

CITY OF WOLVERHAMPTON COUNCIL	Cabinet Wednesday, 16 June 2021
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Dear Councillor

CABINET - WEDNESDAY, 16TH JUNE, 2021

I am now able to enclose, for consideration at next Wednesday, 16th June, 2021 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No Item

- 5 **Budget Outturn 2020-2021 (Pages 3 - 72)**
[To report on the Council's revenue outturn position for 2020-2021 compared with approved budgets and targets]

- 6 **Reserves, Provisions and Balances 2020-2021 (Pages 73 - 110)**
[To report on the Council's resources currently held as earmarked reserves, provisions and general balances as at 31 March 2021, taking account of the outturn position for 2020-2021]

If you have any queries about this meeting, please contact the democratic support team:

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet 16 June 2021
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Report title	Budget Outturn 2020-2021	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee(s)	Claire Nye	Director of Finance
	Tel	01902 550478
	Email	Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	20 May 2021

Recommendations for decision:

Cabinet is recommended to:

1. Approve the write-off of; three non-domestic rates totalling £40,561.68 and three sundry debts totalling £24,289.91 as detailed in Appendices 4 and 5 respectively.
2. Approve six virements totalling £39.3 million, for transfer within directorates, as detailed in Appendix 6.

Recommendations for noting:

The Cabinet is asked to note:

1. The Council has once again managed its money well and delivered within budget - despite hugely challenging circumstances. Overall, the revenue outturn position for 2020-2021 is a net contribution to the General Fund balance of £651,000, after meeting

the net cost of redundancy and pension strain and contributions to essential earmarked reserves.

2. That the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £11.9 million, compared to a budgeted surplus of £10.8 million.
3. That the capital programme has achieved an outturn position of £72.7 million for the General Fund and £46.8 million for the Housing Revenue Account (HRA). A summary of the outturn is detailed in section 10. A full detailed report on the Capital Outturn 2020-2021 including Quarter One Capital Monitoring 2021-2022 will be reported to Cabinet on 7 July 2021.
4. That 28 non-domestic rates accounts totalling £172,842.85 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 807 council tax accounts totalling £166,958.14 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 48 sundry debt accounts totalling £28,170.43 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That 15 housing benefit debt accounts totalling £5,769.48 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the Council's outturn position for 2020-2021 compared with approved budgets and targets.

2.0 Executive Summary

- 2.1 On 4 March 2020, the Council approved the net budget requirement for 2020-2021 of £248.2 million for General Fund services. This report details the outturn position against this net budget requirement.
- 2.2 It is important to note that the 2020-2021 budget was prepared in advance of the start of the Covid-19 pandemic and, at the time of reporting to Council in March 2020, the full impact of the pandemic was not anticipated. Clearly, the impact on both council finances and its operating environment could not have been foreseen. What is now clear, however, is that the pandemic has significantly distorted the council's financial position and that there will be a 'covid cost' beyond the short-medium term.
- 2.3 The Council has responded to the unprecedented impact of the Covid-19 global pandemic. This has meant refocusing the efforts of the organisation on supporting those in the city that need us most – especially the most vulnerable, supporting our NHS colleagues, helping struggling city businesses to survive and adapt to the constantly changing operating restrictions, supporting our schools and young people and maintaining core, essential council services.
- 2.4 Despite all of this uncertainty and 'distortion', the Council has once again managed its money well and delivered within budget. Overall, the General Fund, after the cost of redundancy and pension strain and contributions to essential earmarked reserves, is a net balance to be contributed to the General Fund balance of £651,000.
- 2.5 The City of Wolverhampton Council has built up a strong track record over many years of managing its finances well. Our approach to strategic financial management, to aligning budget to service priorities and improving services and investing in transformation priorities, continues to put us in a strong financial position. Despite significant budget pressures as a result of Government grant funding reductions, the Council has maintained good services and continues to be a high performing organisation.
- 2.6 We prudently plan, maintain our reserves and consistently deliver a balanced budget. That's despite significant financial challenges and budget reductions in excess of £235 million over the last ten financial years.
- 2.7 The Covid-19 pandemic has significantly distorted the Council's financial position and medium-term financial strategy (MTFS). Whilst the Government has made good on its commitment to fund councils to "to do whatever it takes" to address the emergency, the economy and social effects of the pandemic will be felt for years to come. We have no information from Government as to how they will fund councils to be able to manage this.

- 2.8 In the short-term, the distortion of Covid-19 has meant we haven't had to draw on certain reserves in 2020-2021, which will help us in 2021-2022.
- 2.9 Recovering from the pandemic will mean the Council will need to invest, on a huge scale, in our city and its people - to help them recover and thrive. Investment is needed in supporting vulnerable residents and struggling families; in opportunities for our children and young people; in job and employment opportunities for our young adults hit disproportionately by unemployment; in support for city businesses; in closing the digital divide and in the big switch to a greener economy. Our prudent financial management to date will enable us to move forward with this short-term targeted investment.
- 2.10 On 3 March 2021, the Council reported that it is faced with finding further projected budget reductions estimated at £25.4 million in 2022-2023, rising to £29.6 million over the period to 2023-2024, when taking into account the impact of the pandemic
- 2.11 In the Reserves, Provisions and Balances 2020-2021 report to be considered at this meeting it will be seen that the overall total of general and earmarked reserves, for which the Council has flexibility to allocate, has been prudently maintained.
- 2.12 The Reserves, Provisions and Balances 2020-2021 report will provide detail on the movements on all reserves.
- 2.13 Schools remaining in control of the local authority have contributed a net £6.9 million reserves during 2020-2021 after adjusting for balances attributable to academies, taking the total accumulated reserves to £13.2 million at 31 March 2021. This is set out against schools' projection of balances of £5.6 million at the end of 2020-2021. The Director of Children's Services and Finance will continue to challenge those schools who hold significant surplus balances and those with deficits, aiming to gain an understanding of plans in place and whether they are appropriate.
- 2.14 The Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £11.9 million, compared to a budgeted surplus of £10.8 million. The in-year surplus is used to provide for redemption of debt.
- 2.15 The Capital Programme has achieved an outturn position of £72.7 million for the General Fund and £46.8 million for the HRA. A summary of the outturn position is detailed in section 10. A full detailed report on the Capital Outturn 2020-2021 including Quarter One Capital Monitoring 2021-2022 will be reported to Cabinet on 7 July 2021.
- 2.16 The Director of Finance has approved the write off of 898 debt accounts totalling £373,740.90 in value.

3.0 Revenue Budget Outturn – General Fund Summary

- 3.1 An analysis of the Council's outturn position against General Fund revenue budgets for 2020-2021 is detailed in the table below. Further detailed analysis for each Division can be found in Appendix 1.

Table 1 – 2020-2021 Revenue Budget Outturn Summary

	Net Controllable Budget 2020-2021	Net Controllable Outturn 2020-2021	Projected Variation	
	£000	£000	Over/(Under)	
			£000	%
Adult Services	68,204	69,212	1,008	1.48%
Children's Services and Education	53,546	50,249	(3,297)	(6.16%)
Public Health and Wellbeing	957	937	(20)	(2.09%)
City Environment	28,964	28,081	(883)	(3.05%)
City Assets and Housing	9,678	9,286	(392)	(4.05%)
Regeneration	6,229	6,013	(216)	(3.47%)
Finance	13,927	13,508	(419)	(3.01%)
Governance	9,824	9,297	(527)	(5.36%)
Strategy	8,552	6,984	(1,568)	(18.33%)
Chief Executive	184	184	-	-
Communications and External Relations	966	856	(110)	(11.39%)
Deputy Chief Executive	450	392	(58)	(12.89%)
Corporate Budgets	46,742	47,166	424	0.91%
Transfer to reserve to support Future Years Budget Strategy	-	5,114	5,114	-
Net Budget Requirement	248,223	247,279	(944)	(0.38%)
Council Tax (including Adult Social Care Precept)	(108,843)	(108,843)	-	-
Enterprise Zone Business Rates	(2,700)	(2,232)	468	17.3%
Top Up Grant	(26,578)	(26,578)	-	-
Business Rates (net of WMCA growth payment and Collection Fund deficit)	(73,769)	(73,775)	(6)	-
New Homes Bonus	(1,614)	(1,614)	-	-
Section 31 Grant - Business Rates Support	(11,703)	(11,867)	(164)	(1.40%)
Improved Better Care Fund	(14,323)	(14,328)	(5)	-
			-	-
Social Care Grant (Children's and Adults)	(8,693)	(8,693)		
Total Resources	(248,223)	(247,930)	293	0.12%
Net Budget (Surplus) / Deficit	-	(651)	(651)	

General Fund Revenue Budget Outturn: Service Analysis

Adult Services

- 4.1 A summary of the 2020-2021 outturn against Adult Services net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 2 – 2020-2021 Revenue Budget Outturn – Adult Services

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Adult Services	68,204	69,212	1,008	1.48%

- 4.2 Overall there is a net overspend of £1.0 million (1.48%) within Adult Services. Whilst there continues to be an increase in demand for packages for under-65's care, there have been an in-year reduction in the demand for over 65 care packages. In part, this is due to the fact that certain cohort, including those discharged from hospital, have been directed through health funded pathways. This is unlikely to be the case in 2021-2022. There has also been a reduction in demand for long term residential and nursing care due to the effects of Covid-19, and at this stage there is a great deal of uncertainty over the medium term effects of the pandemic. Work is being undertaken to understand the demand across Adult Services, especially in light of the pandemic. It is proposed that funds from across Adult Social Care and Corporate Budgets are contributed to the Adult Social Care reserve to support the service transformation. Over the next two years Adult Services Transformation Programme will be refreshed and will prioritise a number of key projects. In the first 12 months this will include a redesign of the operating model, associated structures and review of the practice model to ensure services have sufficient resources to meet the needs of our residents. Further work will be undertaken to analyse projected demand for Adult Social Care, and through working in partnership with health and care providers, create a health and social care market that meets need and is of high quality. The main factors contributing towards this overspend are:

1. An overspend within Learning Disabilities Care Purchasing totalling £1.4 million as a result of additional demand for care packages. A project-managed programme to manage future demand in this area has been set up and is being overseen by the Transforming Adult Social Care Programme Board.
2. An overspend within Mental Health Assessment and Care Management and Physical Disabilities Care Purchasing totalling £680,000 and £132,000 due to additional demand for care packages.

These overspends are partially offset by underspends achieved in the following services:

3. An underspend within the Adult Safeguarding service totalling £341,000, in part due to the delay in the introduction of a new Deprivation of Liberty Safeguards legislation (Liberty Protection Safeguards), which will require the forecast staffing costs to be meet the new statutory duties required of the local authority, when it comes in in 2022. Additionally, the reduction in the number of face to face visits during the pandemic has significantly reduced the use of advocacy services.
4. An underspend within Community Financial Support totalling £144,000 mainly as a result of one-off unfilled staffing vacancies and additional income. Vacancies have now been filled.
5. An underspend within the Independent Living Service totalling £212,000 mainly as a result of one-off staffing vacancies, additional income and fewer minor adaptations completed during the pandemic.
6. An underspend within the Quality Assurance and Polices service totalling £135,000 due to one-off unfilled staffing vacancies which have now been filled.
7. An underspend within Commissioning totalling £127,000 due to unfilled staffing vacancies held pending a restructure of the business area.

Children's Services and Education

- 4.3 A summary of the 2020-2021 outturn against the Children's Services and Education net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 3 – 2020-2021 Revenue Budget Outturn – Children's Services and Education

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Children's Services and Education	53,546	50,249	(3,297)	(6.16%)

- 4.4 Overall a net underspend of £3.3 million (-6.16%) was achieved against Children's Services and Education. This position is due to strong financial management and work is ongoing to identify ongoing savings. Work is also underway to model the longer-term financial effects of the pandemic on this service. Children's Services have been on a significant transformation journey over the last five years, overseen by the Transforming

Children's Services programme. During this time a number of programmes and projects have been delivered that have achieved significant and positive changes for children and young people living and learning in Wolverhampton. Successes have included more efficient and effective processes and systems, improvements to the quality of practice of front-line work, efficiencies leading to savings or cost avoidance and ultimately improved outcomes for our most vulnerable children and young people. The continued underspend across Children's Services is a direct impact of this transformation work, whilst ensuring the right support is offered to children and families at the right time. The main factors contributing towards this underspend are:

1. An underspend against Children and Young People in Care totalling £1.1 million, which has been achieved as a result of reductions against placement budgets as a result of robust oversight and management of demand across the service.
2. An underspend against Safeguarding totalling £135,000 mainly as a result of staff vacancies and in year reduction in other staffing costs associated with remote working.
3. An underspend against the Strengthening Families service totalling £1.5 million as a result of one-off staffing vacancies partially offset by agency costs. A review of the support offer from Strengthening Families Hubs has been undertaken and as a result vacancies are currently being filled. Additional one-off underspends relating to Section 17, service user costs such as outings and activities and No Recourse to Public Funds associated with lockdown restrictions. Budget efficiencies against this service have been built into the MTFS for this service in 2021-2022.
4. An underspend against the Youth Offending service totalling £157,000 as a result of one-off in year staffing vacancies.
5. An underspend against Commissioning totalling £127,000 as a result of one-off staffing vacancies held pending a restructure of the business area.
6. An underspend against School Improvement totalling £142,000 due to one-off in year staffing vacancies.

Public Health and Wellbeing

- 4.5 A summary of the 2020-2021 outturn against the Public Health and Wellbeing net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 4 – 2020-2021 Revenue Budget Outturn – Public Health and Wellbeing

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Public Health & Wellbeing	957	937	(20)	(2.09%)

- 4.6 Overall the net underspend of £20,000 (-2.09%) has been achieved against Public Health and Wellbeing. The income received for WV Active has been significantly reduced in 2020-2021 as centres have been unable to open and the re-opening phased in line with Government guidelines. This loss of income has been funded from Covid-19 general grants.

Regeneration

- 4.7 A summary of the 2020-2021 outturn against the Regeneration net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 5 – 2020-2021 Revenue Budget Outturn – Regeneration

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Regeneration	6,229	6,013	(216)	(3.47%)

- 4.8 Overall a net underspend of £216,000 (-3.47%) has been achieved against Regeneration Services. The main factors contributing towards this underspend are:
1. An underspend against the Local Economy service totalling £356,000 as a result of one-off staffing vacancies. A senior post has now been recruited to, and the remaining vacancies will be recruited throughout 2021-2022.
 2. An underspend against the Visitor Economy service totalling £325,000 which reflects the early achievement of an efficiency target built into the 2021-2022 budget. The underspend also represents in year efficiencies against general expenditure budgets including repairs and maintenance, and marketing.

- An underspend within Skills service totalling £130,000, due to a senior vacancy within the service for the duration of financial year 2020-2021. This post has now been recruited to for the financial year 2021-2022.

These underspends are partially offset by overspends within the following service:

- An overspend against City Development totalling £494,000 which has been realised due to a conscious decision not to drawdown from reserves as a consequence of the underspends realised elsewhere within the Regeneration directorate.

City Assets and Housing

- A summary of the 2020-2021 outturn against the City Assets and Housing net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 6 – 2020-2021 Revenue Budget Outturn – City Assets and Housing

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
City Assets and Housing	9,678	9,286	(392)	(4.05%)

- Overall a net underspend of £392,000 (-4.05%) has been achieved against City Assets and Housing. The main factors contributing towards this underspend are:
 - An underspend within Cleaning services totalling £259,000 which reflects additional income generated as previously projected.
 - An underspend within Corporate Asset Management totalling £150,000 reflecting efficiencies generated from the ongoing asset rationalisation and proactive management of business rates costs, particularly those relating to disposals and eligible exemptions as previously projected. Due to underspends across City Assets, a transfer to reserve is proposed to fund future asset development and transformation work supporting the Our Assets programme. It should be noted that whilst City Assets benefit from reduced costs as a result of the proactive management of business rates, this will also impact on the level of income collected corporately due to the Councils 99% retention of all business rates collected.

These underspends are partially offset by net overspends within the following service:

3. An overspend within the Estates and Valuation service totalling £103,000 reflects reduced income relating to ground leases and vacant commercial rental units as previously projected.

City Environment

- 4.11 A summary of the 2020-2021 outturn against the City Environment net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 7 – 2020-2021 Revenue Budget Outturn – City Environment

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
City Environment	28,964	28,081	(883)	(3.05%)

- 4.12 Overall a net underspend £883,000 (-3.05%) has been achieved against City Environment. The main factors contributing towards this underspend are:
1. An underspend within Environmental Services totalling £418,000 mainly due to one-off staff vacancies, reduction in costs for materials, waste charges and ground maintenance. A recruitment campaign is currently ongoing and near completion.
 2. An underspend within Fleet Services totalling £382,000 mainly due to one-off staff vacancies, efficiencies across vehicle hire charges and related costs and additional income.
 3. An underspend within Operation & Maintenance of Existing Networks totalling £443,000 mainly due to staff vacancies held pending a restructure and additional income from permitting.
 4. An underspend within Street Lighting totalling £245,000 mainly due to efficiencies across maintenance of street lighting and signage. This has been offset in part by an increase in energy costs.
 5. An underspend within Public Protection totalling £234,000 mainly due to staff vacancies being held vacant pending a restructure and a reduction in contracted services. This has been offset in part by a reduction in income.

These underspends are partially offset by net overspends within the following services:

6. An overspend within Coroners Service totalling £177,000 mainly due to demand on pathology costs.
7. An overspend within Highways Maintenance totalling £359,000 against winter maintenance, offset in part by an underspend on patching budgets.
8. An overspend within Markets totalling £261,000 mainly due to additional security costs, skip hire and repair and maintenance costs. The 2021-2022 budget has been adjusted to reflect the additional ongoing security costs.

Finance

- 4.13 A summary of the 2020-2021 outturn against the Finance net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 8 – 2020-2021 Revenue Budget Outturn – Finance

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Finance	13,927	13,508	(419)	(3.01%)

- 4.14 Overall a net underspend of £419,000 (-3.01%) has been achieved within Finance. The main factors contributing towards this underspend are as a result of:
1. An underspend within Audit Services totalling £133,000 as a result of unfilled staff vacancies held across Audit and Insurance Teams. Two posts have been transferred over into two new apprenticeship posts, which have recently been recruited to. One employee is currently on secondment. In the short term work has been re-assessed and re-arranged, with the focus on Covid related and high risk areas, until these posts are filled. Audit Committee has been provided with regular updates on the internal audit workplan.
 2. An underspend within Central Corporate Budgets totalling £618,000 due to significant reductions in enhanced pension costs and bank charges, combined with other underspends against a range of corporate budgets. The 2021-2022 budget incorporates savings to recognise these on-going efficiencies.
 3. An underspend within Revenues and Benefits totalling £240,000 due to budget efficiencies across the service including printing and postage costs.

4. An underspend within The Hub totalling £302,000 as a result of unfilled staff vacancies held across Payroll Services and the Banking and Payments Teams due to being unsuccessful in recruiting to vacancies in the last year. Recruitment to vacant positions is now being prioritised with a view to bringing the team up to capacity in 2021-2022.

The underspends are partially offset by an overspend within the following service:

5. An overspend within Housing Benefits and Payment Subsidy totalling £887,000 as a result of increased demand for homelessness provision. Growth has been included in the 2021-2022 budget to take account of this cost pressure.

Governance

- 4.15 A summary of the 2020-2021 outturn against the Governance net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 9 – 2020-2021 Revenue Budget Outturn – Governance

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Governance	9,824	9,297	(527)	(5.36%)

- 4.16 Overall a net underspend of £527,000 (-5.36%) has been achieved during the year for Governance. The main factors contributing towards this underspend are:
 1. An underspend within Legal Services totalling £245,000 due to external income being significantly more than predicted. It is proposed that these greater levels of income will be used to fund additional resource to ensure the Council delivers on the Fairness and Inclusion agenda, including additional project management on a number of matters including Rainbow City.
 2. An underspend within Governance Services totalling £183,000 due to additional income and budget efficiencies across a number of areas.

Strategy

- 4.17 A summary of the 2020-2021 outturn against the Strategy net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 10 – 2020-2021 Revenue Budget Outturn – Strategy

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Strategy	8,552	6,984	(1,568)	(18.33%)

4.18 Overall a net underspend of £1.6 million (-18.33%) has been achieved during the year within Strategy. The main factors contributing towards this underspend are:

1. An underspend against ICTS totalling £1.1 million as a result of unfilled staff vacancies in year pending a restructure which will be completed in 2021-2022, the alignment of licencing contracts costs to the year in which they relate, and additional income generated as a result of print services.
2. An underspend against Policy and Strategy Service totalling £138,000 reflecting one-off efficiencies due to unfilled vacancies which are currently being recruited to, as previously projected.
3. An underspend within Service Development totalling £140,000 reflecting additional telecommunications income, received as a result of rental agreement still subject to review.
4. An underspend within Organisation Development totalling £140,000, reflecting a reduction in training associated costs as a result of a digital offer whilst homeworking, along with additional income relating to Social Work Training and Workforce Reform.

Chief Executive

4.19 A summary of the 2020-2021 outturn against the Chief Executive net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 11 – 2020-2021 Revenue Budget Outturn – Chief Executive

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Chief Executive	184	184	-	-

- 4.20 Overall a breakeven position has been achieved for the year against the Chief Executive budget.

Communications and External Relations

- 4.21 A summary of the 2020-2021 outturn against the Communications and External Relations net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 12 – 2020-2021 Revenue Budget Outturn – Communications and External Relations

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Communications and External Relations	966	856	(110)	(11.39%)

- 4.22 Overall a net underspend of £110,000 (-11.39%) has been achieved for the year against Communications and External Relations mainly as a result of unfilled vacancies and reduced campaign expenditure due to the primary focus of the team on Covid-19 related emergency response communications.

Deputy Chief Executive

- 4.23 A summary of the 2020-2021 outturn against the Deputy Chief Executive net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 13 – 2020-2021 Revenue Budget Outturn – Deputy Chief Executive

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Deputy Chief Executive	450	392	(58)	(12.89%)

- 4.24 Overall a net underspend of £58,000 (-12.89%) has been achieved within the Deputy Chief Executive.

Corporate Budgets

- 4.25 A summary of the 2020-2021 outturn against the Corporate Budgets net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 14 – 2020-2021 Revenue Budget Outturn – Corporate Budgets

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Corporate Budgets	46,742	52,280	5,538	11.85%

- 4.26 Overall a net overspend of £5.5 million (11.85%) has been achieved within Corporate Budgets after the transfer of £5.1 million to reserves to support the 2021-2022 budget strategy, as approved by Full Council on 3 March 2021. The main factors contributing towards this are:
1. An underspend totalling £2.3 million against the Treasury Management budget due to a reduced borrowing need in-year arising as a result of rephasing of the capital programme and lower interest rates forecast on borrowing due to the impact on the economy of Covid-19. This is offset by a reduction in treasury income receivable.
 2. As forecast throughout the financial year, there was an underspend against the Central Provision for Auto-enrolment and Pay Award costs totalling £1.1 million. This corporate budget efficiency was identified in the 2021-2022 Budget and MTFS 2021-2022 to 2023-2024 report which was presented to Cabinet on 17 February 2021. In that report it was proposed that the net underspend in 2020-2021 be transferred into a specific reserve to support the 2021-2022 budget strategy, whilst the ongoing efficiency be removed from the from the 2021-2022 budget.
 3. In the 2020-2021 Budget and MTFS 2020-2021 to 2023-2024 report presented to Cabinet on 19 February 2020 and Full Council on 4 March 2020, it was recognised that during the 2020-2021 budget setting process, a number of emerging pressures had been identified and continue to be kept under review. In order to be prudent and recognise these budget pressures, a Corporate Contingency budget for growth in 2020-2021 was established. Throughout 2020-2021, Cabinet were informed that due to the pandemic the operation of the Council had been disrupted and similarly the budget. As a result of this, the Corporate Contingency budget for growth, which includes £3.0 million for Corporate Landlord, has not been required in full. There is an underspend against Corporate Budgets and Adjustments totalling £5.4 million as a result of

budget efficiencies against corporate contingencies, which also includes the provision for business rates expenditure increases for Council buildings.

4. The Budget Report approved by Cabinet on 19 February 2020 and Full Council on 4 March 2020, stated that any efficiencies identified against budgets held in the Corporate Contingency for Budget Growth, if not required, would be used to reduce the level of capital receipts flexibility utilised in 2020-2021. Therefore, the underspends identified have mitigated the need to use the capital receipt flexibility used for revenue transformational activity in 2020-2021 by £5.0 million.
5. Corporately held redundancy costs during 2020-2021 were in the region of £1.0 million. Budget efficiencies identified have enabled the Council to meet this cost without calling on reserves.
6. In accordance with the 2021-2022 budget strategy approved by Full Council on 3 March 2021, as a result of the forecast corporate budget efficiencies, reduction in the use of corporate contingencies and one-off forecast underspends across other Directorates, £5.1 million has been transferred into a specific reserve to support the 2021-2022 budget strategy.
7. As a result of the overall outturn position, there has been no call on the Future Years Budget Strategy and Job Evaluation reserves. These reserve will be available to support the MTFs going forward.

5.0 Covid-19 Pandemic

- 5.1 Since the 2020-2021 budget was set in March 2020, the World Health Organisation categorised Covid-19 as a global pandemic. At the time of reporting to Council on 4 March 2020, the full impact of the pandemic was not anticipated and the impact on both the council's finances and operating environment could not have been foreseen. What is clear, however, is that the pandemic has significantly distorted the council's financial position and that there will be a 'covid cost' for beyond the short – medium term.
- 5.2 By swiftly and decisively responding to the pandemic, the Council played a pivotal role in leading the city through an unprecedented national public health emergency. This included many vital, short-term policy initiatives to protect the city's most vulnerable residents - including support for care home residents and staff, support for the NHS response, support for city schools and young people and much needed help for struggling city businesses. In addition to these important short-term initiatives, some services had to be suspended in line with Government restrictions. As an understandable result, the Council's income streams were adversely affected from the loss of fees and charges; this included revenue normally gained from leisure centre membership and use and from parking charges. Responding to the pandemic, also meant that, in some instances, budget reduction targets were not delivered because resources that would have been focused on transformation programmes, were redirected to the Council's pandemic response priorities.

- 5.3 All of these short-term new initiatives required additional investment and have been funded to-date by the grants received from Central Government. The Council has also re-deployed existing resources to help deliver these vital services.
- 5.4 The Council has played a proactive, leading role in responding to the Covid-19 emergency. Some of the new initiatives implemented to support the City' residents and businesses may continue to require ongoing financial support. As the situation evolves and restrictions continue to ease, some of the new initiatives will cease entirely, ease or will transition into different services which will require continued financial support to ensure recovery.
- 5.5 The Council has been awarded a number of one-off grants to support the cost of the pandemic, including £25.5 million of Covid-19 General Emergency Grant. The council also applied for funding to part fund the loss of non-commercial sales, fees and charges income. The Council has received £4.3 million to date, for the period of April to November 2020. Grant funding for December 2020 to March 2021 is subject to a grant claim but is estimated to be in the region of £1.4 million. In addition, a number of one-off grants have been awarded to support specific activities such as supporting rough sleepers, additional enforcement, support for children and families, provision of emergency food and essentials supplies for vulnerable groups and funding to support test and trace and to help contain the outbreak. A full list of grants awarded to the Council to-date are listed below:

Table 15 – Covid-19 one-off Grants

Grant	Allocation £000
General Grants	
Covid-19 Emergency Grant (2020-2021 allocation)	25,457
Sales, Fees and Charges (first and second claim)	4,274
Total General Grants	29,731
Grants with conditions / criteria	
Contained Outbreak Management Fund (2020-2021 allocation)	7,412
Council Tax Hardship Fund	3,272
Test and Trace (outbreak control)	1,920
Winter Grant Scheme*	1,431
Covid 19 Workforce Capacity Grant (2020-2021 allocation)	688
Covid Community Champions*	475
Emergency Food and Essential Supplies	394
Active Travel Scheme (revenue and capital)	347
Home to School Transport	546
Reopening of the High Street	235
Next Steps Accommodation Programme (rough sleepers)	198
Enforcement Surge Funding	174

Grant	Allocation £000
Clinically Extremely Vulnerable Individuals	277
Community Testing Programme	265
Wellbeing for Education Return Grant	37
Total grants with conditions / criteria	17,671
Grants passported to third parties	
Business Support Grants**	86,105
Infection and Prevention Grant (2020-2021 allocation)	6,228
Adult Social Care Rapid Testing (2020-2021 allocation)	768
Test and Trace Self Isolation Support Payments*	1,456
Financial Support for Schools	219
National Leisure Recovery Fund*	267
Mass testing for Schools	93
Catch Up Premium Schools	749
Total grants passported to third parties	95,885
Total Covid-19 grants	143,287

* grant allocation awarded covers more than one financial year

** grant allocation awarded covers more than one financial year and includes all business related grants, including small administration grant and Additional Restrictions Grant

- 5.6 The Council has carefully managed the allocation of these grants; considering evidence when drawing up a response to the pandemic to ensure that the right response is delivered at the right level to support our residents and businesses. The Council reported to Cabinet in March 2021, that it was projected that the covid general grant would be sufficient to deal with the cost pressures in 2020-2021 and that to ensure that the Council could continue to deliver on our Relight priorities, that any efficiencies identified against the general covid grant for 2020-2021, will be carried forward to support the ongoing challenges we face over the medium-term.
- 5.7 As indicated in the table above, some of these grant allocations, whilst awarded in 2020-2021 are expected to cover 2020-2021 and part year for 2021-2022; these grants have been fully committed. From the general grants and those with a criteria, in the region of £17 million will be carried forward to support the council in its covid response in 2021-2022. There are a number of commitments already approved for 2021-2022, including funding to close the digital divide, additional food parcels for our most vulnerable residents, funding to provide welfare, debt and benefits advice and to purchase additional Personal Protective Equipment (PPE). Updates on ongoing commitments will be provided in future revenue budget monitoring reports.
- 5.8 The table below shows the outturn position of the cost implications which are being funded by the general Covid-19 Emergency Grant and the Sales, Fees and Charges grant in 2020-2021.

Table 16 – Financial Implications of Covid-19 in 2020-2021

	2020-2021 £000
Food Distribution Hub*	2,430
Personal Protective Equipment (PPE)	1,274
Temporary Accommodation*	644
Temporary Mortuary	427
Adult Social Care – additional payments*	1,022
Free School Meals	159
Additional costs due to service disruption & increase in provision	3,913
Total Expenditure	9,869
Loss of income	10,589
Budget Reduction and Income Generation targets not delivered	734
Total Cost of Covid for 2020-2021	21,192

*Total scheme cost higher; schemes funded from a combination of grants amount above is Emergency Grant funding only.

- 5.9 Looking forward, 'Living with Covid' will need to have in place; a robust health protection function with the ability to respond quickly to any future outbreaks; a fit for purpose community testing programme that continues to reach into traditionally low uptake communities; an effective contact tracing service to compliment and add value to the national programme; and an increasing role in supporting the local NHS in the equitable roll out of the national Covid-19 Vaccination Programme. This activity will need to be supported, partly through the core Public Health Grant allocation, but also through the continued use of the Covid specific grant funding. This approach was outlined in the refreshed Local Outbreak Control Plan which was published in April 2021.
- 5.10 There will be longer term implications for the Council's operating model, as the scale of the change post-Covid-19 will place expectations and demands on service delivery in future years. At this stage it has not been possible to fully quantify the potential impact of Covid-19 over the medium term. It is anticipated that pressures will emerge in many areas particularly in relation to social care, public health and wellbeing and income generating services.
- 5.11 The HRA has also seen a reduction in income due to the pandemic. As detailed in paragraph 8.3, the year end position shows a reduction in income of £1.4 million from rent and service charges. In the first national lockdown, work could not be undertaken to refurbish and prepare void properties in order for them to be re-let. Whilst these works are now being carried out, to ensure safe working practices it is taking longer to turn

around void properties for re-let resulting in lost income. The Council has not received any grant from Central Government to support the impact of Covid in the HRA.

6.0 Reserves, Provisions and Balances 2020-2021

- 6.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2021 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2020-2021', will seek approval for transfers to and from reserves, provisions and balances.
- 6.2 Following a review of the reserves position during 2019-2020, the Council's General Fund balance was increased by £3.0 million to a total of £13.0 million. The Director of Finance proposes that the net balance of £651,000 for 2020-2021 be transferred to the General Fund balance, taking the total to £13.7 million, this represents 5% of the 2021-2022 net budget which is in line with recommended best practice.
- 6.3 Earmarked reserves that have been set aside by the Council to fund future estimated liabilities and planned expenditure have increased overall by £8.6 million. This increase includes the £5.1 million transfer to the Future Years Budget Strategy Reserve in line with the strategy approved by Full Council in March 2021.
- 6.4 Whilst the Council does not have a high level of reserves the outturn position has enabled the Council to protect the current level of reserves. This will help to support the Council's short-term financial position but, it does address the challenging financial position that the Council finds itself in over the medium term; namely identifying further projected budget reductions which were estimated at £25.4 million in 2022-2023, rising to £29.6 million by 2023-2024 when reported to Full Council in March 2021 and the uncertainties we face in responding in 'living with covid' and delivering our Relight priorities.

7.0 Outturn on Schools' Budgets

- 7.1 Schools that remain in local authority control started the 2020-2021 financial year with accumulated reserves of £6.3 million. At the end of the year revenue balances for these schools were £13.2 million, an increase of £6.9 million. This represents 11.95% of the funding and income available to schools during 2020-2021.
- 7.2 The Directors of Children's Services and Finance will continue to challenge those schools who hold surplus balances, aiming to gain an understanding of plans in place and whether they are appropriate. They will also continue to work with schools with deficit balances to ensure that robust plans are in place to enable the school to return to a balanced budget position.
- 7.3 Further details on schools' finances for 2020-2021 are shown at Appendix 2.

8.0 Housing Revenue Account

- 8.1 The table below provides the Housing Revenue Account (HRA) revenue outturn for 2020-2021 compared to the approved budget. The outturn position for the year is a surplus of

£11.9 million, compared to a budgeted surplus of £10.8 million. The surplus in year is used to provide for the redemption of debt.

Table 17 – Housing Revenue Account Revenue Outturn 2020-2021

	Budget £000	Outturn £000	Variation £000
Total income	(96,518)	(95,098)	1,420
Total expenditure	67,056	67,419	363
Net cost of HRA services	(29,462)	(27,679)	1,783
Interest payments and receipts	10,917	10,115	(802)
Revenue to capital transfer	7,707	5,707	(2,000)
Surplus before transfers to/from reserves and provision for redemption of debt	(10,838)	(11,857)	(1,019)
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	10,838	11,857	(1,019)
Balance for the year	-	-	-

- 8.2 Further detail behind the figures in this table are shown at Appendix 3.
- 8.3 The budget for income was £1.4 million lower than budgeted due to the loss of income resulting from the impact of Covid-19. During the initial lockdown period empty properties could not be relet and following this the need for Covid safe practices increased turnaround times. The pandemic also impacted on time taken to complete and handover new build properties.
- 8.4 There was an overspend against expenditure budgets of £363,000. This figure includes an underspend against the budget for the increase to the bad debt provision of £1.0 million. The provision has been prudent to allow for the potential impact of universal credit.
- 8.5 There was an overspend against the budget for repairs and maintenance because the budget included assumptions for leaseholder contributions to major repairs that have been rephased. Expenditure on the depreciation of fixed assets was £682,000 higher than budgeted due to a higher number of properties to be depreciated than budgeted for.
- 8.6 There was an underspend against the budget for interest payable of £872,000. This was due to rephasing on the capital programme which reduced the borrowing requirement. The budgeted revenue to capital transfer of £7.7 million was reduced to £5.7 million due to the reduction in capital expenditure.

9.0 Collection Fund

- 9.1 The Collection Fund income comes from receipts of Council Tax and Business Rates, also referred to as Non-Domestic Rates (NDR) collected from tax payers during the year and any balances from previous years. As reported throughout the financial year, the Covid-19 pandemic has had a significant international, national and regional impact and will continue to do so over the short and medium term. The economic costs of the pandemic will place additional pressures on the Council's income collected from council tax and business rates for years to come. The Council has seen a decline in the collection rate during 2020-2021 and increases in the numbers of Local Council Tax Support claimants due to the pandemic and predicts that this will continue into 2021-2022.
- 9.2 The council tax element of the Collection Fund outturned with a £6.1 million deficit during 2020-2021 after the application of Hardship Fund Grant, and this resulted in an overall deficit of £6.6 million to be carried forward. Of this, the Council will retain a deficit in the region of £5.8 million.
- 9.3 The business rates element of the Collection Fund outturned with a £39.4 million deficit during 2020-2021 prior to the application of forecast £31.7 million Section 31 grant to cover the cost of Covid-19 business rates reliefs, resulting in a net in-year business rates deficit to be apportioned of £7.7 million. In addition to the net deficit brought forward on the collection fund, this results in an overall deficit of £8.6 million. Of this, the Council will retain a deficit in the region of £8.5 million.
- 9.4 Due to Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2021-2022 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2020-2021 can be spread over 3 years from 2021-2022 to 2023-2024.
- 9.5 In addition to this, in the Spending Review 2020, the Government announced that funding would be provided to compensate local authorities for 75% of irrecoverable losses from council tax and business rates revenues in 2020-2021, that would otherwise need to be funded through local authority budgets in 2021-2022 and later years. It is anticipated that the Council will receive funding in the region of £4.7 million based on the Government's methodology of calculating in-year losses.

10.0 Capital Programme – General Revenue Account and Housing Revenue Account (HRA)

- 10.1 The capital programme includes significant investment programmes that endeavour to create an environment where new and existing businesses thrive, people can develop the skills they need to secure jobs and create neighbourhoods in which people are proud to live. The capital programme reflects the priorities of the Strategic Asset Management Plan.

- 10.2 On 3 March 2021, Full Council approved the Capital Programme 2020-2021 to 2024-2025 Quarter Three Review and 2021-2022 to 2025-2026 Budget Strategy. This report approved revisions to the General Revenue Account and Housing Revenue Account (HRA) capital programmes. The table below provides an overview of the outturn position for the General Revenue Account and HRA against the approved budget for 2020-2021.
- 10.3 Due to the nature of the capital programme it is important to review capital budgets over the medium term. A full report on the Capital Outturn 2020-2021 including Quarter One Capital Monitoring 2021-2022, detailing the financial performance by each project and the updated position over the medium term, will be reported to Cabinet on 7 July 2021.
- 10.4 Despite the pressures of Covid-19 the Council has continued to deliver key capital projects which are essential to the Relighting Our City priorities. An update on key projects will be provided in the report to Cabinet on 7 July 2021.

Table 18 - Capital Programme 2020-2021

Capital Programme	2020-2021 Budget £000	2020-2021 Outturn £000	2020-2021 Variance £000
General Revenue Account Capital Programme			
Expenditure	96,395	72,736	(23,659)
Financing			
Internal Resources	67,575	51,392	(16,183)
External Resources	28,820	21,344	(7,476)
Total Financing	96,395	72,736	(23,659)
Housing Revenue Account Capital Programme			
Expenditure	49,386	46,845	(2,541)
Financing			
Internal Resources	48,767	46,226	(2,541)
External Resources	619	619	-
Total Financing	49,386	46,845	(2,541)

11.0 Debt Write Offs

- 11.1 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, appropriate steps would be taken to pursue the debt, despite the debt having been formally written off in the Council's accounts.
- 11.2 **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 (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.

- a. **Council Tax** - Overall, 807 debt write offs totalling £166,958.14 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
 - b. **Non-Domestic Rates** - Overall, 31 debt write offs totalling £213,404.53 have been incurred. All but three valued at £40,561.68 in total, which require the approval of this Cabinet (see Appendix 4), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 11.3 **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. Overall, 51 debt write offs totalling £52,460.34 have been incurred. All but three valued at £24,289.91 in total, which require the approval of this Cabinet (see Appendix 5), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 11.4 **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.
- 11.5 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.
- 11.6 Overall 15 debt write offs totalling £5,769.48 have been incurred during the period. All of which have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 11.7 As a result of the information detailed in paragraphs 11.2 – 11.6 above, the Director of Finance has approved the write off of 898 debt accounts totalling £373,740.90 in value.
- 12.0 Evaluation of alternative options**
- 12.1 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 Leader of the Council.

13.0 Reason for decisions

13.1 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 the Cabinet. Contribution to and from reserves also requires the approval from the Cabinet. The write-offs, virements and use of reserve requests detailed in this report which seek the approval of the Cabinet are all considered to be prudent in the opinion of the Director of Finance and the Leader of the Council. The Council's financial procedure rules also require that the Section 151 Officer shall submit a report setting out the Outturn within four months of the financial year end.

14.0 Financial Implications

14.1 The financial implications are detailed in the body of the report.
[MH/10062021/B]

15.0 Legal Implications

15.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.

15.2 The General Power of Competence, contained in Section 1 (1) the Localism Act 2011 gives eligible local authorities, "*the power to do anything that individuals generally may do*" as long as they do not break other laws. This includes the power to lend or invest money and to set up a company to trade and engage in commercial activity.
[TC/10062021/C]

16.0 Equality Implications

16.1 As this report provides details of the financial outturn position for 2020-2021. The necessary equalities analyses were carried out as part of the preparations for setting 2021-2022.

17.0 All other implications

17.1 The Covid-19 implications are detailed in the body of this report.

18.0 Schedule of background papers

- 18.1 [2020-2021 Final Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024](#), report to Cabinet, 19 February 2020
- 18.2 [2021-2022 Final Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024](#), report to Cabinet, 17 February 2021.
- 18.3 [Reserves, Provisions and Balances 2020-2021](#), report to Cabinet, 16 June 2021

19.0 Appendices

- 19.1 Appendix 1 – Revenue Budget Outturn
- 19.2 Appendix 2 – Outturn on Schools' Budget
- 19.3 Appendix 3 – Housing Revenue Account Revenue Outturn
- 19.4 Appendix 4 – Non-Domestic Rates write offs
- 19.5 Appendix 5 – Sundry Debts write off
- 19.6 Appendix 6 – Virements

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Adult Services					
Adults Assessment and Care Management		5,766	5,677	(89)	141
Better Care Fund		-	-	-	-
Page 31 Adults Safeguarding	The underspend in Safeguarding Service is in part due to the delay in the introduction of new Deprivation of Liberty Safeguards legislation (Liberty Protection Safeguards) which will require the forecast staffing costs to meet the new statutory duties required of the LA, when LPS comes in in 2022. Additionally, the reduction in the number of face to face visits during the pandemic has significantly reduced the use of advocacy services.	1,238	897	(341)	250
Carer Support		831	751	(80)	-
Community Financial Support	The underspend is predominantly due to one-off unfilled staffing vacancies and	1,548	1,404	(144)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	additional income. Vacancies have now been filled.				
Community Support		547	544	(3)	-
Director of Adults services and Additional Monies		(6,913)	(6,987)	(74)	-
Emergency Duty Team		320	291	(29)	-
Independent Living Service	Underspend as a result of one off staffing vacancies, additional income and fewer minor adaptations completed during the pandemic.	1,851	1,639	(212)	8
Learning Disabilities Care Purchasing	The overspend is due to additional demand for care packages. A project-managed programme to manage future demand in this area has been set up and is being overseen by the Transforming Adult Social Programme board.	22,484	23,924	1,440	-
Learning Disability Provider		4,658	4,634	(24)	398
Mental Health Assessment & Care Management	The overspend is due to additional demand for care packages.	5,329	6,009	680	-
Older People Care Purchasing		20,329	20,395	66	-
Older People Provider Services		3,533	3,481	(52)	119

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Physical Disabilities Care Purchasing	The overspend is due to additional demand for care packages.	4,784	4,916	132	-
Quality Assurance and Policies	The underspend is due to one-off unfilled staffing vacancies which have now been filled.	367	232	(135)	-
Strategic Commissioning - Adult Services	The underspend is due to unfilled staffing vacancies pending a restructure of the business area.	1,532	1,405	(127)	50
Total Adult Services		68,204	69,212	1,008	966

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Children's Services and Education					
Page 34 Children & Young People In Care	The underspend against placements budget has continued to improve as a result of the robust oversight and management of demand across the service.	31,324	30,216	(1,108)	-
Director of Children's Services		999	941	(58)	-
Head of Children's Improvement	The reserve entry relates to approved funding for the #YES project.	1,734	1,724	(10)	183
Headstart		-	-	-	-
Regional Adoption Agency Consortium		-	-	-	(30)
Safeguarding	The underspend relates predominantly to staffing vacancies with further reductions due to lower than anticipated in year other staffing costs associated with remote working	737	602	(135)	10
Specialist Support		3,799	3,721	(78)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Page 35 Strengthening Families	The underspend is due to one-off staffing vacancies, partially offset by agency costs. A review of the support offer from Strengthening Family Hubs has been undertaken and as a result vacancies are currently being filled. Additional one-off underspends relating to Section 17, service user costs, outings and activities, No Recourse to Public Funds associated with lockdown restrictions. Budget efficiencies against this service have been built into the MTFs for this service in 2021-2022.	10,979	9,521	(1,458)	-
Youth Offending	The underspend is due to in year one-off staff vacancies.	1,135	978	(157)	-
Strategic Commissioning - Children's Services	The underspend is due to unfilled staffing vacancies pending a restructure of the business area.	1,532	1,405	(127)	50
Central Education		(1,213)	(1,152)	61	(41)
Director of Education		82	13	(69)	-
Early Years		295	273	(22)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
School Improvement	The underspend is due to one-off in year staffing vacancies.	964	822	(142)	-
School Organisation	There has been a contribution to reserves to allow in year efficiencies on PFI contracts to cover future year expenditure.	273	296	23	672
Schools	There has been a net increase in relation to School's balances. Appendix 2 provides further detail on both surplus and deficit balances. The Council protects school balances in an earmarked reserve.	-	-	-	6,854
Inclusion Support		1,187	1,170	(17)	-
Special Educational Needs		(281)	(281)	-	-
Total Children's Services and Education		53,546	50,249	(3,297)	7,698

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Public Health & Wellbeing					
Business Continuity & Emergency Planning		5	5	-	96
Commissioning		-	-	-	-
Community Safety & Community Cohesion		191	171	(20)	176
Healthier Places Service		-	-	-	-
Healthy Ageing		-	-	-	-
Healthy Life Expectancy		-	-	-	-
Leisure Services		761	761	-	-
Public Health Business Management	The Public Health grant is a ringfenced grant and any underspends need to be transferred into an earmarked reserve. The underspend has resulted from reduced activity across contracts and projects during the pandemic, in addition to reprioritising of Public Health staff in the council's response to Covid-19. The reserve will be utilised to fund one-off public health initiatives, including	-	-	-	3,255

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	improving health through improved private sector housing.				
Starting and Developing Well		-	-	-	8
System Leadership		-	-	-	-
Total Public Health & Well Being		957	937	(20)	3,535

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Regeneration					
Adult Education		(300)	(265)	35	-
City Development	This overspend has been realised due to a conscious decision not to drawdown from reserves as a consequence of the underspends realised elsewhere within the Regeneration service.	524	1,018	494	627
City Planning		779	842	63	(20)
Director Regeneration		412	412	-	158
Enterprise		651	654	3	-
Land and Property Investment Support		-	-	-	-
Local Economy	There has been an underspend due to a number of one-off staffing vacancies. A senior post has now been recruited to, and the remaining vacancies will be recruited to in 2021-2022.	1,572	1,216	(356)	-
Skills	The underspend is due to a senior vacancy within the department for the	1,520	1,390	(130)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	duration of financial year 2020-2021. This post has now been recruited to for financial year 2021-2022.				
Page 40 Visitor Economy	The underspend reflects the early achievement of an efficiency target build into the 2021-2022 budget. The underspend also represents an in year saving against general expenditure budgets including repairs, and maintenance and marketing.	1,071	746	(325)	(102)
Total Regeneration		6,229	6,013	(216)	663

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
City Assets & Housing					
Project and Works Team – Capital Programmes		94	81	(13)	-
Catering		(84)	(167)	(83)	-
Cleaning	The underspend reflects additional income generated as previously projected	1,433	1,174	(259)	-
Corporate Asset Management	The underspend reflects efficiencies generated from the ongoing asset rationalisation and proactive management of business rates costs, particularly those relating to disposals and eligible exemptions as previously projected. Due to underspends across City Assets, a transfer to reserve is proposed to fund future asset development and transformation work supporting the Our Assets programme. It should be noted that whilst City Assets benefit from reduced costs as a result of the proactive management of business rates, this will	8,070	7,920	(150)	200

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	also impact on the level of income collected corporately due to the Councils 99% retention of all business rates collected.				
States and Valuations	The overspend reflects reduced income relating to ground leases and vacant commercial rental units as previously projected.	(4,182)	(4,079)	103	3
Facilities Management	Due to the impact of Covid-19 on Community Associations finances, and consistent with many Council income streams, Community Association rents and other charges have not been actively pursued the 2020-2021 financial year. Conversations are continuing, however, it should continue to be noted that some Community Associations may need additional time and support to pay what is owed.	1,270	1,225	(45)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Housing	The overspend reflects increased demand for accommodation for homeless families, the majority of which was offset using grant.	1,094	1,167	73	98
Project and Works Team – Maintenance Programme	During the year the 2020-2021 budget increased by £3.0 million in recognition of pressures, identified within the Maintenance Programme service, associated with the essential repair and maintenance required to maintain statutory compliance. Based on evidence presented, the Director of Finance agreed a draw down, from the £3.0 million budget, of £1.3 million for 2020-2021. Due to a decrease in reactive repairs across unoccupied buildings this has enabled essential compliance works to be accommodated within existing maintenance budgets and it has not been necessary to use the £1.3 million. This has resulted in the increased underspend	1,983	1,965	(18)	(20)

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	position reflected for Corporate Budgets in the Corporate directorate.				
Total City Assets and Housing		9,678	9,286	(392)	281

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021	Net Controllable Actual 2020-2021	Revised variance	Element Relating to Transfer to/(from) Earmarked Reserves Actual
		£000	£000	£000	£000
City Environment					
Bereavement Services		(2,091)	(2,077)	14	-
Black Country Transport		115	106	(9)	-
City Events		386	435	49	-
Coroners Service	This overspend is mainly due to demand on pathology costs.	223	400	177	-
Customer Services		1,819	1,810	(9)	-
Director City Environment		206	180	(26)	-
Energy and Sustainability		119	93	(26)	14
Environmental Services	The underspend is mainly due one-off staff vacancies, reduction in costs for materials, waste charges and ground maintenance. A recruitment campaign is currently ongoing and near completion.	6,243	5,825	(418)	-
Fleet Services	The underspend is mainly due to one-off staff vacancies, efficiencies across vehicle hire charges and related costs and additional income.	1,855	1,473	(382)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Highways Maintenance	The overspend is mainly across winter maintenance, offset in part by an underspend on patching budgets.	1,572	1,931	359	-
Landscaping		31	10	(21)	-
Licensing		318	318	-	(603)
4G Markets	The overspend is mainly due to additional security costs, skip hire and repair and maintenance costs. The 2021-2022 budget has been adjusted to reflect the additional ongoing security costs.	(611)	(350)	261	-
Operation & Maintenance of Existing Network	The underspend is mainly due to staff vacancies held pending a restructure and additional income from permitting.	980	537	(443)	144
Parking Services		(2,942)	(2,942)	-	-
Public Protection	The underspend is mainly due to vacancies being held pending a restructure and a reduction in contracted services. This is offset in part by a reduction in income.	1,929	1,695	(234)	-
Register Office		(55)	(95)	(40)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Street Lighting	The underspend is mainly due to efficiencies across maintenance and street lighting and signage. This has been offset in part by an increase in energy costs.	2,871	2,626	(245)	-
Transportation		5,468	5,525	57	(39)
Waste and Recycling		5,952	5,985	33	-
Waste Commercial Services		4,576	4,596	20	220
Total City Environment		28,964	28,081	(883)	(264)

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Finance					
Page 48 Audit Services	The underspend is as a result of unfilled staffing vacancies held across Audit and Insurance teams. Two posts have been transferred over into two new apprenticeship posts, which have recently been recruited to. One employee is currently on secondment. In the short term work has been re-assessed and re-arranged, with the focus on Covid related and high risk areas, until these posts re filled. Audit Committee has been provided with regular updates on the internal audit workplan.	1,821	1,688	(133)	208
Central Corporate Budgets	The underspend is due to significant reductions in enhanced pension costs and bank charges, combined with other underspends against a range of corporate budgets. The 2021-2022 budget	3,945	3,327	(618)	274

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	incorporates savings to recognise these on-going efficiencies.				
Commercial Services		155	144	(11)	-
Finance Director		159	157	(2)	-
Page 9 Housing Benefit Payments & Subsidy	The overspend is as a result of increased demand for homelessness provision. Growth has been included in the 2021-2022 budget to take account of this cost pressure.	48	935	887	-
Procurement Services		785	785	-	-
Revenues & Benefits	The underspend is as a result of budget efficiencies across the service including printing and postage costs.	2,618	2,378	(240)	117
Strategic Finance		2,748	2,748	-	-
The Hub	The underspend is as a result of unfilled staff vacancies held across Payroll Services and the Banking and Payments Teams due to being unsuccessful in recruiting to vacancies in the last year. Recruitment to vacant positions is now	1,648	1,346	(302)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	being prioritised with a view of bringing the team up to capacity in 2021-2022.				
Total Finance		13,927	13,508	(419)	599

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Governance					
Director of Governance		134	140	6	-
Governance Services	The underspend is due to additional income and budget efficiencies across a number of areas	2,713	2,530	(183)	183
Legal Services	The underspend is due to external income being significantly more than predicted. It is proposed that these great levels of income will be used to fund additional resources to ensure the Council delivers on the Fairness and Inclusion agenda, including additional project management on a number of matters including Rainbow City.	2,040	1,795	(245)	300
Business Change		2,848	2,820	(28)	408
Health and Safety		109	26	(83)	-
Deputy Director of People and Change		60	60	-	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021	Net Controllable Actual 2020-2021	Revised variance	Element Relating to Transfer to/(from) Earmarked Reserves Actual
		£000	£000	£000	£000
Human Resources		1,720	1,726	6	-
Ward Funds		200	200	-	161
Total Governance		9,824	9,297	(527)	1,052

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021	Net Controllable Actual 2020-2021	Revised variance	Element Relating to Transfer to/(from) Earmarked Reserves Actual
		£000	£000	£000	£000
Strategy					
Strategy		140	139	(1)	-
Page 53 PRINTS	The underspend is as a result of unfilled staff vacancies in year pending a restructure which will be completed in 2021-2022, the alignment of licencing contracts costs to the year in which they relate and additional income generated as a result of print services projects.	6,190	5,080	(1,110)	(8)
Organisational Development	The underspend reflects a reduction in training associated costs as a result of a digital offer whilst homeworking, along with additional income relating to Social Work Training and Workforce Reform.	1,167	1,027	(140)	-
Policy and Strategy	The underspend reflects one-off efficiencies due to unfilled vacancies which are currently being recruited to, as previously projected.	215	77	(138)	-
Insight and Performance		760	721	(39)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Service Development	The underspend reflects additional telecommunications income, received as a result of rental agreements still subject to review.	80	(60)	(140)	(10)
Total Strategy		8,552	6,984	(1,568)	(18)

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Chief Executive					
Chief Executive		184	184	-	-
Total Chief Executive		184	184	-	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Communications and External Relations					
Page 56 Communications	The underspend is as a result of unfilled vacancies and reduced campaign expenditure due to the primary focus of the team on Covid-19 related emergency response communications.	966	856	(110)	-
Total Communication and External Relations		966	856	(110)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021	Net Controllable Actual 2020-2021	Revised variance	Element Relating to Transfer to/(from) Earmarked Reserves Actual
		£000	£000	£000	£000
Deputy Chief Executive					
Deputy Chief Executive		197	194	(3)	-
Digital Transformation Programme		88	53	(35)	-
Human Resources		-	-	-	-
Service Improvement		165	145	(20)	-
Total Deputy Chief Executive		450	392	(58)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Corporate Accounts					
Corporate Budgets	As forecast throughout the financial year, there was an underspend against Corporate Budgets and Adjustments totalling £5.4 million as a result of budget efficiencies against corporate contingencies, which also includes the provision for business rates expenditure increases for Council buildings.	3,182	908	(2,274)	465
Corporate Adjustments		3,610	431	(3,179)	500
Capital Receipts Flexibility		The Budget Report approved by Full Council on 4 March 2020, stated that any efficiencies identified against budgets held in the Corporate Contingency for Budget Growth, if not required, would be used to reduce the level of capital receipts flexibility utilised in 2020-2021. Therefore, the underspends identified have mitigated the need to use the capital receipt flexibility used for revenue	(5,000)	-	5,000

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
	transformational activity in 2020-2021 by £5.0 million.				
Page 59 Reserves – 2020-2021 Budget Strategy	Due to budget efficiencies identified throughout 2020-2021, it has been possible to prudently protect and maintain reserves. Therefore, planned drawdown from reserves in 2020-2021 was not required in full. These reserves will be available to support the budget over the medium term.	(3,847)	(500)	3,347	(500)
Treasury Management	An underspend totalling £2.3 million against the Treasury Management budget due to a reduced borrowing need in-year arising as a result of rephasing of the capital programme and lower interest rates forecast on borrowing due to the impact on the economy of Covid-19. This is offset by a reduction in treasury income receivable.	36,835	34,499	(2,336)	-
Planned transfer to Future Years Budget Strategy Reserve	In accordance with the 2021-2022 budget strategy approved by Full Council on 3	-	5,114	5,114	5,114

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Page 60	March 2021, as a result of the forecast corporate budget efficiencies, reduction in the use of corporate contingencies and one-off forecast underspends across other Directorates, £5.1 million has been transferred into a specific reserve to support the 2021-2022 budget strategy.				
Redundancies	Corporately held redundancy costs during 2020-2021 were in the region of £1.0 million. Budget efficiencies identified have enabled will enable the Council to meet this cost without calling on reserves.	-	1,027	1,027	-
Apprenticeship Levy		495	512	17	-
West Midlands Transport Levy		10,309	10,306	(3)	-
Environment Agency Levy		76	76	-	-
Birmingham Airport - Rent		(69)	(110)	(41)	-
Central Provision for Auto-enrolment and pay award costs	As forecast throughout the financial year, there was an underspend against the Central Provision for Auto-enrolment and Pay Award costs totalling £1.1 million. This corporate budget efficiency was	1,151	17	(1,134)	-

Revenue Budget Outturn 2020-2021

Service/Budget	Narrative	Revised Budget 2020-2021 £000	Net Controllable Actual 2020-2021 £000	Revised variance £000	Element Relating to Transfer to/(from) Earmarked Reserves Actual £000
Page 61	identified in the 2021-2022 Budget and MTFs 2021-2022 to 2023-2024 report which was presented to Cabinet on 17 February 2021. In that report it was proposed that the net underspend in 2020-2021 be transferred into a specific reserve to support the 2021-2022 budget strategy, whilst the ongoing efficiency be removed from the from the 2021-2022 budget.				
Total Corporate Accounts		46,742	52,280	5,538	5,579

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Outturn on Schools' Budgets

Overview

Schools that remain in local authority control started the 2020-2021 financial year with accumulated reserves of £6.3 million. At the end of the year revenue balances for these schools were £13.2 million, an increase of £6.9 million. This represents 11.95% of the funding and income available to schools during 2020-2021.

At the start of 2020-2021, the Schools projected balances were forecast to be £5.60 million therefore actual balances are £7.6 million greater than forecast.

The table below illustrates the in-year movement by school type:

Table 1 - Analysis of Schools Balances 2020-2021

	Balance at 1 April 2020 £000	Transfer to Academy in year £000	Contribution to Balances in 2020-2021 £000	Balance as at 31 March 2021 £000
Infant	(136)	-	(276)	(412)
Junior	(191)	-	(90)	(281)
Primary	(4,371)	-	(3,396)	(7,767)
Secondary	1,547	-	(1,832)	(285)
Special	(1,100)	-	(1,055)	(2,155)
Nursery	(1,145)	-	(142)	(1,287)
PRU	(915)	-	(102)	(1,017)
Total	(6,311)	-	(6,893)	(13,204)
Clawback Balances	-	-	-	-
Borrowed from future Allocations	-	-	-	-
Total Reserve Balance	(6,311)	-	(6,893)	(13,204)

Within the City, seven schools have now had a balance of over fifteen per cent of their income for five years meaning that the Local Authority is liable to further challenge from the Department for Education regarding these schools.

The Local Authority normally meets with head teachers of schools to discuss plans for the use of excess surplus balances to ensure that they were being used effectively, although this has been sporadic in 2020-2021 due to Covid-19 and school lockdowns, with virtual and/or electronic discussions taking place instead.

Outturn on Schools' Budgets

No schools were taken through the arbitration process to recover balances as all schools demonstrated legitimate and robust plans.

Schools may be maintaining balances for future cost increases in pension and other pay related costs, which exceed the amount of grant made available for this purpose.

It is important to note that, as any variances against schools' delegated budgets are transferred either to or from schools' accumulated reserves, their outturn position is financially neutral to the Council's General Fund.

Schools in a Deficit Position

The table below shows how the total number of schools in deficit has decreased.

Table 2 – Number of Schools in a Deficit Position

Sector	2017-2018	2018-2019	2019-2020	2020-2021
Infant	-	-	-	-
Junior	-	-	-	-
Primary	4	3	-	1
Secondary	3	2	2	1
Special	-	-	-	-
Nursery	-	-	1	1
Pupil Referral Unit	-	-	-	-
Total	7	5	3	2

Where schools end the financial year in a deficit position, they are required to seek the approval of the Local Authority, to operate with a deficit balance. A further report on these will be brought to a future Cabinet (Resources) Panel.

Housing Revenue Account Revenue Outturn 2020-2021

	2020-2021 Budget £000	2020-2021 Outturn £000	2020-2021 Variance £000
Income			
Gross rents – dwellings	(89,740)	(88,613)	1,127
Gross rents – non-dwellings	(537)	(464)	73
Charges to tenants for services and facilities	(6,241)	(6,021)	220
Total income	(96,518)	(95,098)	1,420
Expenditure			
Repairs and maintenance	26,230	26,959	729
Supervision and management	20,168	19,887	(281)
Rents, rates and taxes	350	632	282
Increase in provision for bad debts	2,000	951	(1,049)
Depreciation of fixed assets	18,308	18,990	682
Total expenditure	67,056	67,419	363
Net cost of HRA services	(29,462)	(27,679)	1,783
Interest payable	10,996	10,124	(872)
Interest and investment income	(79)	(9)	70
Revenue to capital transfer	7,707	5,707	(2,000)
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(10,838)	(11,857)	(1,019)
Allocation of (surplus)/deficit			
Provision for redemption of debt	10,838	11,857	1,019
Balance for the year	-	-	-

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Non-Domestic Rates (NDR) Write offs to be approved by Cabinet

Account Ref	Reason for Write-off	Write-off amount £
5117255	No Trace	5,882.96
5121304	No Trace	8,372.69
5128835	Recovery Prohibited by Statute	26,306.03
	Total	40,561.68

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Sundry Debts Write offs to be approved by Cabinet

Account Ref	Reason for Write-off	Write-off amount £
16009596	Recovery Prohibited by Statute	8,732.01
16011721	Recovery Prohibited by Statute	10,076.00
16018832	Recovery Prohibited by Statute	5,481.90
	Total	24,289.91

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General Fund Budget Virements 2020-2021

From		To		£000	Reason for Virement
Division	Service	Division	Service		
City Assets and Housing	Various	Various	Various	17,803	Corporate Landlord Recharge 2020-2021 reversed
Various	Various	City Assets and Housing	Various	18,313	Corporate Landlord Recharge 2020-2021 posted
Finance	Audit Services	Various	Various	1,458	Removal of old Insurance Fund Recharge budgets.
Various	Various	Finance	Audit	1,540	New Insurance Fund Recharge budgets.
Corporate Accounts	Corporate Accounts	Governance	Governance Services	79	Budget vired from Corporate Accounts to Governance Services
Corporate Accounts	Corporate Accounts	City Environment	Black Country Transport	83	Budget vired from Corporate Accounts to Black Country Transport linked to the Bilston Road Financial Assistance Programme

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet 16 June 2021
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Report title	Reserves, Provisions and Balances 2020-2021	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	Claire Nye	Director of Finance
	Tel	01902 550478
	Email	claire.nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	8 June 2021

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the transfers (to)/from earmarked reserves, provisions and general balances as detailed in tables 2, 3 and 4.
2. Approve expenditure from provisions for their purposes as set out in Appendix 3 and 4, up to the value held in each provision as at 31 March 2021.
3. Approve the delegation of authority to the Leader of the Council, in consultation with the Director of Finance, to allocate funds from the Budget Contingency Reserve, the Recovery Reserve, the Regeneration Reserve, the Efficiency Reserve, the Transformation Reserve, the Development Reserve, the Regional Work Reserve, the Enterprise Zone Business Rates Reserve, the Business Rates Equalisation Reserve, the Treasury Management Equalisation Reserve, the Pension Deficit Recovery Reserve, the

Budget Strategy Reserve, the Highways Management Reserve and Community Initiatives and Crowdfund Wolves Reserve.

4. Approve the delegation of authority to the Cabinet Members for Adults, in consultation with the Directors of Children's and Adult Services and Finance, to allocate funds from the Adults Reserve.

Recommendations for noting:

The Cabinet is asked to note:

1. The level of the Council's earmarked reserves, provisions and general balances as at 31 March 2021 and the purposes for which they are being held, as detailed in Appendix 1, 2, 3 and 4.
2. That relevance and adequacy of earmarked reserves and general balances will be reviewed as required by the Constitution during the 2022-2023 budget setting process.
3. That allocation of funding from all earmarked reserves will be reported to Cabinet (Resources) Panel in the scheduled quarterly budget monitoring reports.
4. That Our Council Scrutiny Panel will scrutinise the use of reserves as part of the budget setting process as in previous years.
5. That the Director of Finance considers that the overall level of all reserves, provisions and balances is sufficient to meet the likely level of obligations to be met from reserves, provisions and general balances in the short term.
6. That whilst the positive General Fund outturn position during 2020-2021, and the resulting adjustments to reserves, will help to support the Council's short term financial position, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying further projected budget reductions which were estimated at £25.4 million in 2022-2023, rising to £29.6 million over the medium term to 2023-2024 when reported to Full Council in March 2021.
7. The Covid-19 pandemic has significantly distorted the Council's financial position and medium-term financial strategy (MTFS). Whilst the Government has made good on its commitment to fund councils to "to do whatever it takes" to address the emergency the economy and social effects of the pandemic will be felt for years to come. We have no information from Government as to how they will fund councils to be able to manage this.
8. That the figures quoted in the report are still subject to statutory audit by Grant Thornton UK LLP as part of the 2020-2021 accounts closedown process.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the Council's resources currently held as earmarked reserves, provisions and general balances as at 31 March 2021, taking account of the outturn position for 2020-2021.

2.0 Executive Summary

- 2.1 A summary of the movement in the authority's general balances, earmarked (revenue) reserves and provisions at 31 March 2021 is provided in Table 1 below. This comprises of reserves, provisions and balances held for all funds including the General Fund, the Housing Revenue Account and Schools.

Table 1 – Balances, Reserves and Provisions as at 31 March 2020 and 31 March 2021

	Further details	Balance at 31 March 2020 £000	Transfer Out £000	Transfer To £000	Balance at 31 March 2021 £000
Total General Balances	Table 2	(20,011)	-	(651)	(20,662)
Earmarked Reserves					
• Those set aside by CWC	Table 3	(35,357)	1,344	(9,921)	(43,934)
• Those earmarked with specific criteria	Table 4	(29,241)	2,315	(50,539)	(77,465)
Total Provisions	Table 5	(39,987)	9,361	(22,166)	(52,792)

- 2.2 In order to be prudent, it is proposed that the General Fund balance is increased by the 2020-2021 positive variance against budget to an overall total of £13.7 million. This represents approximately 5% of the net budget for 2021-2022 and is in line with recommended best practice.
- 2.3 Earmarked reserves that have been set aside by the Council to fund future estimated liabilities and planned expenditure have increased overall by £8.6 million. The increase in reserves includes the planned contribution of £5.1 million to the Future Years Budget Strategy Reserve to support the approved 2021-2022 budget strategy. Contributions to reserves to offset in year usage has been possible due to an underspend outturn position. The Budget Outturn Report, also on this agenda, provides full details of the outturn position.
- 2.4 The Council is required to hold a number of earmarked reserves due to either specific criteria associated with funding, legal requirements or accounting practice. The total values of these types of earmarked reserves has increased by £48.2 million. These reserves include the specific reserve for section 31 grant funding for business rates

reliefs, including those granted to support businesses during the Covid-19 pandemic, totalling £30.6 million which was received during 2020-2021; however due to collection fund accounting treatment this grant must be transferred into a reserve at year end in order to offset the deficit that will be charged to the 2021-2022 accounts. School balances are also within this category, these have increased by £6.8 million.

- 2.5 Provisions have increased by £12.8 million. These include the level of provision required to support forecast future expected credit losses.
- 2.6 Whilst the Council does not have a high level of reserves, the outturn position detailed in the Budget Outturn 2020-2021 report, to be presented at this meeting, has enabled the Council to protect the current level of reserves to some extent. This will help to support the Council's short-term financial position but, does not address the challenging financial position that the Council finds itself in over the medium-term; namely identifying further projected budget reductions which were estimated at £25.4 million in 2022-2023, rising to £29.6 million over the medium term to 2023-2024 when reported to Full Council in March 2021.
- 2.7 In addition to this challenge, the impact of the Covid-19 pandemic continues to have significant financial implications for the Council. A specific reserve was established to set aside funds at the end of 2019-2020 to support the Council's Covid-19 recovery strategy.

3.0 Background

- 3.1 Earmarked reserves are made up of retained surpluses against previous years' revenue budgets, which are available to fund future expenditure. Some are required by law or accounting practice, whilst others represent amounts voluntarily set aside by the Council for specific purposes.
- 3.2 The definition of provisions is set out in financial reporting standards. They state that a provision should be established when:
1. the Council has a present obligation as a result of a past event, and
 2. there is significant uncertainty around the timing or amount of settlement of the obligation, but
 3. a reliable estimate can be made of the likely cost to the Council.
- 3.3 These definitions are for accounting purposes. The important issue for the Council in looking forward is whether or not the earmarked reserves and provisions, taken together with the Council's general balances, are sufficient to meet the cost of fulfilling the obligations (past or future) for which these reserves and provisions were established. If those obligations have been met, it is good practice to release the reserve or provision. The funds released are then available for other uses.
- 3.4 Due to the projected financial challenges facing the Council over the medium term, combined with the budget risks, reserves should only be called on in very specific circumstances and are not a viable funding option to reduce the projected budget deficit over either the short or longer term.

3.5 The policy on the use of reserves was revised during the 2014-2015 budget process and approved by Full Council in November 2013. The policy states:

1. Earmarked Reserves - to provide sufficient sums to meet known and estimated future liabilities and/or planned expenditure.
2. General Fund Balance:
 1. To retain a minimum balance of £10.0 million at all times in order that sufficient sums are available to address the significant budget risks that face the authority should they materialise.
 2. This actual balance may however be lower than the £10.0 million where the use of these balances is the only option to fund significant costs associated with downsizing the workforce, in order to deliver significant on-going savings. These balances should however be replenished to the minimum level of £10.0 million within a maximum of two financial years.
 3. Can only be used following the agreement of Full Council having first been considered by the Leader [Cabinet Member for Resources] in consultation with Cabinet colleagues and then by Cabinet (Resources) Panel and only in the following circumstances:
 - a. To fund one-off exceptional/extraordinary items of expenditure where such expenditure cannot be contained within existing budgets or by calling on earmarked reserves and/or provisions.
 - b. To smooth the impact of a significant projected medium term budget deficit, where robust plans to address that deficit will take time to approve and implement.
 - c. To fund Invest to save or income generating initiatives where there are insufficient sums held within the Efficiency Reserve to fund the initiative and there is a payback within a reasonable period of time.

4.0 General Balances

4.1 The Council maintains a number of general balances created by retained surpluses in this year and past years, as detailed in the table below.

Table 2 – General Balances at 31 March 2020 and 31 March 2021

	Balance at 31 March 2020 £000	Movement of Balances in 2020- 2021 £000	Balance at 31 March 2021 £000
General Fund Balance	(13,000)	(651)	(13,651)
Housing Revenue Account Balance	(7,011)	-	(7,011)
Total Balances	(20,011)	(651)	(20,662)

- 4.2 General balances, unlike earmarked reserves, are funds that are generally available and not earmarked for a specific purpose although the individual funds (General Fund and Housing Revenue Account) are ring-fenced.
- 4.3 As a result of the positive General Fund outturn position for 2020-2021, as reported to Cabinet at this meeting in the Budget Outturn 2020-2021 report, the Council underspent by £651,000. It is therefore proposed that the underspend be transferred into the General Fund Balance. The Council's General Fund Balance represents approximately 5% of the net budget for 2021-2022 and is line with recommended best practice.
- 4.4 The Council does not have high levels of reserves but through an underspend outturn position has been able to protect the levels or reserves to some extent. The current level of reserves will help to support the Council's short term financial position, however it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying further projected budget reductions which were estimated at £25.4 million in 2022-2023, rising to £29.6 million over the medium term to 2023-2024 when reported to Full Council in March 2021.
- 4.5 The Covid-19 pandemic has significantly distorted the council's financial position and medium-term financial strategy (MTFS). Whilst the Government has made good on its commitment to fund councils to "to do whatever it takes" to address the emergency the economy and social effects of the pandemic will be felt for years to come. We have no information from Government as to how they will fund councils to be able to manage this.
- 4.6 The Housing Revenue Account (HRA) Balance has been accumulated from net surpluses against HRA budgets in previous years. This balance is only available to fund expenditure against the HRA budget.

5.0 Earmarked revenue reserves

5.1 In addition to general balances, the Council also holds a number of earmarked reserves. An analysis of the earmarked reserves set aside by the Council at 31 March 2021 is provided in Table 3 below. Further detail by individual reserves is shown in Appendix 1.

Table 3 – Earmarked Reserves Set Aside by the Council

	Balance at 31 March 2020 £000	Transfer Out £000	Transfer To £000	Balance at 31 March 2021 £000
Adult Services	(1,200)	-	(1,416)	(2,616)
Children's Services	(196)	-	(10)	(206)
City Assets and Housing	(125)	-	-	(125)
Corporate	(29,302)	1,324	(7,710)	(35,688)
Regeneration	(1,333)	-	(785)	(2,118)
Finance	(2,447)	-	-	(2,447)
City Environment	(750)	20	-	(730)
Public Health	(4)	-	-	(4)
	(35,357)	1,344	(9,921)	(43,934)

- 5.2 As part of the 2021-2022 budget process all earmarked reserves were once again reviewed for relevance and adequacy by Strategic Finance in conjunction with Budget Managers. The earmarked reserves were also reviewed by Our Council Scrutiny Panel Specific Reserves Working Group on 9 February 2021 for appropriateness.
- 5.3 Earmarked reserves that have been set aside by the Council to fund future estimated liabilities and planned expenditure have increased overall by £8.6 million. The increase in reserves includes the planned contribution of £5.1 million to the Future Years Budget Strategy Reserve to support the approved 2021-2022 budget strategy. Contributions to reserves to offset in year usage has been possible due to an underspend outturn position. The Budget Outturn report, also on this agenda, provides full details of the outturn position.
- 5.4 Earmarked reserves set aside by the Council will be reviewed as part of the revenue budget monitoring process throughout 2021-2022, as required within the Constitution. Any proposed adjustments to earmarked revenue reserves will be reported to Cabinet (Resources) Panel for approval. In addition to this, a fundamental review of all earmarked reserves will be undertaken during 2021-2022 to rationalise earmarked reserves where appropriate.
- 5.5 Furthermore, the Our Council Scrutiny Panel will scrutinise the use of these reserves as part of the 2022-2023 budget setting process, as in previous years.
- 5.6 An analysis of the earmarked reserves due to specific criteria at 31 March 2021 is provided in Table 4 below. Further detail by individual reserves is shown in Appendix 2.

Table 4 – Earmarked Reserves due to specific criteria

	Balance at 31 March 2020	Transfer Out	Transfer To	Balance at 31 March 2021
	£000	£000	£000	£000
Adult Services	(7)	-	-	(7)
Children's Services	(958)	209	(851)	(1,600)
City Assets and Housing	(250)	-	(100)	(350)
Corporate	(15,087)	-	(37,376)	(52,463)
Regeneration	(219)	20	-	(199)
Finance	(2,691)	-	(8)	(2,699)
City Environment	(3,372)	942	(382)	(2,812)
Public Health	(598)	-	(3,535)	(4,133)
School Balances	(6,059)	1,130	(7,943)	(12,872)
Governance	-	14	(344)	(330)
Total Specific Reserves	(29,241)	2,315	(50,539)	(77,465)

5.8 There has been a net increase of £48.2 million in earmarked reserves with a specific criteria as shown in Appendix 2.

5.9 Schools' Balances (including balances held by Pupil Referral Units) are accumulated from underspends against school budgets in past years. This balance includes the 2020-2021 deficit against Dedicated Schools Grant - High Needs Block, this will be funded from High Needs Block in 2021-2022. This sum is only available to fund expenditure against schools' delegated budgets.

6.0 Provisions

6.1 An analysis of the authority's provisions, which is a liability that the Council is aware of but the amount and timing of the liability is uncertain, as at 31 March 2021 is provided in the table below and is shown in more detail by individual provision in Appendix 3 and 4.

Table 5 – Provisions as at 31 March 2020 and 31 March 2021

	Balance at 31 March 2020 £000	Transfer Out £000	Transfer To £000	Balance at 31 March 2021 £000
Expected Credit Loss and Bad Debt Provision	(29,841)	6,205	(17,537)	(41,173)
Other Provisions	(10,146)	3,156	(4,629)	(11,619)
Total	(39,987)	9,361	(22,166)	(52,792)

7.0 Adequacy

- 7.1 In accordance with the provisions of the Local Government Act 2003 (Section 25), the Director of Finance is required to report on the adequacy of the proposed reserves. The Director of Finance considers that the overall level of all reserves, provisions and balances is sufficient to meet the likely level of obligations to be met from reserves, provisions and general balances in the short term.
- 7.2 It is important to note that many of the changes to earmarked reserves detailed within this report, which have arisen from the positive General Fund outturn position in 2020-2021, will help to support the Council's short-term financial position. This does not, however, address the challenging financial position that the Council finds itself in over the medium term; namely identifying further projected budget reductions estimated at £25.4 million in 2022-2023, rising to £29.6 million over the medium term to 2023-2024 when reported to Full Council in March 2021. The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council.
- 7.3 Work continues to review the budget strategy to address the projected budget deficit faced by the Council over the medium term and progress will be reported to Cabinet on 28 July 2021 in the Revenue Budget Update report.

8.0 Evaluation of alternative options

- 8.1 The reserve, provision and balance adjustments are all considered to be prudent in the opinion of the Director of Finance and the Leader of the Council.

9.0 Reason for decisions

- 9.1 Contribution to and from reserves requires the approval from Cabinet. The reserve amendments detailed in this report are all considered to be prudent in the opinion of the Director of Finance and the Leader of the Council.

10.0 Financial Implications

- 10.1 The financial implications are discussed in the body of the report.
[MH/10162021/X]

11.0 Legal Implications

- 11.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. The recommendations set out in this report will allow the Council to comply with this obligation.
[TC/10062021/C]

12.0 Equality Implications

12.1 This report has no direct equality implications. However, any consideration given to the use of reserves, provisions or balances could have direct or indirect equality implications. These will need to be considered as and when sums are allocated from reserves and/or balances whereby an initial screening will be conducted.

13.0 Other Implications

13.1 There are no other implications arising as a result of this report.

14.0 Background Papers

14.1 [Budget Outturn 2020-2021](#), report to Cabinet, 16 June 2021.

14.2 [2021-2022 Final Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024](#), report to Cabinet, 17 February 2021.

15.0 Appendices

15.1 Appendix 1 – Earmarked Reserves

15.2 Appendix 2 – Other Earmarked Reserves with specific criteria

15.3 Appendix 3 – Expected Credit Loss and Bad Debt Provision

15.4 Appendix 4 – Other Provisions

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Adult Services						
Adults Social Care Reserve	Over the next two years, Adult Services Transformation Programme will be refreshed and will prioritise a number of key projects, including the redesign of the operating model, associated structures, and review of the practice model. This reserve will be used to support this transformation work and deal with growing demand within Adult Social Care.	(1,200)	-	(1,416)	(2,616)	-
Adult Services Total		(1,200)	-	(1,416)	(2,616)	-

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Children's Services						
Safeguarding Partnership Board	To fund the Safeguarding Partnership Board expenditure in future years. This reserve is made up of contributions from our partners (Police, Clinical Commissioning Group, Probation and Prospects) to support the running costs of the Safeguarding Partnership Board.	(196)	-	(10)	(206)	-
Children's Services Total		(196)	-	(10)	(206)	-

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
City Assets and Housing						
HRA Homelessness	Available to support initiatives that work to prevent homelessness. This reserve was set up due to the uncertain future of the grant. Homelessness is on the increase and the Homelessness Reduction Act requires authorities to provide earlier interventions to prevent homelessness.	(53)	-	-	(53)	-
Kickstart Loans	Recycling of funds secured following the repayment of Kickstart Loans into assistance for private sector housing improvements.	(72)	-	-	(72)	-
City Asset and Housing Total		(125)	-	-	(125)	-

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Corporate						
Transformation Reserve	To progress the Our Council Transformation Strategy and ultimately deliver greater efficiencies.	(1,755)	110	(909)	(2,554)	1,050
Budget Contingency Reserve	Available to address in-year budget pressures that cannot be addressed from within existing service budgets. Funds in this reserve have been increased in previous years to support risks associated with the budget, including but not limited to the delivery of challenging budget reduction targets.	(3,574)	-	(1,390)	(4,964)	289
Efficiency Reserve	Available to allow pump priming and investment in new developments, where the main aim is to generate efficiencies in the future as supported by a fully costed business case. These business cases are considered by the Strategic Executive Board and approval is sought from Councillors as part of the quarterly financial monitoring and reporting arrangements.	(5,393)	39	(14)	(5,368)	392
Job Evaluation Reserve	To assist with the funding of the implementation of new pay scales	(1,000)	-	-	(1,000)	-

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Corporate						
	arising from job evaluation, in addition to equal pay costs that cannot be charged to the provision.					
Development Reserve	To fund feasibility works.	(450)	-	-	(450)	372
Enterprise Zone Business Rates Equalisation Reserve	To equalise the fluctuation in business rates receipts within the Enterprise Zone.	(665)	665	-	-	-
Business Rates Equalisation Reserve	To equalise the impact of the fluctuation in business rates on the Council's General Fund arising as a result of revaluations and appeals.	(1,123)	-	-	(1,123)	1,100
Treasury Management Equalisation Reserve	To support the revenue costs associated with re-phasing in the Capital Programme, such as interest costs arising as a result of borrowing.	(2,151)	500	-	(1,651)	-
Budget Strategy Reserve	Funds available to address reorganisation costs as a result of the financial challenges faced by the Council over the medium term.	(7,569)	-	-	(7,569)	-

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Corporate						
Community Initiatives and Crowdfund Wolves	For a programme of positive community based activities to engage and develop young people and also to support Crowdfund Wolves.	(275)	10	(283)	(548)	-
Future Years Budget Strategy Reserve	Funds have been transferred into this reserve to support the budget strategy in 2021-2022 and future years.	(2,347)	-	(5,114)	(7,461)	5,114
Recovery Reserve	Funds in this reserve are available to support investment in services following the Covid-19 pandemic.	(3,000)	-	-	(3,000)	98
Corporate Total		(29,302)	1,324	(7,710)	(35,688)	8,415

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Regeneration						
Art Gallery Touring Exhibitions Reserve	To support the costs of touring exhibitions. The reserve has been built up from net income generated in previous tours.	(6)	-	-	(6)	5
Regeneration Reserve	To fund projects in support of corporate regeneration priorities and maintaining the city centre development.	(1,321)		(785)	(2,106)	(10)
Schools Arts Service Reserve	This reserve is made up of funds to support educational art projects in schools and the wider community, which may lead to increased future income streams.	(6)	-	-	(6)	-
Regeneration Total		(1,333)	-	(785)	(2,118)	(5)

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Finance						
Our Technology Reserve	This amount has been set aside to part fund costs for the ongoing development of Agresso.	(271)	-	-	(271)	200
Revenues and Benefits Strategy Reserve	Funds available to address changes in benefit distribution.	(2,176)	-	-	(2,176)	-
Finance Total		(2,447)	-	-	(2,447)	200

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
City Environment						
Climate Change Reserve	Funds in this reserve are available for climate change feasibility works and will enable the Council to tackle climate change with a shift to net carbon zero by 2028.	(750)	20	-	(730)	-
City Environment Total		(750)	20	-	(730)	-

Earmarked Reserve by Division

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Public Health						
Building Resilience Reserve	To continue activities under the Preventing Violent Extremism work stream.	(4)	-	-	(4)	-
Public Health Total		(4)	-	-	(4)	-
Council Total		(35,357)	1,344	(9,921)	(43,934)	8,610

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Adult Services						
Mary Ellen Bequest - Oxley Training Centre Reserve	Bequest available for use at the Oxley Training Centre.	(7)	-	-	(7)	-
Adult Services Total		(7)	-	-	(7)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Children's Services						
The Education (Penalty Notices) Regulations 2007	This reserve is made up fines levied to parents where their children are taken out of school on holidays during term time. The fund can only be spent on issuing and enforcing penalty notices, and prosecuting recipients who do not pay.	(89)	-	-	(89)	-
Regional Adoption Agency (RAA)	As part of the funding agreement with partner Authorities in the Regional Adoption Agency it has been agreed that an overspend up to 5% of the approved budget will be held in a reserve to be utilised in future years.	(209)	209	(179)	(179)	-
PFI surplus reserve	A Reserve to allow in year PFI contract efficiencies to be utilised to meet future years expenditure.	(660)	-	(672)	(1,332)	-
Children's Services Total		(958)	209	(851)	(1,600)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
City Assets and Housing						
Victoria Square Sinking Fund Reserve	Contributions made by tenants and set aside by the Council to meet future maintenance costs at Victoria Square commercial units.	(22)	-	(2)	(24)	-
Magistrates Court Reserve	Sinking fund to meet future refurbishment costs for building occupied by Magistrates court.	(34)	-	-	(34)	-
Private Sector Housing - Civil Penalties	This reserve is made up of fines levied on private sector landlords under the Housing Planning Act 2016. As an alternative to prosecution landlords can be fined for breaches of the act for example breaches of an improvement notice or overcrowding in a property. Fines can be up to £30,000 and are ringfenced to provision of the service.	(120)	-	(84)	(204)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
City Assets and Housing						
Private Sector Housing - Licencing Fees	Licencing fees are levied on all private sector properties that offer multiple occupancy. Each property is charged a set fee at the point of registration. Properties are then assessed against pre-defined criteria and are awarded a star rating. Depending upon the star rating awarded an amount of the licence fee is refunded up to a total of the original fee. This reserve is required in order to fund these refunds in future years.	(74)	-	(14)	(88)	-
City Assets and Housing Total		(250)	-	(100)	(350)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
City Environment						
Markets Reserve	To fund periodic repairs and maintenance at the wholesale market including, for example, internal and external redecoration. The Reserve has been established from market trader contributions (part of annual service charges).	(92)	-	-	(92)	-
Licensing Reserve	The Licensing service is not permitted to make a surplus over a three-year period. Against this background the Reserve is used to minimise variations in fees imposed as costs and license volumes fluctuate between years.	(2,362)	942	(339)	(1,759)	-
Wholesale Market Sinking Fund	Established to fund specific major replacement and refurbishment projects at the wholesale market including, for example, plant and equipment replacement or a roof replacement. This Reserve has been established from market trader contributions (part of annual service charges).	(29)	-	-	(29)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
City Environment						
Highway Management Reserve	Reinvestment of funds secured through Bus Lane enforcement into Highway improvement.	(888)	-	(43)	(931)	620
Mediation Service	To provide a Mediation Service which is self-funded through annual contributions, mainly from Wolverhampton Homes and Cannock Chase District Council.	(1)	-	-	(1)	-
City Environment Total		(3,372)	942	(382)	(2,812)	620

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Finance						
Insurance Reserve	The Reserve is for unexpected insurance claim events that cannot be covered by Insurance Fund budgets. Insurance claims costs vary year to year and a contribution may be made to or from the Reserve dependent on the Fund outturn position.	(2,691)	-	(8)	(2,699)	-
Finance Total		(2,691)	-	(8)	(2,699)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Public Health						
Public Health	This reserve has been established from ring fenced Public Health grant and is to fund one-off public health initiatives.	(576)	-	(3,535)	(4,111)	-
Community Safety	To assist the Safer Wolverhampton Partnership to deliver the Community Safety and Harm Reduction Strategy and its annual Delivery Plan, as authorised by the Office of the Police and Crime Commissioner.	(22)	-	-	(22)	-
Public Health Total		(598)	-	(3,535)	(4,133)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Regeneration						
Building Control Service Improvements	Any surplus achieved on the Building Control Service is required to be reinvested back into the service	(219)	20	-	(199)	-
Regeneration Total		(219)	20	-	(199)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Corporate						
Funds and Bequests Reserve	Trust funds administered by the authority with specific criteria for allocation.	(8)	-	-	(8)	-
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.	(15,044)	-	(2,074)	(17,118)	-
Art Fund	Funds administered to support revenue expenditure against criteria defined by the bequest.	(33)	-	-	(33)	-
Mayors Award	Trust funds administered by the authority with specific criteria for allocation.	(2)	-	-	(2)	-
Collection Fund section 31 grant business rates relief reserve	This reserve has been established to hold the funds provided via a section 31 grant to the Council for the cost of Covid-19 and other business rates reliefs. Due to Collection Fund accounting treatment, the deficit on the Collection Fund in 2020-2021, to be	-	-	(30,619)	(30,619)	30,619

Other Earmarked Reserves with Specific Criteria by Directorates

	offset in part by this funding, will not be realised until 2021-2022.					
Collection Fund tax income guarantee scheme reserve	In the Spending Review 2020, the Government announced funding to compensate 75% irrecoverable losses from council tax and business rates revenues in 2020-2021, that would otherwise need to be funded through local authority budgets in 2021-2022 and later years. The reserve has been established to hold the funds. Due to Collection Fund accounting treatment, the deficit on the Collection Fund in 2020-2021, to be offset in part by this funding, will not be realised until 2021-2022 and later years.	-	-	(4,683)	(4,683)	4,683
Corporate Total		(15,087)	-	(37,376)	(52,463)	35,302

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Governance						
Elections Reserve	This reserve has been established to contribute the in-year underspend against the local elections budget in 2020-2021 due to a fallow election year as a result of the Covid-19 pandemic. Funds in this reserve would then be available to cover future elections costs in excess of the available budget.	-	-	(183)	(183)	
Ward Funds Reserve	Due to the Covid-19 pandemic, the remaining balance of Ward Funds not spent in 2020-2021 have been transferred into a specific reserve for future years...	-	14	(161)	(147)	-
Governance Total		-	14	(344)	(330)	-

Other Earmarked Reserves with Specific Criteria by Directorates

Specific Reserve	Description of Reserve	Balance at 31 March 2020 £000	Transfer Out £000	Transfer In £000	Balance at 31 March 2021 £000	Approved Commitments at 31 March 2021 £000
Schools						
Schools Balances	Held in accordance with the Scheme of Delegation for Schools.	(6,059)	1,130	(7,943)	(12,872)	-
Schools Total		(6,059)	1,130	(7,943)	(12,872)	-
Council Total		(29,241)	2,315	(50,539)	(77,465)	35,922

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Expected Credit Loss and Bad Debt Provision

Provision	Description of Provision	Balance at 31 March 2020 £000	Transfer Out £000	Transfer To £000	Balance at 31 March 2021 £000
Expected Credit Loss Provision					
Collection Fund	All bad and doubtful debt provisions are calculated by application of an established formula that takes account of the risk of not recovering debts owed to the Council using a combination of factors including age of debt.	(17,123)	4,500	(14,161)	(26,784)
General Fund Sundry Debtors		(9,491)	39	(2,158)	(11,610)
Housing Revenue Account		(3,227)	1,666	(1,218)	(2,779)
Expected Cash Loss Provision Total		(29,841)	6,205	(17,537)	(41,173)

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Other Provisions

Balance at 31 March 2020 £000	Provision Name	Provision Details	Amounts Used in 2020-2021 £000	Provisions Made in 2020-2021 £000	Balance at 31 March 2021 £000
(300)	Capitalisation Risks	This provision is in respect of potential claims under equal pay legislation. It is currently uncertain when payments might need to be made, and the value of any such payments.	-	-	(300)
(2,303)	Insurance	The Council self-insures risks to property and assets up to a total aggregate limit of £1.0 million and its liability exposures up to a limit of £250,000 on any one occurrence above which limits the external insurance cover operates. The insurance provision of £2.3 million is in respect of the outstanding claims under the self-insurance programme covering the current and past years.	-	-	(2,303)
(386)	Termination Benefits	During 2020-2021, the Council continued to accept applications for voluntary redundancy. As a result of this initiative, there were a number of employees and former employees to whom termination benefits were due, but had not yet been made, at the end of the year.	386	(55)	(55)
(24)	Midlands Housing Consortium (MHC)	MHC was previously a member of the West Midlands Pension Fund. It paid a lump sum to the Council to support pension payments to fund members. This provision will reduce gradually over time as pension payments are made.	24	-	-
(19)	Housing Revenue Account	There are three separate provisions: for legal disrepair claims, for tenant management organisation expenditure and for rent bonds.	-	-	(19)
(6,599)	Outstanding NNDR appeals	The Collection Fund account requires a provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2021.	2,290	(3,655)	(7,964)
(61)	Other	These are small amounts relating to ex-members of the pension fund and refunds of aftercare payments made by residents subsequently falling within Section 117 of the Mental Health Act 1983 and from whom charges are not due.	2	-	(59)
(454)	BCLEP EZ provision for Wolverhampton (North)	Provision for the retention and distribution of the uplift in business rates for City of Wolverhampton Enterprise Zone sites in the Black Country area.	454	(919)	(919)
(10,146)		Total Other Provisions	3,156	(4,629)	(11,619)

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