



# Cabinet (Resources) Panel

17 December 2013

<b>Report title</b>	Revenue Budget Monitoring 2013/14	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Roger Lawrence Leader of the Council	
	Councillor Andrew Johnson Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Simon Warren, Chief Executive Sarah Norman, Community Keith Ireland, Delivery Tim Johnson, Education and Enterprise	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Mark Taylor	Assistant Director Finance
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<b>Report to be/has been considered by</b>	n/a	

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## Recommendations for action or decision:

That Cabinet (Resources) Panel approves:

- (i) the use of £163,000 from the Efficiency Reserve to fund a review of alternative delivery models for care services currently provided in-house (paragraph 7.6.2), and procuring the services of an external provider to design and deliver a bespoke leadership and management development programme (paragraph 7.6.3).
- (ii) the write off of business rates debts that individually exceed £5,000, amounting to a total of £683,793 (paragraph 9.6);

- (iii) virements totalling £8.6 million listed in Appendix F.

**Recommendations for noting:**

That Cabinet (Resources) Panel notes:

- (i) the projected outturn for the General Fund which is a net over spend of £6.8 million (2.65%) (paragraph 3.2) in the event that the action being taken to address this does not deliver savings in the appropriate timescale;
- (ii) the action being taken to reduce this projected over spend (paragraph 3.3).

## 1.0 Purpose

1.1 The purpose of this report is to provide Councillors with an update on the projected outturn position for revenue budgets and revenue income, compared with the Council's approved revenue budgets for 2013/14 and related targets, as at the end of quarter two of 2013/14. Information from beyond the end of the second quarter has also been reflected, where available.

## 2.0 Summary

2.1 Overall a net over spend of £6.8 million (2.65%) is projected against the General Fund net budget requirement of £255.7 million. This net over spend of £6.8 million is analysed in Table 1 (below).

**Table 1 – 2013/14 General Fund Revenue Budget Projected Outturn**

	Budget 2013/14 £000	Projected Outturn 2013/14 £000	Projected Variation	
			Over/(Under)	
			£000	%
Community	159,934	166,949	7,015	4.39%
Delivery	39,627	39,890	263	0.66%
Education and Enterprise	23,698	23,423	(275)	-1.16%
Office of the Chief Executive	1,615	1,749	134	8.30%
Corporate Budgets	30,842	30,489	(353)	-1.14%
<b>Net Budget Requirement</b>	<b>255,716</b>	<b>262,500</b>	<b>6,784</b>	<b>2.65%</b>
Government Grant (General)	(178,492)	(178,492)	-	0.00%
Council Tax	(73,297)	(73,297)	-	0.00%
Collection Fund Surplus	(211)	(211)	-	0.00%
<b>Total Resources</b>	<b>(252,000)</b>	<b>(252,000)</b>	<b>-</b>	<b>0.00%</b>
<b>(Surplus) / Deficit</b>	<b>3,716</b>	<b>10,483</b>	<b>6,784</b>	<b>2.65%</b>
<b>Use of General Balances</b>	<b>(3,716)</b>	<b>(3,716)</b>	<b>-</b>	<b>0.00%</b>
<b>Net Budget (Surplus) / Deficit</b>	<b>-</b>	<b>6,784</b>	<b>6,784</b>	<b>2.65%</b>

2.2 The total savings target for 2013/14 is £17.5 million, which is the result of both reductions in mainstream funding and in specific grants when compared to 2012/13. Of this, £10.0 million was banked to the end of September at which point in time a further £6.0 million was also estimated with a high level of confidence. Work is in progress to deliver the remaining £1.3 million, the actions set out in paragraph 3.3 will be essential to achieve this.

2.3 In respect of council tax, the amount collected by the end of the second quarter of 2013/14 is below target by 1.35%. For business rates, the amount collected by the end of the first quarter is below target by 0.69%.

- 2.4** With regard to schools, for 2013/14 the latest budget plans approved and submitted by governing bodies forecast the use of £5.6 million of reserves in the year, with balances of £11.9 million at the end of March 2014.
- 2.5** An update on the General Fund budget risks is provided at section 10. Overall the risk for 2013/14 is currently assessed as Red.
- 2.6** It is important to note the following significant points relating to the projected outturn:
- (i) Some of the service changes required to deliver savings proposals still await full implementation;
  - (ii) The projected outturn position is subject to change due to on-going work surrounding the controllable/non-controllable classification issues, identified during the 2012/13 closedown process;
  - (iii) Cross-cutting savings held corporately may have been accounted for within individual Directorate forecasts and as such the outturn position may be worse than currently projected;
  - (iv) It is anticipated that of the £36.9 million currently held in specific reserves, £12.7 million is anticipated to be drawn down during 2013/14 (Appendix D).

### 3 Revenue budget monitoring – General Fund Summary

- 3.1 A summary of the Council's projected outturn against General Fund revenue budgets for 2013/14 as at the end of quarter two is provided in the table below, whilst section 4 provides a detailed explanation of the projected outturn for each directorate.

**Table 2 – 2013/14 General Fund Revenue Budget Projected Outturn**

	Budget 2013/14 £000	Projected Outturn 2013/14 £000	Projected Variation	
			Over/(Under) £000	%
Community	159,934	166,949	7,015	4.39%
Delivery	39,627	39,890	263	0.66%
Education and Enterprise	23,698	23,423	(275)	-1.16%
Office of the Chief Executive	1,615	1,749	134	8.30%
Corporate Budgets	30,842	30,489	(353)	-1.14%
<b>Net Budget Requirement</b>	<b>255,716</b>	<b>262,500</b>	<b>6,784</b>	<b>2.65%</b>
Government Grant (General)	(178,492)	(178,492)	-	0.00%
Council Tax	(73,297)	(73,297)	-	0.00%
Collection Fund Surplus	(211)	(211)	-	0.00%
<b>Total Resources</b>	<b>(252,000)</b>	<b>(252,000)</b>	<b>-</b>	<b>0.00%</b>
<b>(Surplus) / Deficit</b>	<b>3,716</b>	<b>10,483</b>	<b>6,784</b>	<b>2.65%</b>
<b>Use of General Balances</b>	<b>(3,716)</b>	<b>(3,716)</b>	<b>-</b>	<b>0.00%</b>
<b>Net Budget (Surplus) / Deficit</b>	<b>-</b>	<b>6,784</b>	<b>6,784</b>	<b>2.65%</b>

- 3.2 Overall a net over spend of £6.8 million (2.65%) is projected against the General Fund net budget requirement of £255.7 million. This represents an increase of £1.8 million against the quarter one forecast of £5.0 million, primarily due to a continued increase in the number of Looked after Children placements in addition to an increase in physical and learning disabilities care management and assessment expenditure.
- 3.3 Options to deliver additional one-off savings during 2013/14 now need to be considered urgently to address the projected over spend and reduce the call on the General Fund balance. Strategic Directors and Assistant Directors will be working to identify urgent action that can be used to deliver savings to address this projected overspend.
- 3.4 The Council's five year Medium Term Financial Strategy (MTFS), approved by Council on 6 November 2013, assumed an overspend of £5.0 million in 2013/14 to be met from general reserves, and on-going growth of £4.0 million in respect of Looked after Children. On this basis, the Council will run out of revenue reserves in 2014/15 and immediate action is required to identify further savings or bring savings proposals forward, partly through seeking 1,000 volunteers for redundancy.

- 3.5** The increase in the forecast overspend is not built into the MTFs, nor is any on-going impact in excess of the £4.0 million provided for Looked after Children.
- 3.6** Finance Teams are currently carrying out an exercise to completely rebase all budgets in advance of the implementation of Agresso in April 2014. As part of this exercise, it will be necessary for Directorates to agree action required to reduce expenditure in 2013/14 and mitigate any on-going impact in future years or identify further savings.
- 3.7** In accordance with the Council's financial procedures rules, all virements in excess of £50,000 require the approval of this panel. Appendix F outlines virements in excess of £50,000 for which approval is sought at this meeting.
- 3.8** The most significant factors contributing towards the projected over spend against the budget are reported on a service-by-service basis in section 4.
- 3.9** Work is currently on-going to identify any savings that have been reflected in the budget that are unlikely to be achieved. This will be reflected in the next update to the MTFs to ensure that a robust baseline budget is in place.

#### **4 General Fund Revenue Budget Monitoring: Service Analysis**

##### **4.1 Community**

- 4.1.1** A summary of the projected outturn against the Community 2013/14 revenue budget, as at the end of quarter two, is provided in the table below, whilst a detailed analysis is provided in Appendix A.

**Table 3 – 2013/14 Revenue Budget Projected Outturn - Community**

	<b>Budget 2013/14</b>	<b>Projected Outturn</b>	<b>Projected Variation Over/(Under)</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Older People & Personalisation	37,116	37,377	261	0.70%
Health, Wellbeing & Disabilities	50,961	51,947	986	1.93%
Children, Young People & Families	49,662	54,568	4,906	9.88%
Safeguarding, Business Support and Community Services	22,798	22,834	36	0.16%
Savings to be Identified	(603)	223	826	-136.98%
<b>Community Total</b>	<b>159,934</b>	<b>166,949</b>	<b>7,015</b>	<b>4.39%</b>

- 4.1.2** Overall a net overspend of £7.0 million (4.39%) is projected for the year. The main factors contributing towards the forecast overspend are:

- **Older People & Personalisation** - The forecast net over spend within Older People & Personalisation is a result of a shortfall against savings targets within Telecare and Reablement, in addition to early achievement of savings resulting from the closure of Warstones Resource Centre.
- **Health, Wellbeing & Disabilities** - There is a forecast net over spend of £1.0 million which has arisen primarily as a result of an overspend on care purchasing due to increases in the volume and complexity of young people in transition and Adult demographic pressures. A detailed monitoring mechanism is currently being validated.
- **Children, Young People & Families** - There is a forecast net over spend of £4.9 million within the Assistant Directorate, due to a range of factors including the continued increase in the number of Looked after Children, representing £4.9 million of the overspend. A non-recurring contribution from prior year EIG balances offsets a forecast overspend of £1.1 million against the Children in Need budget arising from family support payments under Section 17 in addition to contact, agency and legal costs, resulting in a net overspend of £78,000.
- **Safeguarding, Business Support and Community Services** – There is a forecast net over spend of £36,000 within the Assistant Directorate due to non-achievement of Leisure Trust savings target.
- **Unachievable Savings** – There is a forecast net overspend of £826,000 arising from unachievable savings of which £603,000 relate to savings brought forward in the budget for which specific proposals were not identified.

## 4.2 Delivery

4.2.1 A summary of the projected outturn against the Delivery 2013/14 revenue budget, as at the end of quarter two, is provided in the table below, whilst a detailed analysis is provided in Appendix B.

**Table 4 – 2013/14 Revenue Budget Projected Outturn – Delivery**

	Budget	Projected	Projected Variation	
	2013/14	Outturn	Over/(Under)	
	£000	£000	£000	%
Delivery Directorate	246	246	-	0.00%
Resources	131	-	(131)	-100.00%
Financial Services	4,723	5,010	287	6.08%
Human Resources	-	(146)	(146)	N/A
Audit Services	(8)	(74)	(66)	825.00%
ICTS	(2,640)	(2,650)	(10)	0.38%
Customer Services	262	192	(70)	-26.72%
Corporate	9,049	7,994	(1,055)	-11.66%

Governance	5,086	4,840	(246)	-4.84%
City Services	22,778	24,478	1,700	7.46%
<b>Delivery Total</b>	<b>39,627</b>	<b>39,890</b>	<b>263</b>	<b>0.66%</b>

4.2.2 Overall a net overspend of £263,000 (0.66%) is projected for the year which is the result of a number of variances across the directorate which are analysed in Appendix B.

### 4.3 Education and Enterprise

4.3.1 A summary of the projected outturn against the Education and Enterprise 2013/14 revenue budget, as at the end of quarter two, is provided in the table below, whilst a detailed analysis is provided in Appendix C.

**Table 5 – 2013/14 Revenue Budget Projected Outturn – Education and Enterprise**

	Budget 2013/14	Projected Outturn	Projected Variation	
	£000	£000	£000	%
Partnerships, Economy and Culture	7,982	7,775	(207)	-2.59%
Regeneration	8,663	8,486	(177)	-2.04%
Schools, Skills and Learning	7,053	7,162	109	1.55%
<b>Education &amp; Enterprise Total</b>	<b>23,698</b>	<b>23,423</b>	<b>(275)</b>	<b>-1.16%</b>

4.3.2 Overall it is projected that that Directorate will outturn with a net saving of £275,000 which has primarily been generated by savings from vacant posts within a number of services.

### 4.4 Office of the Chief Executive

4.4.1 A summary of the projected outturn against the Office of the Chief Executive 2013/14 revenue budget, as at the end of quarter two, is provided in the table below.

**Table 6 – 2013/14 Revenue Budget Projected Outturn – Office of the Chief Executive**

	Budget 2013/14	Projected Outturn	Projected Variation	
	£000	£000	£000	%
Chief Executive	208	208	-	0.00%



Communications	(96)	(58)	38	-39.58%
Corporate Policy Unit	1,096	1,133	37	3.38%
Scrutiny	142	162	20	14.08%
Political Assistants	110	112	2	1.82%
Equalities & Diversity	155	192	37	23.87%
<b>Office of the Chief Executive Total</b>	<b>1,615</b>	<b>1,749</b>	<b>134</b>	<b>8.30%</b>

4.4.2 Overall a net over spend of £134,000 (8.30%) is projected for the year. There are no significant variances forecast.

#### 4.5 Corporate Budgets

4.5.1 A summary of the projected outturn against 2013/14 corporate revenue budgets, as at the end of quarter two, is shown in the table below.

**Table 7 – 2013/14 Revenue Budget Projected Outturn – Corporate Budgets**

	Budget 2013/14 £000	Projected Outturn £000	Projected Variation Over/(Under) £000	%
West Midlands Transport Authority Levy	13,269	13,269	-	0.00%
Environment Agency Levy	78	67	(11)	-14.10%
Provision for Bad Debts	375	375	-	0.00%
Interest Payable	9,492	10,192	700	7.37%
Dividends Receivable	(619)	(442)	177	-28.59%
Interest Receivable	(64)	(59)	5	-7.81%
Birmingham Airport - Rent	(69)	(69)	-	0.00%
Contribution from Reserve (South Side)	(745)	(500)	245	-32.89%
Provision for the Redemption of Debt	13,900	12,160	(1,740)	-12.52%
Central Provision for Increased Pension Costs	583	-	(583)	-100.00%
Single Status inc. cost of Pay Protection	(3,850)	(3,850)	-	0.00%
Contribution to Efficiency Reserve	1,000	-	(1,000)	-100.00%
Cross-cutting Savings Proposals	(2,240)	(2,220)	20	-0.89%
Other Corporate Budgets	49	(34)	(83)	-169.39%
Underlying Issues in the Budget	(317)	1,600	1,917	-604.73%
<b>Corporate Total</b>	<b>30,842</b>	<b>30,489</b>	<b>(353)</b>	<b>-1.14%</b>

**4.5.2** Overall a net saving of £353,000 is projected for the year. The main factors contributing towards this net saving are outlined below:

- **Treasury Management** - There is forecast to be a saving of £1.7 million on the provision for the redemption of debt due to capital expenditure financed from borrowing in 2012/13 being lower than forecast. However, part of this saving has been offset by a forecast overspend of £659,000 on interest payable, due to forecast borrowing for capital expenditure during 2013/14 being higher than originally anticipated.
- **Superannuation Recovery Target** - The local government pension employer's contribution rate for 2013/14 is 19.1%, this comprises the following two elements:
  - i. 12.2% to fund pension costs relating to future service, as calculated by the Actuary.
  - ii. 6.9% to fund pension costs relating to past service. This element of the employer's rate was agreed with West Midlands Pension Fund as being sufficient to recover a fixed lump sum of £7.8 million during the year. The £7.8 million was calculated by the Actuary and is expressed as a fixed lump sum in recognition of the declining levels in pensionable pay upon which to base the recovery. Any minor under or over recovery will be incorporated into the calculations for the following year's recovery rate. This will be monitored closely during the year and any issues will be reported to Councillors.

**4.5.3** Work is currently on-going to identify controllable/non-controllable budget issues that have arisen historically. Early indications suggest that the potential magnitude of this issue may amount to £1.3 million. This will be reported in further detail in the next update to the Medium Term Financial Strategy.

## **5 Changes to Grant Funded Expenditure**

- 5.1** 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.
- 5.2** Approval is sought from the panel to establish expenditure headings within the 2013/14 approved budget as set out in the table below, and in accordance with each individual grant's terms and conditions. This will have no effect on the Council's net revenue budget.

**Table 8 – Grants**

<b>Grant</b>	<b>Description of Expenditure</b>	<b>Awarding Body</b>	<b>Expenditure 2013/14 £000</b>
<b>Community</b>			
Remand Grant	Costs of remand placements	Youth Justice Board	108
<b>Education and Enterprise</b>			
Esme Fairburn Collections Fund	Use of international partnerships to develop understanding and use of Museums pop art collection	Museums Association	67
<b>TOTAL</b>			<b>175</b>

## **6 Voluntary Redundancy Programme**

- 6.1** The Council has recently sought volunteers for redundancy/early retirement in order to identify new savings and where possible accelerate the proposals set out in the draft Medium Term Financial Strategy approved by Council on 6 November 2013.
- 6.2** Based on an assumption of 1,000 redundancy applications in 2013/14, the likely one-off cost to the Council will be £16.4 million. Although employee reductions at that level are unlikely to be achievable before March 2014, this assumption is being made for planning purposes in order to be prudent.
- 6.3** Initial discussions with West Midlands Pension Fund (WMPF) indicate that it should be possible to spread the cost of “pension fund strain” associated with redundancies over a number of years and, on 6 November 2013 Council approved the formal application to WMPF to spread the cost over a three year period. It is currently anticipated that the strain element of the cost will be approximately 40% (£6.0 million).
- 6.4** On 31 October 2013 a “capitalisation application” was submitted to Central Government to seek approval to capitalise any redundancy costs arising in 2013/14. Given the level of uncommitted General Fund Reserves at 1 April 2013, it is likely that the Council would only be able to capitalise redundancy costs in excess of £12 million, and even then it would only be possible to capitalise the statutory redundancy element. If the cost of the redundancy strain is spread over a number of years it is unlikely that the Council will receive a capitalisation direction from DCLG, so the final strategy to fund the cost of redundancy can only be agreed once all of the facts are available.
- 6.5** The Chancellor announced in the Autumn Statement that the Government will allow local authorities to sell assets and to use up to £200 million of receipts to fund one-off costs of reforming services. The methodology for obtaining approval has yet to be announced however the council is actively exploring how it can make use of this facility.

**6.6** All opportunities to fund these costs from capital receipts will be explored. However, at this stage it has been assumed that the balance (approximately £10.4 million) will have to be funded from general balances in 2013/14 and 2014/15.

## **7 Reserves and Balances**

**7.1** At the beginning of 2013/14 a balance of £15.9 million was held within the general fund balance.

**7.2** As part of the 2014/15 budget process all specific reserves have now been reviewed for relevance and adequacy, to determine which are no longer required (either in whole or in part) so that funds can be released to the General Fund. At the beginning of 2014/15, £44.1 million was held within specific reserves, excluding schools' general balances. As part of the draft Medium Term Financial Strategy for the five year period 2014/15 to 2018/19 considered by Council on 6 November 2013 the transfer of £7.155 million from available reserves into the general fund general reserve was approved. A full list of specific reserves is attached at Appendix D.

**7.3** Due to the current level of general balances Council on 6 November approved that, for the purposes of calculating the Council's provision for the redemption of debt in 2013/14, the value of variable E shall be minus £10.0 million. Variable E is a component of the formula to calculate the annual provision for the redemption of debt; this formula is set out in the Council's annual Minimum Revenue Provision (MRP) statement which is approved each year. As set out in that policy the value of variable E is an amount to be set by Cabinet (Resources) Panel, the total value of which taken across all past and current years shall never be lower than zero, based on a value of minus £10.0 million in 2013/14 the total value of variable E will be zero. The resulting £10 million one-off benefit to the general fund budget in 2013/14 should then be transferred into general balances.

**7.4** A special dividend of approximately £70.0 million is proposed to be paid by Birmingham Airport before 31 December 2013. The Council's share of this will be approximately £3.3 million. In order to support the Council's general fund and mitigate the risk of the council exhausting its reserves this has been treated as a direct contribution to reserves in table 9 below.

**7.5** The following table sets out the projected level of uncommitted general fund reserve at 1 April 2014:

**Table 9 – Projected Uncommitted General Fund Reserves at 31 March 2014**

	£000	£000
<b>Actual balance at 1 April 2013</b>		<b>(15,928)</b>
<b>Transfer from Specific Reserves</b>		
Budget Contingency Reserve	(1,948)	
Efficiency Reserve	(2,980)	
Southside Reserve	(1,000)	
Other Specific Reserves	(1,227)	(7,155)
<b>Transfer from Minimum Revenue Provision</b>		(10,000)
<b>Direct Contribution of Birmingham Airport Special Dividend</b>		(3,300)
<b>Use of Reserves in 2013/14</b>		
Budgeted use in 2013/14 Budget	3,716	
Quarter 2 Forecast Overspend	6,767	
Redundancy Programme	10,433	20,916
<b>Estimated balance at 1 April 2014</b>		<b>(15,467)</b>

## 7.6 Other Transfers to/from Earmarked Reserves

7.6.1 Approval is sought from this meeting for a number of other transfers to/from earmarked reserves, as set out in the following paragraphs.

Efficiency Reserve:

7.6.2 The 2014/15 draft budget and medium term financial strategy, which is currently being consulted upon, included a number of proposals to reduce expenditure by reviewing alternative delivery models for care services currently provided in-house. In order for this review to be as comprehensive as possible, Deloitte LLP have been appointed to carry out an options appraisal on the council's behalf. Deloitte's work is expected to make a significant contribution to the council's savings programme, and it is therefore recommended that their charges be funded by a transfer of £63,000 from the Efficiency Reserve.

7.6.3 The use of £100,000 for the services of an external provider, Capita, to design and deliver a bespoke leadership and management development programme. This has been detailed in a Green Decision Notice.

**7.6.4** The following table sets out the requests for approval from this meeting and the anticipated remaining balance at 31 March 2014 and 31 March 2015. It is important to note that plans are in place which will fully utilise this reserve over the medium term.

**Table 10 – Efficiency Reserve**

	<b>(Use of/ Addition to Reserve £000</b>	<b>Balance £000</b>
<b>Balance as at 1 April 2013</b>		<b>6,366</b>
<b><u>Previously approved</u></b>		
To establish two Consultant Social Workers and Backfill the Head of Looked after Children, in relation to the New Operating Model for Looked after Children.	(78)	
To fund commercial support to help develop proposals into a robust commercial development plan for Leisure Services.	(16)	
To establish a Transformation Programme Team in order to provide project / programme / business change management support for a range of essential transformational and savings plans within Community.	(292)	
To create a Council Temporary Staffing Agency, set up costs	(110)	
To create a Council Temporary Staffing Agency, contingency costs	(20)	
Invest 2 Save Proposals	(384)	
		(900)
Transfer to General Reserves		(2,980)
<b><u>Approval Sought from this Meeting</u></b>		
Leadership/Management Development Programme	(100)	
To fund review of alternative delivery models for care services currently provided in-house	(63)	
		(163)
<b>Forecast Balance as at 31 March 2014</b>		<b>2,323</b>
<b><u>Previously approved</u></b>		
Invest 2 Save Proposals	(864)	
		<b>(864)</b>
<b>Forecast Balance as at 31 March 2015</b>		<b>1,459</b>

## 8 General Fund Transformation Programme

- 8.1 The total savings target for 2013/14 is £17.5 million, which is the result of both reductions in mainstream funding and in specific grants when compared to 2012/13. Any issues with budgeted savings are reflected in the forecasts, and where these give rise to variations greater than £100,000 they are separately disclosed in Appendices A-C.
- 8.2 The table below provides a summary of the forecast position against budgeted savings at the end of September 2013.

**Table 11 – Forecast Outturn against Savings Targets**

Saving Area	Savings Targets	Actual Savings "Banked"	Estimated Savings with a High Level of Confidence	Savings Proposals not yet fully developed
	£000	£000	£000	£000
Community	8,528	5,548	1,950	1,030
Delivery	3,600	2,875	725	-
Education and Enterprise	2,011	666	822	523
Office of the Chief Executive	527	527	-	-
Corporate	2,901	362	2,539	-
<b>Total</b>	<b>17,567</b>	<b>9,978</b>	<b>6,036</b>	<b>1,553</b>

- 8.3 It is important to note that 'Estimated Savings with a High Level of Confidence' does not reflect an end of year forecast, merely those savings which at this point in the financial year are estimated with a high level of confidence. Work is in progress to develop proposals to deliver the remaining savings targets for the year: achieving the actions set out in paragraph 3.3 will be essential to achieving this.

## 9 General Fund Corporate Income

- 9.1 **Council Tax and Business Rates** – The collection of council tax and business rates is accounted for within the Collection Fund. Although this is separate to the General Fund, any surplus or deficit on the Collection Fund at the end of a financial year is shared between the precepting authorities, i.e. the Council, the fire authority and the police authority. The distribution of any balance for 2013/14 will take place in future financial years, so collection performance will ultimately have an impact on the Council's General Fund.
- 9.2 The amount due for council tax and business rates and the amount of income collected by the end of the second quarter of 2013/14 is summarised in the table below. The shortfall against target for business rates may be due to some businesses finding it more difficult to pay their business rates liability.



**Table 12 – Collection of Amounts Due (In-Year)**

	Amount Due	Amount Collected		Target Collection	2012/13 Collection
	£000	£000	%	%	%
Council Tax	83,782	42,846	51.14	52.49	51.55
Business Rates (NNDR)	75,876	41,617	54.85	55.54	56.53

Note – Amounts due are for the current year only and exclude arrears and summons costs and are net of all allowances, exemptions, rebates and reliefs granted by the end of the third quarter of 2012/13.

**9.3** Changes in the amount of arrears by the end of September 2013 are detailed below:

**Table 13 – Changes in Arrears**

	Arrears at 1 April 2013	Amount Collected during 2013/14	Changes in Amounts Due during 2012/13	Arrears at 30 September 2013
	£000	£000	£000	£000
Council Tax	8,535	1,795	(418)	6,322
Business Rates (NNDR)	5,965	230	(1,614)	4,121

**9.4** A comparison of total cash collected (excluding costs) by the end of the same period in the previous financial year is provided below:

**Table 14 – Total Cash Collected (excluding costs)**

	2012/13	2013/14	Increase	
	£000	£000	£000	%
Council Tax	42,728	44,514	1,786	+4.18
Business Rates (NNDR)	41,256	41,804	548	+1.33

**9.5** Every effort is made to collect all income due to the Council: however this is not always possible and despite all efforts some debts have to be written off. In accordance with the financial procedure rules Cabinet (Resources) Panel must approve any write offs in excess of £5,000.

- 9.6** During the previous quarter 40 such cases of business rates have been identified with a total value of £683,793 and require approval by this Panel for write off. Full details are provided at Appendix E. The reasons for the write offs are insolvency or where the debtor cannot be traced. Although the Assistant Director Finance has authority to write off any amount where the reason is insolvency, these details have been provided for completeness.
- 9.7** In addition, £248,710 of Council Tax debts and £36,397 of NNDR debts have been approved for write off by the Assistant Director Finance, Delivery during quarter two (made up of individual debts not exceeding £5,000).

## **10 General Fund Budget Monitoring - Risk Management**

- 10.1** The following table provides a summary of the risks associated with the 2013/14 budget and medium term financial strategy, using the corporate risk management methodology.
- 10.2** The six main areas of risk are summarised below along with the assessed level of risk:

**Table 15 – General Fund Budget Risks 2014/15 – 2018/19**

<b>Risk</b>	<b>Description</b>	<b>Level of Risk</b>
Financial and Budget Management	Risks that might materialise as a result of the impact of non-pay inflation and pay awards, employees vacancy factors, VAT rules, loss of ICTS facilities, treasury management activity and the impact of single status and budget management failure.	Amber
Transformation Programme	Risks that might materialise as a result of not identifying savings, not delivering the savings incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering savings and downsizing the workforce.	Red
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.	Red
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

<b>Risk</b>	<b>Description</b>	<b>Level of Risk</b>
Government Policy	Risks that might materialise as a result of changes to Government policy including changes in VAT and personal taxation rules.	Red

- 10.3** The overall risk associated with the General Fund budget is currently assessed as Red.
- 10.4** Details of the risk control measures that are in place in order to manage and mitigate the risks as far as possible have been published on the Council's Website and can be found via the following link <http://www.wolverhampton.gov.uk/budgetsavings>. These risks will be closely monitored and managed throughout the year and regular updates will be presented to Councillors as part of the established budget monitoring arrangements.
- 10.5** The Council is planning its budget amidst a high degree of uncertainty, which brings with it risks. As well as specific mitigating actions on individual issues, risks have been addressed in a number of different ways:
- The Assistant Director Finance will work closely with, and where necessary challenge, the Chief Executive, Strategic Directors, Assistant Directors, Heads of Finance and leading Councillors throughout the budget process in order that such risks are identified, understood and effectively managed;
  - The planning of the budget and service plans are designed to ensure that account can be taken of the need for proper planning of change and of the financial impact in later years of decisions taken now;
  - The process of planning the budget will afford the opportunity for services to identify emerging budget pressures, including those related to legislative requirements and demographic changes. Where necessary these will result in new investment, and
  - Account will be taken, in planning the budget for future years, of any issues which emerge as part of the process of monitoring the budget during 2013/14.

## **11 Revenue Budget Monitoring – Schools Budgets**

- 11.1** In spring 2012 the Government announced their plans to introduce a national funding formula for schools at some point in the next parliament. 2013/14 was the first transitional year towards the introduction of a national funding formula and the reform agenda dictated that local authorities use simpler funding formulae to allocate funding to schools. In addition to this there is a requirement for schools to fund more of the costs of additional support for Special Educational Needs pupils from their own delegated budgets. Schools settlements have again been subject to a Minimum Funding Guarantee (MFG) which will prevent any setting from losing more than 1.5% per pupil compared to 2012/13. For the first time it was possible to limit the amount schools were gaining under the new framework, locally schools gains were capped to 3% per pupil.

**11.2** As a result the current year will be a challenging one for schools as they begin to work to funding allocations determined by the new funding frame work and the increased expectation in respect of SEN pupils. Some of the local headline effects can be summarised as:

	2012/13	2013/14
Number schools at the minimum funding level	13	65
Number schools with funding increase capped	0	8
Number schools losing compared to 2012/13	20	37
Number of schools gaining	68	53

**11.3** For 2013/14 and 2014/15 schools funding will continue to be protected at “cash flat per pupil”, meaning that every local authority has received the same cash per pupil as it did in 2012/13 for pupils in mainstream schools whilst funding for our high needs pupils will be funded at the same cash sum. However in real terms, given current levels of inflation this represents a reduction in real terms for schools.

**11.4** In addition to the schools budget, funding continues to be available to schools in England through the Pupil Premium. In 2013/14 this will fund schools at £900 per eligible child an increase of £277 per pupil compared to 2012/13. Across the city this will equate to £11.6 million an increase of £3.6 million on 2012/13.

**11.5** Schools have the freedom to spend the Premium, which is in addition to the underlying schools budget; in a way that they think will best support raising attainment for the most vulnerable pupils.

**11.6** Funding for 16-19 provision, is channelled through The Education Funding Agency (EFA). The EFA have outlined Government plans to allocate over £7.5 billion to fund an increased number of places in with the raising of the participation age from September 2013. There will also be some transitional protection to assist schools and colleges experiencing substantial losses in funding. Locally it is expected that there will be a overall reduction in funding for the 2013/14 financial year compared to 2012/13.

**11.7** The maintained schools in the city started the 2013/14 financial year with balances of circa £17.5 million, with only five schools in a deficit position.

**11.8** Although schools have, to date, been largely protected from the cuts other public services have and continue to face, they and their governing bodies are mindful of the following pressures that they will face whilst working within the constraints of the “cash flat per pupil” increase for the next two years:

- General inflation for supplies and services - the latest Consumer Price Index (CPI) indicates an underlying increase of circa 2.7%
- New energy contracts for schools are likely to see significant increases, with energy costs representing a material element of schools’ non staffing expenditure.

- Full effect of Single status costs to be borne by schools in 2014. For many schools this is likely to be material in the long term)
- The large reduction in capital grants has meant that schools will need to make greater contributions to repair and maintenance costs from revenue resources.
- Potential future pay increases following the current public sector pay freeze.
- Building Schools for the Future (BSF) Programme – affordability and sustainability of the annual Facilities Management (FM)/Life-cycle and ICT Managed Services and PFI Unitary Charge Payment to schools' budgets.

**11.9** For 2013/14 the latest budget plans approved and submitted by governing bodies forecast the use of £5.6 million of reserves in the year, with balances of £11.8 million at the end of March 2014, as detailed in the table below:

**Table 16 – Forecast Use of Schools Balances 2013/14**

	Actual Balances at 1 April 2013 Surplus £000	Planned Use of Balances In 2013/14 £000	Forecast Balances at 31st March 2014 Surplus £000
Infant	734	(124)	610
Junior	485	(69)	416
Primary	9,990	(3,145)	6,845
Secondary	2,778	(851)	1,927
Special	2,680	(1,120)	1,560
Nursery	844	(331)	513
<b>Total</b>	<b>17,511</b>	<b>(5,640)</b>	<b>11,871</b>

**11.10** On 12 June 2013, the Secretary of State announced the final arrangements for the school funding reform for 2014/15. These are small changes to resolve some of the unintended issues caused by funding reform in 2013/14.

**11.11** A further update will be reported to Cabinet (Resources) Panel on schools plans and forecasts for 2012/13 to 2014/15 inclusive.

## **12 Financial Implications**

**12.1** The financial implications are discussed in the body of the report.  
[MH/10122013/M]

### **13 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. [JH/10122013/H]

### **14 Equality Implications**

**14.1** This report has no direct equalities implications. However, any consideration given to the use of reserves and/or balances could have direct or indirect equalities implications; these will need to be considered as and when sums are allocated from reserves and/or balances.

**14.2** In addition any future changes to the approach to collection of income due to the Council could have direct or indirect equalities implications, these will be considered as and when such changes are considered.

**14.3** It should also be noted that during 2013/14 job reductions have already been achieved as a result of redundancies due to the need to deliver significant savings during the year.

**14.4** The Council has a statutory duty to consult upon the impact of the way it carries out business on different groups of people. This is designed to help the council identify the particular needs of different groups and reduce the likelihood of discrimination, the nine relevant protected characteristics in this regard are:

- Age
- Disability
- Pregnancy and maternity
- Religion or belief
- Marriage and Civil Partnership
- Gender reassignment
- Sexual orientation
- Race
- Sex

**14.5** Any consideration given to the use of reserves and/or balances could have direct or indirect impacts on services and support provided to one or more of the above groups. Indeed, a number of the specific reserves held by the council support service delivery to a range of these groups directly.

**14.6** In the context of a particularly challenging short and medium term financial environment it is prudent to review the level of reserves together with their current allocation and determine how far those reserves and balances can be released for other purposes.

**14.7** It is important, however, that re-direction of resources as described in the above paragraph be preceded by an Equality Analysis in order to ensure that the council's statutory duties are complied with and any negative impact on specific groups is mitigated as far as practicable.

**14.8** In determining the budget for 2013/14 considerable focus was placed on the development of a Transformation Programme. Key elements of this programme have

been the subject of individual Equality Analyses and/or forms of statutory consultation with service users.

- 14.9** The Council is facing a particularly challenging short and medium term financial environment in which savings must be generated and a tight control on spending maintained. This requires that a greater focus than ever is maintained to ensure that core equality commitments are met. In determining the 2013/14 budget particular attention was given to the need to mitigate the adverse impact of savings proposals on individuals and communities in most need and who are protected by the Equality Act 2010. This will continue as the Transformation Programme is further progressed during the year. The budget also sought to advance equalities and foster good relations between protected groups.
- 14.10** In addition, it is important that any future changes to the approach to collection of income due to the council be preceded by an Equality Analysis in order to ensure that the council's statutory duties are complied with and any negative impact on specific groups is mitigated as far as practicable.

## **15 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 Background Papers**

Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, Report to Cabinet, 23 October 2013

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget £000	2013/14 Forecast Outturn £000	2013/14 Forecast Variance £000	Forecast Variance at Q1 £000	Reason for Variation
<b>Older People &amp; Personalisation</b>					
Directorate	207	177	(30)	(30)	
Assistant Director	215	204	(11)	(21)	
Carers Support	1,418	1,424	6	21	
Older People Assessment & Care Management	17,732	18,679	947	1,047	Care purchasing reduction trend mainly in domiciliary care.
Older People Provider Management	10,321	10,155	(166)	(186)	Savings due to early closure of Warstones RC
Welfare Rights & Financial Assessment	1,958	1,802	(156)	(96)	Savings accruing due to restructure of financial assessments function this will contribute to 2014/15 savings target
Workforce Development	992	708	(284)	(309)	Planning underway to align budget with Workforce development service strategy. Underspend will contribute to savings programme
Housing	1,835	1,827	(8)	(8)	
Adaptions Team & PTEC	436	430	(6)	24	
<b>Sub Total Older People &amp; Personalisation</b>	<b>37,116</b>	<b>37,377</b>	<b>261</b>	<b>603</b>	



## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
<b>Health, Wellbeing &amp; Disabilities</b>					
Assistant Director	159	140	(19)	(19)	
Children's Disabilities Commissioning	117	136	19	15	
Disabilities In-House Provision	10,921	10,339	(582)	(372)	Review of budget requirement for new day service (Eutria Way). Reduction to Agency Staff Costs.
Emergency Duty Team	13	5	(8)	21	
Housing Support & Social Inclusion	7,028	6,940	(88)	(114)	
Mental Health Care Management	5,404	5,391	(13)	(50)	
Short Breaks	604	643	39	(15)	
Children With Disabilities	907	1,040	133	85	Additional staffing costs as a result of forthcoming Ofsted inspection and Premises related costs, 2 new staff recruited October
Learning Disabilities Assessment & Care Management	19,324	19,997	673	706	Overall reduction as a result of confirmation of additional CHC funding
Physical Disabilities Assessment & Care Management	4,970	5,802	832	886	Overall reductions to domiciliary and day care costs
Disabilities Commissioning	1,281	1,281	-	(14)	
Families In Focus	200	200	-	-	
SEN	33	33	-	-	
<b>Sub Total Health, Wellbeing &amp; Disabilities</b>	<b>50,961</b>	<b>51,947</b>	<b>986</b>	<b>1,129</b>	

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
<b>Children, Young People and Families</b>					
Assistant Director	1,695	1,809	114	357	£157,000 savings as a result of overstated single status budget uplift. Non achievement of savings targets - £189,000 2010/11 former savings targets from the disaggregation of the Children & Young People Directorate, £62,000 non-achievement of 2013/14 EIG savings target
Children Centres	9,644	9,587	(57)	(88)	
Children in Need	7,386	7,464	78	1,154	Improvement on last periods forecast outturn of £1.1 million which is due to a non - recurring contribution transferred from EIG balances accrued from previous financial years, £313,000 agency expenditure, £202,000 Contact Contract, £251,000 Section 17, £288,000 legal fees all associated with increased caseloads and demands for services.
Children Commissioning	828	783	(45)	(55)	

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
Looked after Children	24,491	29,423	4,932	4,244	£192,000 underspend on staffing. Looked after Children continued increase in placements £5.5 million. £739,000 increased costs associated adoption and guardianship allowances partially offset by £534,000 underspend on fostering allowances. Additional external income from the CCG £424,000 and £274,000 from Special Education Needs budget to offset increased costs of Looked after Children.
Social Inclusion & Play	4,186	4,270	84	149	£173,000 staffing underspend. £70,000 premise related costs for MAST Centres. Non achievement of savings target £233,000.
Youth Offenders Team	1,432	1,232	(200)	(200)	Staffing underspend due to the vacant posts and a reduction in the number of agency and sessional staff used following the restructuring of the service.
<b>Sub Total Children, Young People and Families</b>	<b>49,662</b>	<b>54,568</b>	<b>4,906</b>	<b>5,561</b>	

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
<b>Safeguarding, Business Support &amp; Community Services</b>					
Assistant Director	143	135	(8)	(9)	
Sport & Leisure Trust	3,038	3,198	160	201	Non achievement of savings target relating to the Leisure Trust (£294,000), partly offset by one off additional income and reduction in expenditure.
Business Support	6,062	6,047	(15)	(36)	
Community Centres	1,367	1,272	(95)	(56)	Staffing underspend due to early transfer of Sports Development Team to Public Health (2014/15 savings proposal).
Community Initiatives	2,987	2,999	12	-	
Libraries	3,592	3,586	(6)	50	
Parks	582	584	2	27	
Safeguarding	2,212	2,154	(58)	(47)	
Youth	2,815	2,859	44	61	
<b>Sub Total Safeguarding, Business Support &amp; Community Services</b>	<b>22,798</b>	<b>22,834</b>	<b>36</b>	<b>191</b>	
<b>Savings to be Identified</b>	<b>(603)</b>	<b>223</b>	<b>826</b>	<b>539</b>	
<b>Total Community</b>	<b>159,934</b>	<b>166,949</b>	<b>7,015</b>	<b>8,023</b>	

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget £000	2013/14 Forecast Outturn £000	2013/14 Forecast Variance £000	Forecast Variance at Q1 £000	Reason for Variation
<b>Delivery Directorate</b>	<b>246</b>	<b>246</b>	<b>-</b>	<b>-</b>	
<b>Resources</b>					
Assistant Director (Resources)	131	-	(131)	(130)	There is a forecast underspend in 2013/14 due to the Assistant Director working on the Shared Services Transformation Programme.
			-		
<b>Financial Services</b>			-		
Assistant Director (Finance)	142	142	-	-	
Corporate Programmes	161	136	(25)	1	
Corporate Procurement	134	469	335	(19)	An overspend is anticipated due to reduced levels of income from retrospective discounts.
Strategic Financial Services	(148)	(247)	(99)	(20)	
Operational Finance	(153)	(115)	38	16	
Payroll Services	76	114	38	10	
Risk Management & Insurance	(46)	(46)	-	(2)	
Revenues & Benefits	4,557	4,557	-	(50)	
<b>Sub Total Financial Services</b>	<b>4,723</b>	<b>5,010</b>	<b>287</b>	<b>(64)</b>	
<b>Human Resources</b>	<b>-</b>	<b>(146)</b>	<b>(146)</b>	<b>-</b>	An underspend is anticipated due to vacant posts
<b>Audit Services</b>	<b>(8)</b>	<b>(74)</b>	<b>(66)</b>	<b>(15)</b>	
<b>ICTS</b>	<b>(2,640)</b>	<b>(2,650)</b>	<b>(10)</b>	<b>(70)</b>	

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
<b>Customer Services</b>	262	192	(70)	(11)	
<b>Corporate</b>					
Other Accounts	9,049	7,994	(1,055)	45	A significant element of the forecast underspend relates to Compensatory Added Years due to higher than anticipated turnover.
<b>Sub Total Corporate</b>	<b>9,049</b>	<b>7,994</b>	<b>(1,055)</b>	<b>45</b>	
<b>Governance</b>					
Chief Legal Officer				-	
Legal Services	(37)	(9)	28	113	
Local Land Charges	4	(29)	(33)	-	
Elections	697	443	(254)	(4)	There are no elections held in 2013/14 which results in a forecast underspend.
Democratic Services	460	513	53	-	
Members Expenses	3,614	3,573	(41)	(1)	
Mayoral	348	349	1	(2)	
<b>Sub Total Governance</b>	<b>5,086</b>	<b>4,840</b>	<b>(246)</b>	<b>106</b>	
<b>City Services</b>					
Assistant Director	145	148	3	(3)	
Health & Safety	299	291	(8)	2	
Emergency Planning	192	284	92	(14)	
Bereavement Services	(173)	(415)	(242)	(64)	Additional income is anticipated in 2013/14 in relation to cemeteries and crematoria.
Civic & Other Catering	11	2	(9)	(4)	

## Revenue Budget Monitoring Quarter Two – Delivery

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
Schools & Welfare Catering	(440)	(436)	4	(155)	
Civic Centre & Other Civic Buildings	(601)	(549)	52	42	
Facilities Management & Building Maintenance	236	297	61	(43)	
Cleaning of Buildings	52	52	-	(10)	
Property Design & Commissioning	(1,227)	(1,227)	-	38	
Multi Functional Devices	-	205	205	204	There is an agreement to centralise the budget provision for multi functional devices.
Fleet Services	(3,061)	(2,697)	364	75	An overspend is forecast due to increased costs of tyres and reduced external income.
Highways Maintenance	8,913	8,815	(98)	(410)	
Parking Services	(1,631)	(1,352)	279	145	An overspend is anticipated due to the forecast under achievement of income.
School Crossing Patrols	460	470	10	(26)	
Grounds Maintenance and Street Scene	6,484	6,400	(84)	43	
Landscape & Ecology	(32)	(19)	13	(6)	
Markets	(534)	(489)	45	(2)	
Public Conveniences	440	430	(10)	(13)	
Waste Services	14,273	14,268	(5)	(267)	
<b>Unachievable Savings</b>					
Wholly Owned Company	(500)	-	500	500	Work to develop a Wholly Owned Company/Joint Venture has now ceased. Therefore, additional income anticipated during 2013/14 as part of the Medium Term Financial Strategy will not be realised.

**Revenue Budget Monitoring Quarter Two – Delivery**

<b>Service</b>	<b>2013/14 Budget</b>	<b>2013/14 Forecast Outturn</b>	<b>2013/14 Forecast Variance</b>	<b>Forecast Variance at Q1</b>	<b>Reason for Variation</b>
Passenger Transport	(159)	-	159	1	The forecast overspend relates to efficiencies previously anticipated to be achieved through the development of the Wholly Owned Company.
Multifunctional Devices	(185)	-	185		
LACSEG	(184)	-	184		
<b>Sub Total City Services</b>	<b>22,778</b>	<b>24,478</b>	<b>1,700</b>	<b>33</b>	
<b>Total Delivery Directorate</b>	<b>39,627</b>	<b>39,890</b>	<b>263</b>	<b>(106)</b>	



## Revenue Budget Monitoring Quarter Two – Education and Enterprise

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
<b>Partnerships, Economy and Culture</b>					
Economic Partnerships and Investment	1365	1401	36	-	
Neighbourhood Services	1907	1892	(15)	-	
Partnerships Operations and Development	140	140	-	-	-
Community Safety	482	492	10	-	-
Entertainments and Events	1,762	1,679	(83)	-	
Culture, Arts and Heritage	2,326	2,171	(155)	-	The service has a number of vacant posts generating a saving; there is also a saving against the single status allocation for casual employees
<b>Sub Total Partnerships, Economy &amp; Culture</b>	<b>7,982</b>	<b>7,775</b>	<b>(207)</b>	<b>-</b>	
<b>Regeneration</b>					
Assistant Director	(224)	59	283	-	Previously unallocated savings held at this level have now been regularised by allocating the targets to specific areas of service. This variance is therefore offset by favourable variations across other Regeneration service areas
Transportation	2,481	2,398	(83)	-	
Physical Regeneration	(639)	(643)	(4)	-	
Housing	987	923	(64)	-	
Performance and Service Support	53	(53)	(106)	-	Projected underspend is mainly generated by vacant posts within this service area and small projected underspend on supplies and services

## Revenue Budget Monitoring Quarter Two – Education and Enterprise

Service	2013/14 Budget	2013/14 Forecast Outturn	2013/14 Forecast Variance	Forecast Variance at Q1	Reason for Variation
Planning	1970	1935	(35)	-	
Regulatory Services	4,035	3,867	(168)	-	Projected underspend is mainly generated by vacant posts within this service area
<b>Sub Total Regeneration</b>	<b>8,663</b>	<b>8,486</b>	<b>(177)</b>	-	
<b>Schools Skills and Learning</b>					
Assistant Director	1,693	1,712	19		
Equality and Enrichment	319	351	32	-	
Adult Education	160	121	(39)	-	
Skill Development	2,181	2,162	(19)	-	
School Organisation and Development	1,344	1,364	20	-	
School Intervention, Support and Challenge	1,379	1,350	(29)	-	
School and Pupil Services	7,703	7,795	92	-	
School Funding and Financial Planning	(399)	(366)	33	-	
Centrally Held Budgets	(164,245)	(164,245)	-	-	
Net Schools Budgets	156,918	156,918	-	-	
<b>Sub Total Schools Skills and Learning</b>	<b>7,053</b>	<b>7,162</b>	<b>109</b>	-	
<b>Total Education and Enterprise</b>	<b>23,698</b>	<b>23,423</b>	<b>(275)</b>	-	

## Specific Reserves

Specific Reserve	Description of Reserve	Balance	Available to	Planned Use	Balance
		1st April 2013	General Reserve	2013/14	
		£000	£000	£000	£000
<b>Community</b>					
Adult Services Market Plaza Reserve	Fund for payments associated with the movement of Market services from the Plaza.	89	89	-	-
Adult Services Residential & Nursing Reserve	Available as a contingency to meet expected cost increases in residential and nursing care.	1,041		1,041	-
Building Resilience Reserve - Community	- To continue activities under the Preventing Violent Extremism work stream.	34	34	-	-
Community Hubs	Available to support the development of Community Hubs.	242		220	22
HRA Homelessness	Available to support initiatives that work to prevent homelessness.	146		146	-
Leisure Centre Reserve	Set aside for the purchase of new equipment for the Leisure centres.	10	10	-	-
Mary Ellen Bequest - Oxley Training Centre Reserve	Bequest available for use at the Oxley Training Centre.	(4)		(4)	-
Social Inclusion IT Reserve	To procure and implement an electronic Common Assessment Framework (eCAF) IT system to enable practitioners to record and store assessments of children, young people and families.	50		50	-
Sport and Recreation Leisure Trust Reserve	This reserve was set up to support costs of establishing a Leisure Trust. The balance remaining in this reserve will be reviewed during 2013/14, following the cessation of negotiations on the Leisure Trust during 2012/13.	61	52	9	-
Third Sector Development	To fund activities that support the development of Voluntary and Community groups.	60	60	-	-
Troubled Families		100	100	-	(0)
Troubled Families Programme	To fund the Troubled Families Programme.	50		21	29
Voluntary Sector Employment Support	Support for local voluntary and community groups to deliver outcomes that help young people overcome barriers to their gaining employment.	64		64	-
Winter Pressures Reserve	PCT funding to support the seasonal winter pressures on social care costs.	80	80	-	-
Youth Café Reserve	For the development of the Youth Café.	264	14	80	170
Youth Offending IT Reserve	To fund the Youth Offending Team migration onto Childview - a new bespoke upgraded database.	50		50	-
					-
<b>Community Sub Total</b>		<b>2,337</b>	<b>439</b>	<b>1,677</b>	<b>221</b>

## Specific Reserves

Specific Reserve	Description of Reserve	Balance	Available to	Planned Use	Balance
		1st April 2013	General Reserve	2013/14	
		£000	£000	£000	£000
<b>Education and Enterprise</b>					
Apprenticeship Scheme Reserve	To support the apprenticeship scheme in 2013/14.	83		83	-
Art Gallery Touring Exhibitions Reserve	To support the costs of touring exhibitions.	9		5	4
Building Control Service Improvements	Prior to the Building Control Account reserve being established there was a legal requirement to have a Building Regulations Fees Reserve. The surplus is to be reinvested in the Building Control Service.	147		50	97
Building Schools for the Future Reserve (BSF)	Set aside for the BSF Programme.	580		580	-
Economic Development Reserve	Reserve to continue the momentum of business support in the city, with specific focus on assisting business relocations.	100		-	100
Leisure Funds and Bequests Reserve	Funds administered to support revenue expenditure against criteria defined by the bequest.	49		-	49
Mediation Service	The Mediation Service is self-funded through annual contributions which do not match the financial year in which expenditure is incurred. Earmarking the income already generated for the Mediation Service aids service planning.	28		28	-
Outdoor Events	Reserve was created to support outdoor events in Wolverhampton in summer 2012. This reserve will be reviewed in 2013/14 as no call upon funding was made during 2012/13.	11	11	-	-
Pupil Referral Units Reserve	Held in accordance with the Scheme of Delegation for Pupil Referral Units.	675		-	675
Regeneration Reserve	To fund projects in support of corporate regeneration priorities.	973	(1,502)	2,475	-
Southside Financing Reserve	To fund the estimated costs associated with the regeneration of the city centre.	3,982	2,502	1,480	-
School Service Level Agreements Reserve (SLA)	For schools' buy back of SLA services.	304		-	304
Schools Arts Service Reserve	Funds to support arts projects in schools.	61		-	61
Showell Road Travellers Site Reserve	For the refurbishment of an existing site and also the provision of a new site, an annual contribution is made from the revenue budget.	224		224	-
Showell Road Travellers Site - Residents Deposits Reserve	Deposits from new tenants of sites managed by the council. The deposits are refundable when tenants leave or they are used to offset arrears or to pay for any damage.	1		-	1
Surface Water Management Plan Reserve	To fund activities required to produce the management plan.	112	112	-	-
Voluntary Sector and Community Partnership Reserve	To support partnership activities approved by the Safer Wolverhampton Partnership and Wolverhampton Strategic Partnership.	150		150	-
Youth Zone	To fund the development of the Youth Zone.	285		-	285
<b>Education and Enterprise Sub Total</b>		<b>7,774</b>	<b>1,123</b>	<b>5,075</b>	<b>1,576</b>

### Specific Reserves

Specific Reserve	Description of Reserve	Balance	Available to	Planned Use	
		1st April 2013	General Reserve	2013/14	Balance
		£000	£000	£000	£000
<b><u>Office of the Chief Executive and Delivery</u></b>					
Bulbs and Shrubs - Cemeteries and Crematorium Reserve	Donations received from members of the public for five additional planting schemes within the city.	4		-	4
Cemeteries and Crematorium Reserve	To fund the replacement and repair of memorials.	147		53	94
Cemeteries Surplus Reserve	To fund improvements to cemeteries and crematorium which would otherwise be funded via the capital programme.	57		22	35
Corporate Advertising Reserve	Funding for the promotion and advertising of the city.	82		82	-
Crematorium Environmental Reserve	Balance of environmental levy suggested by the Federation of Burial and Cremations Authority to part fund installation of mercury abatement equipment at Bushbury Crematorium.	2		-	2
Energy Efficiency Reserve	To fund major repairs and/or refurbishment to supplement capital budgets targeted at energy efficiency measures.	325		150	175
Feasibility Study Civic Centre Car Park Reserve	To fund a feasibility study into the condition of the Civic Centre car park.	50	50	-	-
Furniture Reserve	To fund projects identified by the accelerated asset review where spatial reorganisation of working areas can deliver efficiency savings.	105		-	105
Insurance Reserve	To fund the council's self insurance commitments for unknown insurance claims. The movement during the year reflects the in-year surplus of contributions in excess of insurance-related costs.	4,067		-	4,067
Markets Reserve	To meet the costs of wholesale market maintenance.	54		-	54
<b>OCE and Delivery Sub Total</b>		<b>4,893</b>	<b>50</b>	<b>307</b>	<b>4,536</b>

## Specific Reserves

Specific Reserve	Description of Reserve	Balance	Available to	Planned Use	Balance
		1st April 2013	General Reserve	2013/14	
		£000	£000	£000	£000
<b>Corporate</b>					
Budget Contingency Reserve	Available to address in-year budget pressures that cannot be addressed from within existing service budgets.	3,000	1,948	-	1,052
Efficiency Reserve	Established to allow pump priming and investment in new developments, where the main aim is to generate efficiencies and savings in the future as supported by a fully costed business case. These business cases are considered by the Strategic Executive Board and decisions are reported to Councillors as part of the quarterly financial monitoring and reporting arrangements.	6,367	2,980	1,063	2,324
Fuel Tank Reserve	To update and future proof the existing fuel management system which will involve the replacement of out-dated and worn out hardware and software.	32		32	-
Funds and Bequests Reserve	Trust funds administered by the authority with specific criteria for allocation.	24		-	24
Jennie Lee Centre Disposal Reserve	Created to fund the disposal and relocation costs resulting from the disposal of the Jennie Lee Centre.	357		200	157
Job Evaluation Reserve	To assist with the funding of the implementation of new pay scales arising from job evaluation.	7,340		-	7,340
Local Strategic Partnership Reserve	The council's unspent share of LPSA reward grant received in 2010/11, the use of this funding is managed by the Wolverhampton Partnership.	325		-	325
Professional Support and Advice Reserve	For professional services and advice, e.g. financial, legal, technical etc. where there is insufficient funding available within existing service budgets.	490	365	125	-
Revenue Grants Unapplied (IFRS) Reserve	Established in accordance with the principles of IFRS in relation to the recognition of grants and contributions in the council's accounts. Approvals for the use of actual grants are made during the year according to the council's constitution.	4,285		-	4,285
FutureWorks Reserve	This amount has been set aside to part fund costs arising from the council's FutureWorks Programme.	6,591		4,200	2,391
Systems Thinking and Lean Interventions	Established to fund Systems Thinking interventions across the council	250	250	-	-
					-
<b>Corporate Sub Total</b>		<b>29,061</b>	<b>5,543</b>	<b>5,620</b>	<b>17,898</b>
<b>TOTAL RESERVES</b>		<b>44,065</b>	<b>7,155</b>	<b>12,679</b>	<b>24,231</b>

### General Fund Revenue Budget Monitoring: Corporate Income Business Rates Write-offs Exceeding £5,000

Account	Reason	Date written off	Amount of write off £
<b>Business Rates</b>			
5058130	Insolvency	03/06/2013	£41,209.39
5059229	Insolvency	03/06/2013	£60,870.17
5059606	Insolvency	03/06/2013	£45,692.32
5100197	Insolvency	03/06/2013	£43,423.58
5101243	Insolvency	03/06/2013	£31,895.70
5106475	Insolvency	03/06/2013	£6,868.75
5107023	Ceased To Trade - No Assets	03/06/2013	£24,407.21
5058757	Insolvency	07/06/2013	£9,471.48
5101372	Uncollectable	07/06/2013	£35,598.28
5103476	Uneconomic to collect	12/06/2013	£12,018.70
5102057	Insolvency	18/06/2013	£26,051.11
5106439	Insolvency	02/07/2013	£11,811.04
5054927	Uncollectable	19/07/2013	£6,512.88
5102604	No Trace	24/07/2013	£5,011.47
5105914	No Trace	24/07/2013	£6,120.57
5105824	Bankruptcy	26/07/2013	£26,036.55
5055973	Insolvency	01/08/2013	£7,920.43
5106403	No Trace	13/08/2013	£5,362.38
5105103	No Trace	14/08/2013	£10,278.25
5105257	No Trace	14/08/2013	£11,061.95
5105375	No Trace	14/08/2013	£6,485.36
5105603	No Trace	14/08/2013	£7,391.37
5103588	Insolvency	16/08/2013	£16,584.36
5105608	Insolvency	16/08/2013	£12,919.87
5107836	Insolvency	27/08/2013	£5,833.92
5100895	Insolvency	05/09/2013	£5,965.94
5101699	Insolvency	05/09/2013	£88,563.97
5102542	Insolvency	05/09/2013	£6,998.21
5103135	Insolvency	05/09/2013	£8,786.41
5103426	No Trace	05/09/2013	£9,113.45
5057419	Ceased To Trade - No Assets	23/09/2013	£6,418.24
5058509	Ceased To Trade - No Assets	23/09/2013	£7,121.60
5100715	Insolvency	23/09/2013	£5,782.99
5106008	Insolvency	23/09/2013	£14,914.54
5106064	Ceased To Trade - No Assets	23/09/2013	£9,074.68
5053713	Insolvency	26/09/2013	£9,256.56
5102828	Rate Payer deceased	26/09/2013	£9,254.81
5102839	Rate Payer deceased	26/09/2013	£9,477.62
5103416	Insolvency	26/09/2013	£9,890.38
5106082	Insolvency	26/09/2013	£6,336.94
			<b>£683,793.43</b>

## List Of Virements For Which Approval Is Sought

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
Community	Assistant Director for CYP&F	Community	Children in Need	140	Re-allocation of budget to cover agency staff expenditure.
Community	Assistant Director for CYP&F	Community	Assistant Director for CYP&F	660	Transfer of Savings Target budget
Community	Childrens Commissioning	Community	Assistant Director for CYP&F	50	EIG Savings for Positive Activities
Community	Childrens Commissioning	Community	Assistant Director for CYP&F	315	EIG Savings for Positive Activities
Community	Looked after Children	Community	Looked after Children	53	Care Matters Controllable Savings
Community	Looked after Children	Community	Looked after Children	60	Use Adoption Reform Grant for purchase of spot assessments
Community	Looked after Children	Community	Looked after Children	60	Use Adoption Reform Grant for CareFirst consultant fees
Community	Looked after Children	Community	Looked after Children	75	Use Adoption Reform Grant towards savings/overspends
Community	Looked after Children	Community	Looked after Children	50	Use Adoption Reform Grant for Adoption Twinning Partnership
Community	Looked after Children	Community	Looked after Children	52	Use Adoption Reform Grant for agency Social Worker
Community	Looked after Children	Community	Looked after Children	459	Use Adoption Reform Grant to purchase interagency adoption placements
Community	Looked after Children	Community	Looked after Children	108	Use YJB Remand Grant to fund remand costs
Community	Assistant Director for Leisure	Community	Business Support	(318)	Re-alignment of savings target and staff turnover budget
Community	Business Support	Community	Adults Care Services	684	Transfer of Adult Assessment and Billing budgets to Adult Social Care
Community	Business Support	Community	Adult Care Service	703	Transfer of Meals Services to Adult Social Care
E&E	SSL - Recharges	Community	Looked after Children	238	Removal of Recharges
E&E	SSL - Recharges	Community	Social Inclusion and Play Service	2,767	Removal of Recharges and establishment of DSG Income
E&E	Early Years	Community	Early Years and Children's Centres	3,285	Transfer of Early Years Service
Community	Looked after Children	Community	Assistant Director for CYP&F	(132)	Transfer surplus single status budget.
Community	Children in Need	Community	Assistant Director for CYP&F	(168)	Transfer surplus single status budget.
Community	Children with Disability Commissioning	Community	Looked after Children	550	Transfer CAMHS Budget
Community	Children in Need	Community	Adult Social Care	(215)	Transfer EDT Recharge
Community	Assistant Director for Leisure	Community	Business Support	(318)	Re-alignment of savings target and staff turnover budget
Community	Parks Strategy	Delivery	Parks Street Cleansing	108	Transfer of R&M Budget to Parks Delivery
Community	Housing Support	Community	Community Initiatives	88	Contribution to savings target
Community	Older People In House Provision	Community	Older People In House Provision	400	Transfer of Savings Target budget



This report is PUBLIC [NOT PROTECTIVELY MARKED]  
**List Of Virements For Which Approval Is Sought**

**Appendix F**

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
Community	Learning Disabilities In House Provision	Community	Learning Disabilities In House Provision	150	Transfer of Savings Target budget
E&E	SEN	Community	SEN	(1,595)	Transfer of DSG Funding
Community	Leisure Services	Community	Leisure Services	50	Transfer of Savings Target budget
E & E	School & Pupil Services	Delivery	Facilities	131	Transfer of Jenny Lee Centre net budget to off set costs of Parkfields
Delivery	Grounds Maintenance	Delivery	Grounds Maintenance	85	Reallocation of savings to relevant budgets