120)	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(16,828)	(17,005)	(177)
Allocation of (surplus)/deficit			
Provision for redemption of debt	16,828	17,005	177
Balance for the year	-	-	-