

Cabinet Meeting

22 July 2015

Report title	Revenue Budget Outturn 2014/15	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor Tel Email	Director of Finance 01902 556609 mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Confident Capable Council Scrutiny Panel	10 July 2015 7 October 2015

Recommendations for noting:

The Cabinet is asked to note:

1. The revenue outturn position for 2014/15 for the General Fund; a net underspend of £6.991 million (2.82%) was achieved against the net budget requirement of £247.6 million. This, combined with the receipt of additional Business Rates Support grant totalling £3.4 million, has resulted in the Council not needing to draw down £9.9 million of general fund reserves to balance the budget, as originally budgeted for.
2. That a significant element of the underspend arising within the 2014/15 General Fund outturn is already factored into the Council's Medium Term Financial Strategy, including savings arising as a result of changes to the Council's Minimum Revenue Provision (MRP) Policy, as approved by Full Council on 4 March 2015. Whilst the underspend against budget during 2014/15 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 an additional £46.3 million of savings. Further to this, it is anticipated that the financial challenge could potentially be worse once the Autumn Spending Review is announced. An update on progress to date with the savings strategy for 2016/17 will be reported to Cabinet at this meeting in the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 report.

3. That this outturn position takes into account a number of proposed transfers to and from reserves and provisions for which approval is sought in the Reserves, Provisions and Balances 2014/15 report to be presented at this meeting.
4. That significant underspends against the General Fund budget have been achieved during 2014/15 as a result of savings arising from a change in the Council's Minimum Revenue Provision (MRP) Policy, the early implementation of approved savings and the improved financial management and control achieved from the implementation of Agresso. A comprehensive review of all service areas, which is being led by Finance, is currently being undertaken to challenge all areas of underspend and identify any recurring savings which may contribute towards the savings strategy for 2016/17. The results of this review will be reported to Cabinet in October as part of the Draft Budget and Medium Term Financial Strategy report.
5. That due to the level of underspend, instead of spreading the cost of pension strain over a period of up to three years, all sums due to the West Midlands Pension Fund relating to pension strain have been fully accounted for in 2014/15, in order to secure savings against the Council's pension liabilities.
6. That schools contributed £1.4 million to reserves during 2014/15, taking the total accumulated reserves to £15.7 million at 31 March 2015.
7. That the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £20.5 million, compared to a budgeted surplus of £11.9 million. The underspend will help with the adverse impact that will arise as a result of the recent budget announcements regarding a 1% reduction in rents for four years.
8. That the draft financial statements of Yoo Recruit Limited will be subject to external audit.
9. That as a result of recruitment through Yoo Recruit Limited the Council has been able to avoid fees which would otherwise have been incurred, including approximately £92,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency, and approximately £45,000 through a reduction in use of the Birmingham Gateway Framework arrangement.
10. That the outturn against the Collection Fund for 2014/15 is a £7.0 million deficit. As a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, it is proposed that a Business Rates Equalisation reserve be established to equalise the impact of appeals on the Council. Approval for the establishment of this reserve will be sought in

the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting. Furthermore, a review of the Collection Fund assumptions built into the Medium Term Financial Strategy will be undertaken to take account of the issues faced as a result of appeals.

Recommendation(s) for action or decision:

The Cabinet is recommended to approve:

1. A loan of £300,000 to Yoo Recruit Limited to be repaid within 12 months at market interest rate, to aid cash flow purposes for the company now that they are turning over such a significant sum of money. The loan will be funded from Corporate Contingency within the Capital Programme, and the subsequent repayment of the loan will be treated as a capital receipt.
2. A virement totalling £300,000 from Corporate Contingency to the Temporary Staffing Agency project within the Capital Programme, to facilitate the loan to Yoo Recruit Limited.
3. That the net profit after tax of £7,000 of Yoo Recruit Limited be retained by Yoo Recruit to enable business development.
4. The write off of four sundry debts that individually exceed £5,000, as a result of liquidation, deceased debtors and debts uneconomical to pursue, as detailed in Appendix F.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the Council's revenue outturn position for 2014/15 compared with approved budgets and targets.

2.0 Executive Summary

- 2.1 Overall a net underspend of £6.991 million (2.82%) was achieved against the General Fund net budget requirement of £247.6 million. This, combined with the receipt of additional Business Rates Support grant totalling £3.4 million, has resulted in the Council not needing to draw down £9.9 million of general fund reserves to balance the budget, as originally budgeted for.
- 2.2 The General Fund outturn position for 2014/15 was considerably better than projected in the Revenue Budget Monitoring 2014/15 report presented to Cabinet (Resources) Panel on 24 March 2015, largely as a result of the prudent approach to spending adopted by all budget managers to generate savings during 2014/15. This approach, in conjunction with the benefits that the new Agresso systems have brought to the Council, such as transparency and compliance, have ensured that budget managers secure best value for their services and the Council overall.
- 2.3 The Council made a net contribution of £3.4 million to earmarked reserves during the year. Approval for those proposed transfers to and from reserves and provisions will be sought in the Reserves, Provisions and Balances 2014/15 report to be presented at this meeting.
- 2.4 Due to the favourable General Fund outturn position for 2014/15, the Council did not draw down £9.9 million from the General Fund Balance to balance the budget, as originally budgeted for. It is therefore proposed that £17 million is transferred from General Fund Balance into specific reserves, for which approval is sought in the Reserves, Provisions and Balances 2014/15 report to be presented at this meeting. This will therefore reduce the General Fund Balance to £10 million; the minimum balance as determined in the Council's Reserves and Balances Policy. Emphasis has therefore been placed on identifying budget savings to meet the projected budget deficit over the medium term. It is important to note that this is in accordance with the planned approach as set out in the Council's Medium Term Financial Strategy, approved by Council on 4 March 2015.
- 2.5 A significant element of the underspend arising within the 2014/15 General Fund outturn is already factored into the Council's Medium Term Financial Strategy, including savings arising as a result of changes to the Council's Minimum Revenue Provision (MRP) Policy, as approved by Full Council on 4 March 2015. Whilst the underspend against budget during 2014/15 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 an additional £46.3 million of savings. Further to this, it is anticipated that the financial challenge could potentially be worse once the Autumn Spending Review is announced. An update on progress to date with the savings strategy

for 2016/17 will be reported to Cabinet at this meeting in the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 report.

- 2.6 Schools contributed £1.4 million to reserves during 2014/15, taking the total accumulated reserves to £15.7 million at 31 March 2015. This is set against school's projection of balances of £8.1 million at the end of 2014/15, and therefore actual balances are £7.6 million greater than forecast. The Directors of Education 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.
- 2.7 The Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £20.5 million, compared to a budgeted surplus of £11.9 million. The underspend will help with the adverse impact that will arise as a result of the recent budget announcement regarding a 1% reduction in rents for four years. In accordance with the strategy approved as part of the Business Plan adopted in February 2013, the HRA reserve has been maintained at £5 million and as such the surplus of £20.5 million has been used to pay down debt, thereby increasing the headroom within the government's borrowing cap to fund future capital expenditure.
- 2.8 Yoo Recruit, the Council owned temporary staffing agency has now completed the first 12 months of trading. The company had a turnover of £2.0 million and a net profit after tax of £7,000. It is proposed that the net profit is retained by Yoo Recruit to enable business development. As a result of recruitment through Yoo Recruit Limited the Council has been able to avoid fees which would have otherwise have been incurred, including approximately £92,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency, and approximately £45,000 through a reduction in use of the Birmingham Gateway Framework arrangement. The Council has therefore realised savings in excess of the £50,000 target that was built into the 2014/15 approved budget.
- 2.9 The Collection Fund outturned with a £7.0 million deficit during 2014/15; this resulted in an overall deficit of £6.3 million to be carried forward, after taking account of the surplus of £700,000 from previous years.

3.0 Revenue Budget Outturn – General Fund Summary

3.1 An analysis of the Council's outturn position against general fund revenue budgets for 2014/15 is detailed in the table below. Further detailed analysis for each Directorate can be found in Appendices A to D.

Table 1 – 2014/15 Revenue Budget Outturn Summary

	Net Controllable Budget 2014/15	Net Controllable Outturn 2014/15	Variation Over/(Under)	Transfer to/(from) Earmarked Reserves	Variation Over/(Under)	
	£000	£000	£000	£000	£000	%
People	134,186	131,959	(2,227)	1,945	(4,172)	-3.11%
Place	46,317	41,141	(5,176)	(78)	(5,098)	-11.01%
Corporate Services (including Education)	30,490	28,663	(1,827)	(2,751)	924	3.03%
Corporate Budgets	36,557	38,796	2,239	3,810	(1,571)	-4.30%
Net Budget Requirement	247,550	240,559	(6,991)	2,926	(9,917)	-4.01%
Government Grant (General)	(161,741)	(164,672)	(2,931)	500	(3,431)	-2.12%
Council Tax	(76,567)	(76,587)	(20)	-	(20)	-0.03%
Collection Fund Deficit	700	700	-	-	-	0.00%
Total Resources	(237,608)	(240,559)	(2,951)	500	(3,451)	-1.45%
Use of General Balances	(9,942)	-	9,942	-	9,942	100.00%
Net Budget (Surplus) / Deficit	-	-	-	3,426	(3,426)	-1.38%

3.2 Overall a net underspend of £6.991 million (2.82%) was achieved against the General Fund net budget requirement of £247.6 million, as analysed in Table 1 above. This combined with the receipt of additional Business Rates Support grant totalling £3.4 million, resulted in the Council not needing to draw down £9.9 million from General Fund Balances to balance the budget, as originally budgeted for.

3.3 As can be seen from the table above, the Council made a net contribution of £3.4 million to earmarked reserves during the year, after meeting the cost of redundancy and pension strain totalling £11.1 million from underspends against budget. This includes the significant underspend against the Minimum Revenue Provision (MRP) budget arising from a revision to the Council's MRP Policy, approved by Full Council on 4 March 2015.

3.4 It is important to note, that the General Fund outturn position takes into account proposed transfers to and from reserves and provisions. Full details regarding reserve transfers are included in the Reserves, Provisions and Balances 2014/15 report, for which approval will be sought at this meeting.

3.5 The final General Fund outturn position for 2014/15 was considerably better than projected in the Revenue Budget Monitoring 2014/15 report presented to Cabinet (Resources) Panel on 24 March 2015, largely as a result of the prudent approach to spending adopted by all budget managers to generate savings during 2014/15. This approach, in conjunction with the benefits that the new Agresso systems have brought to the Council, such as transparency and compliance, have ensured that budget managers secure best value for their services and the Council overall.

- 3.6 A significant element of the underspend arising within the 2014/15 General Fund outturn is already factored into the Council's Medium Term Financial Strategy, including savings arising as a result of changes to the Council's Minimum Revenue Provision (MRP) Policy, as approved by Full Council on 4 March 2015. Whilst the underspend against budget during 2014/15 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 an additional £46.3 million of savings. Further to this, it is anticipated that the financial challenge could potentially be worse once the Autumn Spending Review is announced. An update on progress to date with the savings strategy for 2016/17 will be reported to Cabinet at this meeting in the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 report.
- 3.7 The Council continues to be faced with a challenging projected financial position over the medium term, and significant savings are required in order to achieve a robust financial position. As a result of the underspends against budget that have been achieved during 2014/15, a comprehensive review of all service areas, which is being led by Finance, is currently being undertaken to challenge all areas of underspends and identify any recurring savings which may contribute towards the savings strategy for 2016/17. The results of this review will be reported to Cabinet in October as part of the Draft Budget and Medium Term Financial Strategy report.
- 3.8 Due to the favourable General Fund outturn position for 2014/15, the Council did not draw down £9.9 million from General Fund Balances to balance the budget. It is therefore proposed that £17 million is transferred from General Fund Balances into specific reserves, for which approval is sought in the Reserves, Provisions and Balances 2014/15 report to be presented to Councillors at this meeting. This will therefore reduce the General Fund Balance to £10 million; the minimum balance as determined in the Council's Reserves and Balances Policy. Emphasis has therefore been placed on identifying budget savings to meet the projected budget deficit over the medium term. It is important to note that this is in accordance with the planned approach as set out in the Council's Medium Term Financial Strategy, approved by Council on 4 March 2015.

4.0 Revenue Budget Analysis per Directorate

People

4.1 A summary of the 2014/15 outturn against the People net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix A.

Table 2 – 2014/15 Revenue Budget Outturn – People

Service	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variation	
			Over/(Under) £000	%
Older People & Personalisation	31,968	30,580	(1,388)	-4.34%
Health, Wellbeing & Disabilities	49,018	47,298	(1,720)	-3.51%
Children, Young People & Families	50,648	51,632	984	1.94%
Public Health, Parks & Safeguarding	2,552	2,449	(103)	-4.04%
People Total	134,186	131,959	(2,227)	-1.66%

4.2 Overall, a net underspend of £2.2 million (-1.66%) for the year was achieved by the People directorate. The main factors contributing towards the underspend are detailed as follows:

- Older People & Personalisation** – Overall there was a net underspend of £1.4 million within the service directorate resulting from various factors including: the early achievement of 2015/16 savings proposals related to Community Centres and Libraries; a £140,000 underspend on carers support payments; the contribution of Public Health funds totalling £500,000; in addition to underspends against staffing budgets within the service directorate. The underspend was in part offset by a £1.3 million overspend against care purchasing budgets.
- Health, Wellbeing & Disabilities** – There was a net underspend of £1.7 million within the service directorate resulting from various factors including: the early achievement of 2015/16 savings proposals within the Disabilities In-House service totalling £1.0 million; underspends against care purchasing budgets totalling £614,000; in addition to underspends against staffing budgets across the service directorate.
- Children, Young People & Families** – There was a net overspend of £984,000 within the service directorate, which has arisen primarily as a result of a continued high level of Looked After Children out of city placements totalling £2.2 million, in addition to increased costs associated with adoption and guardianship totalling £1.4 million. This overspend has been offset in part due to staffing vacancies within the service directorate and income from other services.
- Public Health, Parks & Safeguarding** – There was a net underspend of £103,000 within the service directorate, however there are no significant variations to report.

Place

- 4.3 A summary of the 2014/15 outturn against the Place net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix B.

Table 3 – 2014/15 Revenue Budget Outturn – Place

Service	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variation	
			Over/(Under) £000	%
Directorate	340	367	27	7.94%
City Economy	7,446	6,829	(617)	-8.29%
City Assets	11,569	10,745	(824)	-7.12%
City Environment	26,962	23,200	(3,762)	-13.95%
Place Total	46,317	41,141	(5,176)	-11.18%

- 4.4 Overall a net underspend of £5.2 million (-11.18%) for the year was achieved by the Place directorate. The main factors contributing towards the underspend are detailed as follows:

1. **City Economy** – There was a net underspend of £617,000 within the service directorate which has arisen primarily as a result of underspends against staffing budgets within Enterprise & Skills, Neighbourhood Services and Culture, Arts and Heritage services. In addition to this, additional grant funding within the Enterprise & Skills service has also contributed to the overall underspend within the service directorate.
2. **City Assets** – Overall there was a net underspend of £824,000 within the service directorate resulting from various factors including: additional school meals income within Catering Services totalling £445,000; an underspend of £388,000 for Transportation as a result of a number of staff vacancies and surface water management savings; savings against the Civic Centre budget in addition to additional income from schools resulting in an underspend of £170,000 for Facilities Management. The underspend was partly offset by an overspend within Performance and Service Support totalling £202,000 which arose as a result of a shortfall against in year administrative savings.
3. **City Environment** – There was a net underspend of £3.8 million for the service directorate, which has arisen as a result of various factors including: underspends against staffing budgets and the early delivery of 2015/16 savings within Environmental Maintenance totalling £1.0 million; the capitalisation of surface dressing costs and additional income within the Street Lighting service resulting in an underspend of £936,000; underspends against staffing budgets and higher levels of income from the sale of scrap vehicles within Fleet Services resulting in an underspend of £660,000 for the service; the early delivery of 2015/16 staff restructure savings within Regulatory Services totalling £564,000.

Corporate Services including Education

- 4.5 A summary of the 2014/15 outturn against the Corporate Services net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix C.

Table 4 – 2014/15 Revenue Budget Outturn – Corporate Services

Service	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variation	
			Over/(Under) £000	%
Finance	12,385	12,157	(228)	-1.84%
Governance	6,841	7,162	321	4.69%
Transformation	11,865	9,362	(2,503)	-21.10%
Education	(601)	(18)	583	-97.00%
Corporate Services Total	30,490	28,663	(1,827)	-5.99%

- 4.6 Overall a net underspend of £1.8 million (-5.99%) for the year was achieved by the Corporate Services directorate, including Education. The main factors contributing towards the underspend are detailed as follows:
- Finance** – There was a net underspend of £228,000 within the service, which has arisen as a result of various factors including: a £291,000 underspend within Corporate Financial Management primarily as a result of a lower than budgeted cost of Compensatory Added Years due to higher than anticipated turnover, and the early delivery of savings, arising from voluntary redundancies and vacant posts within Audit Services resulting in a £178,000 underspend. Managed underspends across the wider Finance Service offset overspends within The Hub and Strategic Finance due to one-off transitional costs following the implementation of Agresso, this was projected during the year and was planned to be addressed through managed underspends in this way. A reduction in external income from the West Midlands Pension Fund and Schools, reflecting the reduced support provided following the implementation of the new structure within the Pension Fund, was also managed within the year.
 - Governance** – There was a net overspend of £321,000 within the service directorate primarily as a result of one-off transitional costs following the implementation of Agresso within the HR Advice service totalling £582,000. This was projected during the year and it was planned to be addressed through managed underspends from across the wider Corporate Services directorate, particularly within Transformation; including a £220,000 underspend within Democracy attributable to the early delivery of savings, arising from voluntary redundancies and vacant posts.
 - Transformation** – There was a net underspend of £2.5 million within the service directorate, which has arisen as a result of various factors including: redundancies

and the management of vacant posts across the service directorate particularly in the Transformation, ICTS and Communications and Marketing services. In addition to this, a reduction in the workforce development costs as a result of the centralisation and rationalisation of training budgets, and a reduction in the costs of the Document Centre following a service review and rationalisation, have also contributed towards the overall underspend.

4. **Education** – There was a net overspend of £583,000 within the service directorate primarily as a result of a shortfall against savings targets. A service restructure was implemented during the year; however it did not deliver the full savings target due to residual staffing costs and the cost of interim support. The remaining savings target will be realised in 2015/16. It is important to note that, the service were aware of this overspend and it has been managed during the year through the delivery of savings within the former Education & Enterprise directorate.

Corporate Budgets

- 4.7 A summary of the 2014/15 outturn against the Corporate Budgets net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix D.

Table 5 – 2014/15 Revenue Budget Outturn – Corporate Budgets

Service	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variation	
			Over/(Under) £000	%
Corporate Budgets	36,557	38,796	2,239	6.12%

- 4.8 The main factors contributing towards the variation from budget are as follows:

1. **Redundancy Payments** – In order to identify further budget savings and help to balance the budget over the medium term, the Voluntary Redundancy programme, originally launched in 2013/14, continued in 2014/15 with the Council seeking volunteers for redundancy. Redundancy payments totalling £5.4 million and pension strain payments totalling £5.7 million were incurred against the corporate budget during 2014/15.

In March 2015, Cabinet (Resources) Panel were informed that redundancy costs would be funded by a contribution from the Efficiency Reserve, however given the favourable General Fund outturn position for the year those costs have been met from underspends across the Council.

2. **Treasury Management** – There was a net underspend of £12.8 million against the Corporate Treasury Management budget, primarily as a result of the revision

to the Council's Minimum Revenue Provision (MRP) Policy, as approved by Full Council in March 2015.

Councils are required to make prudent provision through the revenue account for the repayment of long-term external borrowing and credit arrangements, referred to as Minimum Revenue Provision (MRP). The straight line method of calculating MRP was adopted by the Council from 1 April 2008, however with the agreement of our External Auditors and the approval of Full Council on 17 December 2014, the approach to calculating MRP was adjusted to an annuity basis from 1 April 2014, resulting in a £4.4 million saving against the in-year budget.

Further detailed workings were undertaken to establish how much MRP the Council would have charged to the revenue account had it have adopted the annuity basis from 1 April 2008. This detailed exercise established that the Council would have charged around £37 million less MRP between 1 April 2008 and 31 March 2014, had it adopted the annuity method during this period.

Following seeking legal advice from Leading Counsel and our External Auditors that they are 'not minded to challenge' the policy, Full Council approved a revised MRP Policy that incorporates an adjustment for being overly prudent during the period from 1 April 2008 to 31 March 2014. This resulted in a zero MRP charge in 2014/15, with the in-year saving against budget removing the requirement to use general reserves in 2014/15. The budget savings arising in future years as a result of changes to the MRP Policy have been reflected in the Council's Medium Term Financial Strategy

3. **Contribution to Earmarked Reserves** – Due to the favourable outturn position, £3.8 million has been contributed to earmarked reserves to support future projects. A summary of the net movements against earmarked reserves is included in Section 5 below.

5.0 Reserves, Provisions and Balances

- 5.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2015 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2014/15', will seek approval for transfers to and from reserves, provisions and balances.
- 5.2 At the beginning of 2014/15 a balance of £27 million was held within the general fund reserve. The following table sets out the movement on the general fund reserves during the year:

Table 6 – General Fund Reserves 2014/15

	£000
Balance as at 1 April 2014	(27,000)
Transfer balance above £10 million to specific reserves	17,000
Balance as at 31 March 2015	(10,000)

5.3 On 24 March 2015, it was reported to Cabinet that the balance in excess of £10 million remaining in general fund reserves at 31 March 2015 would be transferred into specific reserves for future invest to save projects and redundancy costs. Due to the favourable General Fund outturn position for 2014/15, the Council did not draw down £9.9 million of general fund reserves to balance the budget, as originally budgeted for. It is therefore proposed that £17 million is transferred from general fund reserves into specific reserves, for which approval is sought in the Reserves, Provisions and Balances 2014/15 report to be presented at this meeting.

5.4 It is important to note, that many of the changes to reserves, as detailed in the Reserves, Provisions and Balances report to be received at this meeting, which have arisen from the favourable General Fund outturn position in 2014/15, are already factored into the Council's Medium Term Financial Strategy. The underspend against budget during 2014/15 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 an additional £46.3 million of savings. An update on progress to date with the savings strategy for 2016/17 will be reported to Cabinet at this meeting in the Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19 report.

6.0 Outturn on Schools' Budgets

6.1 Schools contributed £1.4 million to reserves during 2014/15, taking the total accumulated reserves to £15.7 million at 31 March 2015. This is set against school's projection of balances of £8.1 million at the end of 2014/15, and therefore actual balances are £7.6 million greater than forecast. The Directors of Education 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. A detailed analysis of the outturn on schools' budgets is provided in Appendix E.

7.0 Housing Revenue Account

7.1 The table below provides the Housing Revenue Account (HRA) revenue outturn for 2014/15 compared to the approved budget. It is important to note that debt redemption,

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[NOT PROTECTIVELY MARKED]

in order to enable future years' capital expenditure, is a critical element of the business plan and as such in-year surpluses are committed and not generally available. This table fully reflects the budgeting and accounting arrangements applying since the 2012/13 self-financing regime was introduced, in accordance with which the table has been reformatted from previous reports to show surplus for the year before funds are allocated to reserves and/or the provision for redemption of debt.

Table 7 – Housing Revenue Account Revenue Outturn 2014/15

	Approved Budget £000	2014/15 Outturn £000	Variance £000
Income			
Gross rents – dwellings	(91,440)	(92,073)	(633)
Gross rents – non dwellings	(1,641)	(1,710)	(69)
Charges to tenants for services and facilities	(5,217)	(5,152)	65
Total income	(98,298)	(98,935)	(636)
Expenditure			
Repairs and maintenance	26,557	25,821	(736)
Supervision and management	18,775	18,395	(380)
Rents, rates and taxes	251	430	179
Increase in provision for bad debts	2,000	557	(1,443)
Depreciation of fixed assets	21,861	22,282	421
Total expenditure	69,444	67,485	(1,959)
Net cost of HRA services	(28,854)	(31,450)	(2,595)
Interest payable	17,049	11,162	(5,887)
Interest and investment income	(1)	(105)	(104)
Adjustment for premiums and discounts	(114)	(114)	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(11,920)	(20,507)	(8,586)
Allocation of (surplus)/deficit			
Provision for redemption of debt	11,920	20,507	8,586
Balance for the year	-	-	-

7.2 The outturn position for the year was a surplus before allocations of £20.5 million, compared to a budgeted surplus of £11.9 million. The main causes of this favourable result are as follows:

1. **Net financing costs** – there was a saving of £5.9 million on net interest payable. This was due partly to slippage in the capital programme resulting in less borrowing, and partly to savings generated by the treasury management strategy of maintaining cash balances at a reduced level.

2. **Bad debt provision** – the bad debt provision was £1.7 million less than had been forecast. This was due to elements of welfare reform not progressing as quickly as anticipated.
3. **Management and maintenance** – there were savings of £1.1 million across management and maintenance services mainly due to effective vacancy management.

7.3 In accordance with the strategy approved as part of the Business Plan adopted in February 2013, the HRA reserve has been maintained at £5 million and as such the surplus of £20.5 million has been used to pay down debt, thereby increasing the headroom within the government's borrowing cap to fund future capital expenditure.

8.0 Yoo Recruit Limited

Financial Summary

8.1 On the 7 January 2014 Cabinet (Resources) Panel approved the structure of a Council owned temporary staffing Agency. Yoo Recruit has now completed the first 12 months of trading. Table 8 summarises the financial position for the year and it can be seen that the company had a turnover of £2.0 million and a net profit after tax of £7,000. It is proposed that the net profit is retained by Yoo Recruit to enable business development. The financial statements of Yoo Recruit Limited will be subject to external audit.

Table 8 – Yoo Recruit Profit and Loss Statement 2014/15

	£000
Sales	2,090
Direct Expenses	(1,867)
Gross Profit	223
Overheads	(214)
Net Profit before tax	9
Taxation	(2)
Net profit after taxation	7

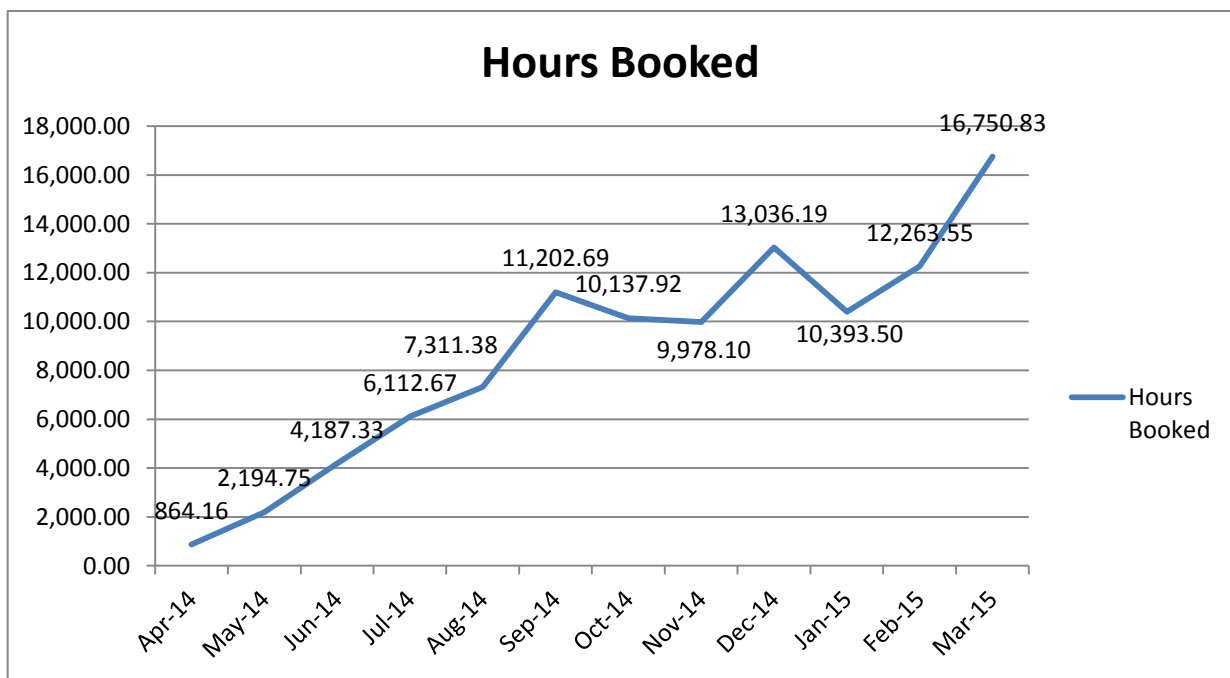
8.2 As a result of recruitment through Yoo Recruit Limited the Council has been able to avoid fees which would have otherwise have been incurred. These include approximately £92,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency. Ordinarily the Council could expect to pay a fee for the transfer of temporary staff to permanent posts. In addition, approximately £45,000 was avoided through a reduction in use of the Birmingham Gateway Framework arrangement. The Council has therefore realised savings in excess of the £50,000 target that was built into the 2014/15 approved budget.

8.3 On the 7 January 2014 Cabinet (Resources) Panel approved a loan of £175,000 to Yoo Recruit Limited. This loan was repaid in full on 31 March 2015. In order to maintain the cash flow and therefore enable business development it is proposed that a further loan of up to £300,000 be made to Yoo Recruit Limited to be repaid within 12 months at market interest rate. It is proposed that the initial cost of the loan be funded from Corporate Contingency within the Capital Programme. The subsequent repayment of the loan will be treated as a capital receipt.

Operational Data

8.4 Over the first 12 month period approximately 104,400 hours of work were booked through Yoo Recruit. Graph 1 details hours booked per month and demonstrates a steady increase over the course of the year.

Graph 1 – Hours booked per month



8.5 Over the course of the year a total of 5,898 individual bookings were made by clients and a total of 403 workers were employed to fulfil the bookings. Approximately 86% of the candidates who have been fully signed up to Yoo Recruit live in Wolverhampton. The company has worked successfully with local skills and training enterprises such as the Job Centre Plus and Adult Education Centre to ensure that the candidates, who want to work, but have barriers to do so, have these removed as much as possible.

9.0 Collection Fund

9.1 The Collection Fund outturned with a £7.0 million deficit during 2014/15; this resulted in an overall deficit of £6.3 million to be carried forward, after taking account of the surplus of £700,000 from previous years.

9.2 As a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, it is proposed that a Business Rates Equalisation reserve be established to equalise the impact of appeals on the Council. Approval for the establishment of this reserve will be sought in the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting. Furthermore, a review of the Collection Fund assumptions built into the Medium Term Financial Strategy will be undertaken to take account of the issues faced as a result of appeals.

10.0 Corporate Income – Write-offs

- 10.1 **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.
- 10.2 Overall debt write offs totalling £258,553.52 have been incurred during quarter four of 2014/15. Of those there were 5 write offs greater than £5,000, totalling £92,445.26 which require approval by the Panel, as detailed at Appendix F.
- 10.3 **Wolverhampton Homes** – Overall net debt write-offs totalling £433,374.88 have been incurred during 2015. Of those debts, there were none that individually exceeded £5,000 and require approval by Cabinet.

11.0 Financial Implications

- 11.1 The financial implications are detailed in the body of the report.
[MH/08072015/P]

12.0 Legal Implications

- 12.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 12.2 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.
- 12.3 The provision of a ‘soft’ loan where there is an artificially low rate of interest or it is non-interest bearing can constitute State Aid under European legislation. The Council will avoid any question of their being State Aid if it can show that the loan agreement terms including the amount and the length of the loan and the interest rate under which the loan

is repayable corresponds to normal market conditions i.e. it is on commercially acceptable terms. This will be the case here.

[RB/14072015/B]

13.0 Equality Implications

13.1 As this report provides details of the outturn for 2014/15, there are no equalities implications arising from it. The necessary equalities analyses were carried out as part of the preparations for setting the 2014/15 and 2015/16 budgets, and will similarly form part of the requisite pre-work for 2016/17.

14.0 Environmental Implications

14.1 The Council's annual budget and medium term financial strategy support a range of programmes designed to both improve environmental conditions across the city and promote economic and community development.

15.0 Background Papers

Draft Budget and Medium Term Financial Strategy 2016/17 – 2018/19, report to Cabinet, 22 July 2015.

Reserves, Provisions and Balances 2014/15, report to Cabinet, 22 July 2015.

Capital budget outturn 2014/15 including quarter one capital budget monitoring 2015/16 and financial strategy, report to Cabinet, 23 June 2015.

Revenue Budget Monitoring 2014/15, report to Cabinet (Resources) Panel, 24 March 2015.

Treasury Management Strategy 2015/16, report to Full Council, 4 March 2015.

Treasury Management Activity Monitoring – Mid Year Review, report to Full Council, 17 December 2014.

Creating a Council Temporary Staffing Agency, report to Cabinet (Resources) Panel, 7 January 2014.

APPENDIX A

Revenue Budget Outturn 2014/15 – People

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Older People & Personalisation					
Directorate		222	262	40	-
Assistant Director		144	136	(8)	-
Carers Support	£140,000 underspend on carers support payments along with one off contribution of £100,000 from Public Health	1,388	1,152	(236)	(100)
ILS, Tele Care & Adaptations	Staffing underspend of £91,000 along with one off contribution of £100,000 from Public Health.	2,301	2,120	(181)	(141)
Older People Assessment & Care Management	Underspend on staffing of £297,000, offset in part by overspends across care purchasing of £1.3 million. Transfer to reserve of £1.3 million for Better Care Fund Transition.	14,014	16,223	2,209	1,312
Older People Provider Management	Underspend on staffing of £774,000 and passenger transport of £119,000 along with one-off contributions from public health of £300,000	9,591	8,079	(1,512)	(300)
Welfare Rights & Financial Assessment	Underspend on staffing of £276,000, grant payments of £195,000 and third party payments of £151,000.	748	179	(569)	-
Housing	Underspend on staffing of £100,000 along with a reduction in recharges from the HRA of £530,000	1,539	897	(642)	-
Community Centres	Early achievement of 2015/16 savings target	357	145	(212)	-
Libraries	Early achievement of 2015/16 savings target along with one off contribution of £250,000 from other services	1,664	1,387	(277)	100
Total Older People & Personalisation		31,968	30,580	(1,388)	871

Revenue Budget Outturn 2014/15 – People

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Health, Wellbeing & Disabilities					
Assistant Director		133	117	(16)	-
Children's Disabilities Commissioning		64	50	(14)	-
Disabilities In-House Provision	Early achievement of 2015/16 savings target along with one off contribution of £100,000 from another service.	8,678	7,549	(1,129)	-
Emergency Duty Team		411	427	16	-
Housing Support & Social Inclusion	Unrealised savings relating to contracts across supporting people	4,771	5,578	807	-
Mental Health Care Management	Underspend on staffing of £181,000, supplies and services of £260,000 and care purchasing budgets of £332,000.	6,254	5,545	(709)	-
Short Breaks		393	462	69	-
Children With Disabilities		1,022	1,091	69	-
Learning Disabilities Assessment & Care Management	Underspend on staffing of £151,000, and across care purchasing budgets of £282,000. One off contribution from other services of £200,000.	20,465	19,813	(652)	-
Physical Disabilities Assessment & Care Management		5,998	5,915	(83)	-
Disabilities Commissioning	Higher than budgeted income from other organisations of £292,000 along with underspend on third party payments of £92,000	1,099	730	(369)	-
SEN	Overspend due to cost pressures on Out of City placements	(270)	21	291	-
Total Health, Wellbeing & Disabilities		49,018	47,298	(1,720)	-

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Revenue Budget Outturn 2014/15 – People

APPENDIX A

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Children, Young People & Families					
Service Director	£143,000 savings due to voluntary redundancies.	642	462	(180)	(2)
Children Centres	Underspend on staffing and professional fees £832,000 partially offset by increased payments of £251,000 to nursery providers. One off contribution from other services of £1 million.	5,794	4,228	(1,566)	-
Children In Need	£1 million overspend on agency costs (over and above savings from staffing vacancies, along with overspend of £233,000 on Section 17 payments, and volunteer drivers and client transport of £103,000. All of which are associated with increased caseloads and demands for services, overspend partially offset by a one off contribution from Public Health £273,000 in relation to Family Functional Therapy Services.	6,462	7,433	971	-
Children Commissioning	Underspend on staffing £89,000 along with a reduction in payments on Children's Commissioning Contracts.	820	681	(139)	-
Looked After Children	Overspend on Looked-after - Children out of city placements of £2.2 million along with £1.4 million increased costs associated with adoption and guardianship allowances and inter-agency fees. Also, £295,000 increased costs on LAC Transitions linked to client allowances and £198,000 increased costs for Remand/Secure Accommodation over and above the funding allocation from the Youth Justice Board. Partially offset by underspend of £596,000 on staffing.	31,332	34,796	3,464	-
Social Inclusion & Play	Underspend of £1.0 million due to staff vacancies across the service held pending a restructure.	2,839	1,733	(1,106)	(350)
Youth Offending Team	£320,000 underspend on staffing.	1,142	757	(385)	-
Business Support		285	362	77	
Youth		1,332	1,180	(152)	155
Total Children, Young People & Families		50,648	51,632	984	(197)

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APPENDIX A

Revenue Budget Outturn 2014/15 – People

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Public Health, Parks and Safeguarding					
Public Health		-	-	-	1,200
Public Health - Healthier Places		2	(1)	(3)	-
Business Continuity & Emergency Planning		-	(17)	(17)	-
Community Safety		391	394	3	-
Safeguarding		2,159	2,073	(86)	71
Total Public Health, Parks and Safeguarding		2,552	2,449	(103)	1,271
Total People		134,186	131,959	(2,227)	1,945

Revenue Budget Outturn 2014/15 – Place

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Directorate					
Strategic Director		340	367	27	-
City Economy					
Assistant Director		146	139	(7)	-
Enterprise & Skills	Staff vacancies and use of additional grant funding	2,378	2,208	(170)	(221)
Neighbourhood Services	Staff vacancies	2,156	2,022	(134)	-
Partnerships Operations and Development		37	37	-	(22)
City Development		441	349	(92)	(72)
Visitor Economy		830	799	(31)	150
Adult Education		(115)	(104)	11	-
Culture, Arts and Heritage	Staff vacancies and additional income	1,573	1,379	(194)	-
Total City Economy		7,446	6,829	(617)	(165)

Revenue Budget Outturn 2014/15 – Place

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
City Assets					
Assistant Director		147	153	6	-
Transportation	Staff vacancies, surface water management savings, additional income	1,859	1,471	(388)	-
Housing		700	648	(52)	124
Performance and Service Support	Shortfall on in year administrative savings	10	212	202	-
Planning		876	830	(46)	37
Catering Services	Additional schools meals income	(921)	(1,366)	(445)	-
Cleaning and Caretaking Services	Staff vacancies and additional income	1,979	1,828	(151)	-
Community Centres		195	181	(14)	-
Corporate Asset Management		488	548	60	-
Facilities Management	Civic centre savings and additional income from schools	3,111	2,941	(170)	-
Estates and Valuations		(1,246)	(1,160)	86	(22)
Property Services (Including Utilities)		4,371	4,459	88	-
Total City Assets		11,569	10,745	(824)	139

Revenue Budget Outturn 2014/15 – Place

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
City Environment					
Assistant Director		135	200	65	-
Bereavement Services		(1,943)	(1,943)	-	(14)
Environmental Maintenance	Staff vacancies and early delivery of 2015/16 savings	8,184	7,160	(1,024)	-
Regulatory Services	Early delivery of 2015/16 staff restructure savings	2,058	1,494	(564)	(38)
Fleet Services	Vacancies and additional income from sale of scrap vehicles	(1,108)	(1,768)	(660)	-
Highways Maintenance		1,843	1,780	(63)	-
Landscape	Additional fee income	21	(109)	(130)	-
Leisure Services	NNDR refunds and PFI contract savings	2,002	1,606	(396)	-
Markets	Staff vacancies and savings on repairs and maintenance	(584)	(728)	(144)	-
Parking Services	Staff vacancies and additional income	(553)	(790)	(237)	-
Street Lighting	Capitalisation of surface dressing costs and additional income	3,394	2,458	(936)	-
Waste & Recycling Services	Additional contract and vehicle hire costs	13,513	13,840	327	-
Total City Environment		26,962	23,200	(3,762)	(52)
Total Place		46,317	41,141	(5,176)	(78)

Revenue Budget Outturn 2014/15 – Corporate Services including Education

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Managing Director		223	243	20	-
Finance					
Director of Finance		144	148	4	-
Audit Services	The underspend is due to the early delivery of savings, arising from voluntary redundancies and vacant posts.	1,629	1,451	(178)	(487)
Corporate Financial Management	A significant element of the net underspend relates to a lower than budgeted cost of Compensatory Added Years due to higher than anticipated turnover. In addition external audit fees were lower than budgeted in 2014/15.	3,591	3,300	(291)	300
Corporate Management		850	809	(41)	-
Revenues and Benefits		2,029	2,009	(20)	-
Housing Benefits Payments		(432)	(415)	17	-
Strategic Finance	The overspend in 2014/15 is mainly due to a reduction in external income (recharges to pensions Fund and schools). This has been offset by managed underspends from across the wider Finance Service.	1,874	1,991	117	-
The Hub	One off transitional costs following the implementation of Agresso. This has been offset by managed underspends from across the wider Finance Service.	1,771	1,959	188	(2,360)
Corporate Procurement		706	662	(44)	-
Total Finance		12,385	12,157	(228)	(2,547)

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Revenue Budget Outturn 2014/15 – Corporate Services including Education

APPENDIX C

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Governance					
Corporate Administration		368	338	(30)	-
Democracy	The underspend is due to the early delivery of savings, arising from voluntary redundancies and vacant posts.	2,026	1,806	(220)	-
HR Advice	One off transitional costs following the implementation of Agresso. This has been offset by managed underspends from across the wider Corporate Directorate.	1,969	2,551	582	(25)
Legal Services		2,478	2,467	(11)	-
Total Governance		6,841	7,162	321	(25)
Transformation					
Communications and Marketing	The underspend is due to the early delivery of savings, arising from voluntary redundancies and vacant posts.	626	396	(230)	-
Customer Services		1,674	1,578	(96)	(198)
ICTS	The underspend is mainly due to the early implementation of an ICTS restructure to deliver approved savings. The costs of the Document Centre have also reduced significantly following a service review and rationalisation.	5,565	4,727	(838)	(12)
Transformation	The underspend is due to a range of factors including: 1) Redundancies in the former Chief Executive's Office; 2) Redundancies and management of vacant posts elsewhere across the service area; 3) A significant reduction in workforce development costs as a result of centralisation and rationalisation of training budgets to deliver savings.	4,000	2,661	(1,339)	31
Total Transformation		11,865	9,362	(2,503)	(179)

Revenue Budget Outturn 2014/15 – Corporate Services including Education

Service	Reason for Variation	Net Controllable Budget 2014/15	Net Controllable Outturn 2014/15	Variance 2014/15	Element relating to Transfer to/from Earmarked Reserves
		£000	£000	£000	£000
Education					
Director of Education	Restructure implemented in 2014/15 did not deliver full savings target in year due to residual staffing costs. Also includes the costs of interim consultants. Un resolved savings target to be realised in 2015/16	(198)	267	465	-
Schools	Reduction of £130k in Education Services grant allocation 2014/15	(5,355)	(5,222)	133	-
Standards and Vulnerable Pupils		892	889	(3)	-
School Planning and Resources		4,060	4,048	(12)	-
Total Education		(601)	(18)	583	-
Total Corporate Services		30,490	28,663	(1,827)	(2,751)

Revenue Budget Outturn 2014/15 – Corporate Budgets

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Corporate Budgets					
West Midlands Transport Authority Levy		12,600	12,600	-	-
Environment Agency Levy		67	67	-	-
Provision for Bad Debts	Provision for bad debts was greater than originally budgeted for.	375	641	266	-
Treasury Management Budgets	A change in the basis of calculating the Council's Minimum Revenue Provision (MRP) for the redemption of debt from straight line to annuity method which also incorporates an adjustment for being overly prudent during the period from 1 April 2008 to 31 March 2014, has resulted in a zero MRP charge in 2014/15 and therefore significant underspends against budget.	22,811	10,724	(12,087)	-
Birmingham Airport - Rent		(69)	(86)	(17)	-
Contribution from Southside Reserve		-	-	-	-
Central Provision for increased Pension Costs	This budget contributed towards the cost of pension strain arising from redundancies during the year.	2,091	-	(2,091)	-
Redundancy Costs	Redundancy payments during 2014/15 arose primarily as a result of the Voluntary Redundancy Programme. The net outturn against Corporate Budgets includes a provision totalling £243,000 for redundancies agreed but not due to occur until 2015/16, in addition to pension strain payments totalling £5.7 million.	-	11,061	11,061	-
Cross-cutting Savings Proposals	Cross cutting saving held corporately has been delivered through underspends against the Minimum Revenue Provision budget.	(550)	-	550	-
Other Corporate Budgets		(768)	(21)	747	-

APPENDIX D

Revenue Budget Outturn 2014/15 – Corporate Budgets

Service	Reason for Variation	Net Controllable Budget 2014/15	Net Controllable Outturn 2014/15	Variance 2014/15	Element relating to Transfer to/from Earmarked Reserves
		£000	£000	£000	£000
<i>Reserve adjustments:</i>					
Contribution from the General Fund reserve	Reallocation of General Fund and Earmarked Reserves to ensure sufficient funds are available for future projects. Including a contribution of £3.8 million to earmarked reserves during the year.	-	(17,000)	(17,000)	(17,000)
Contribution from Blocks 10 & 11 Treasury Management Reserve		-	(766)	(766)	(766)
Contribution from the Southside Treasury Management Reserve		-	(735)	(735)	(735)
Contribution from the Business Continuity Reserve		-	(250)	(250)	(250)
Contribution from the LAC Transformation Reserve		-	(250)	(250)	(250)
Contribution from the Jennie Lee Centre Disposal Reserve		-	(132)	(132)	(132)
Contribution from the Furniture Reserve		-	(105)	(105)	(105)
Contribution from the Libraries Reserve		-	(100)	(100)	(100)
Contribution from the Professional Support and Advice Reserve		-	(66)	(66)	(66)

Revenue Budget Outturn 2014/15 – Corporate Budgets

APPENDIX D

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Contribution from the Troubled Families Programme Reserve	Reallocation of General Fund and Earmarked Reserves to ensure sufficient funds are available for future projects. Including a contribution of £3.8 million to earmarked reserves during the year.	-	(39)	(39)	(39)
Contribution from the Economic Development Reserve		-	(7)	(7)	(7)
Contribution from the Corporate Advertising Reserve		-	(6)	(6)	(6)
Contribution to the Budget Strategy Reserve		-	7,720	7,720	7,720
Contribution to the Budget Contingency Reserve		-	4,824	4,824	4,824
Contribution to the Business Rates Equalisation Reserve		-	3,000	3,000	3,000
Contribution to the Treasury Management Equalisation Reserve		-	2,000	2,000	2,000
Contribution to the Efficiency Reserve		-	1,921	1,921	1,921
Contribution to the FutureWorks Reserve		-	1,500	1,500	1,500
Contribution to the Regional Work Reserve		-	1,000	1,000	1,000
Contribution to the Transformation Reserve		-	650	650	650
Contribution to the Development Reserve		-	500	500	500
Contribution to the Regeneration Reserve		-	151	151	151
Corporate Budgets Total			36,557	38,796	2,239

Revenue Budget Outturn 2014/15 – Corporate Budgets

Service	Reason for Variation	Net Controllable Budget 2014/15 £000	Net Controllable Outturn 2014/15 £000	Variance 2014/15 £000	Element relating to Transfer to/from Earmarked Reserves £000
Corporate Resources					
Revenue Support Grant		(86,956)	(86,788)	168	-
New Homes Bonus		(2,565)	(2,565)	-	-
Top Up Grant		(35,226)	(35,226)	-	-
Localised Business Rates		(36,624)	(36,278)	346	-
S31 Grant - 2014/15 and 2013/14	Receipt of an additional Business Rates support grant totalling £3.4 million.	-	(3,438)	(3,438)	-
Enterprise Zone Business Rates		(370)	(377)	(7)	500
Council Tax		(76,567)	(76,587)	(20)	-
Collection Fund Deficit		700	700	-	-
Budgeted Use of Reserves		(9,942)	-	9,942	-
Corporate Resources Total		(247,550)	(240,559)	6,991	500
Total Corporate		(210,993)	(201,763)	9,230	4,310

Outturn on Schools' Budgets

Schools started the 2014/15 financial year with accumulated reserves of £14.3 million (for schools that remain in Local Authority control); at the end of the year revenue balances were £15.7 million for these same schools. This represents 10.03% of the funding and income available to schools during 2014/15.

This is set against school's projection of balances of £8.1 million for 2014/15 and therefore actual balances are £7.6 million greater than forecast.

Table 9 – Analysis of Schools Balances 2013/14 and 2014/15

	Actual Balances at 1 April 2014 Surplus for schools in Local Authority control £m	Actual Use of Balances in 2014/15 £m	Schools Balances at 31st March 2015 £m
Infant	0.6	(0.1)	0.5
Junior	0.5	0.0	0.5
Primary	8.2	0.9	9.1
Secondary	0.7	0.1	0.8
Special	2.9	(0.7)	2.2
Nursery	0.5	1.0	1.5
PRU	0.9	0.2	1.1
Total	14.3	1.4	15.7

During 2014/15 the Local Authority had a sharper focus on schools balances and met with head teachers and chairs of governors of schools to agree plans for the use of balances to ensure that they were being used effectively. The level of balances at the end of 2014/15 will drive further attention on school plans for the resources still being held in schools.

Schools may be maintaining balances for:

- a) Future cost increases in pension and other pay related costs, whilst they are aware that there will be no increases in funding per pupil for the foreseeable future.
- b) It is expected that a national funding formula will be introduced during the current parliament it is expected that this will bring significant turbulence in the school funding system and to schools funding settlements.

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 that the number of schools in deficit has increased by two increased by one.

Table 10 – Number of schools/settings in a Deficit Position

Sector	2013/14	2014/15
Primary	2	2
Secondary	3	2
Special	0	1
PRU	0	1

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 Cabinet (Resources) Panel in September 2015.

Corporate Income – Write-offs in excess of £5,000

Account	Reason	Date written off	Amount of write off £
Sundry Debtors			
Overpayment of Housing Benefits	Debtor deceased	Mar 2015	43,164.48
Schools	Uneconomical to pursue	Mar 2015	19,332.70
Care charges	Debtor deceased	Feb 2015	6,353.08
Highways Service Charges	Bankruptcy & Liquidation	Jan 2015	23,595.00
			92,445.26