

Report title	Revenue Budget Outturn 2019-2020	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
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
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Report to be/has been considered by	Strategic Executive Board	26 June 2020

Recommendation for decision:

Cabinet is recommended to:

1. Approve the write off of; three non-domestic rates totalling £21,739.16, one sundry debt totalling £6,239.45 and two council tax account totalling £12,186.24 as detailed in Appendices 4 to 6 respectively.
2. Approve 11 virements totalling £3.9 million, for transfer within directorates, as detailed in Appendix 7.

Recommendations for noting:

The Cabinet is asked to note:

1. That the revenue outturn position for 2019-2020 for the General Fund; a net underspend of £2.0 million (-0.85%) was achieved against the net budget requirement of £234.9 million, after meeting the net cost of redundancy and pension strain and contributions to essential earmarked reserves. The underspend is due to a combination of budget efficiencies across a number of services; including holding posts vacant pending restructures, additional income generation, contingency budgets held for in-year pressures not being required in full, the early achievement of budget reduction targets and a lower number of employees enrolling into the pension scheme. More information is detailed throughout the report.
2. That whilst the positive General Fund outturn position during 2019-2020, 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 £15.5 million in 2021-2022, rising to around £20 million over the medium term to 2023-2024 when reported to Full Council in March 2020. The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Cabinet will be presented with a report in July 2020 which will provide more detail on the budget implications and the Medium Term Financial Strategy.
3. That the General Fund outturn position takes into account a number of proposed transfers to and from reserves, provisions and balances for which approval is sought in the Reserves, Provisions and Balances 2019-2020 report to be presented at this meeting.
4. That schools which remain under the control of the City of Wolverhampton Council have contributed net £1.2 million of their reserves during 2019-2020 after adjusting for the balance attributable to academies, which takes the total accumulated reserves to £6.3 million at 31 March 2020.
5. That the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £19.9 million, compared to a budgeted surplus of £20.4 million.
6. That the Collection Fund outturned with a £2.3 million deficit during 2019-2020; this resulted in an overall deficit of £1.5 million to be carried forward.
7. That 26 non-domestic rates accounts totalling £233,707.28 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. That 759 council tax accounts totalling £158,727.36 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

9. That 37 sundry debt accounts totalling £50,969.14 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
10. That 31 housing benefit debt accounts totalling £14,004.24 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
11. That ten debts relating to Business Improvement District (BID) totalling £3,005.73, 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 revenue outturn position for 2019-2020 compared with approved budgets and targets.

2.0 Executive Summary

- 2.1 During 2019-2020 the Council identified a number of areas with budget pressures which were reported to councillors through quarterly budget monitoring. Work was undertaken to mitigate against these pressures.
- 2.2 Also, identified throughout the financial year were a number of areas where prudent budgetary provision had been made for forecast costs which in the end were not required. An example of this is auto enrolment, where provision was made for the employer costs of additional employees joining the pension fund. Whilst encouraged, employees have chosen not to join. This was reported through the quarterly budget monitoring reports.
- 2.3 These contingencies were reviewed and rebased as part of the budget setting process for 2020-2021. In addition, the utilisation of £2.3 million of the projected underspend in 2019-2020 was approved as a contribution to the budget strategy for 2020-2021.
- 2.4 Across the council there were a number of services where underspends have been achieved through holding posts vacant, often the temporary impact of restructures, or early achievement of budget reduction proposal, but also including three Director posts which were vacant for part of the year.
- 2.5 When budgeting for income, the council is prudent in the estimates and forecasts. The Council overall has achieved higher levels of income than estimated. Examples include additional external income generated from greater take up of services by trade waste and cleaning services.
- 2.6 As a result of these factors, the net outturn position having met the net cost of redundancy and pension strain and contributions to essential earmarked reserves is an underspend of £2.0 million for 2019-2020.
- 2.7 In the Reserves, Provisions and Balances 2019-2020 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 reduced by £2 million, however the outturn position enabled the council to mitigate any further reduction.
- 2.8 The Reserves, Provisions and Balances 2019-2020 report will provide detail on the movements on all reserves. However, in relation to the outturn it is proposed that a contribution of £1.8 million is made to the Budget Contingency Reserve and £200,000 contribution to a new specific reserve; the Recovery Reserve, which will be used to support investment in service recovery following the Covid-19 pandemic.

- 2.9 Whilst the positive General Fund outturn position during 2019-2020, 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 £15.5 million in 2021-2022, rising to around £20 million over the medium term to 2023-2024 when reported to Full Council in March 2020.
- 2.10 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Cabinet will be presented with a report in July 2020 which will provide more detail on the budget implications and the Medium Term Financial Strategy.
- 2.11 It is important to note that the updated projected medium term deficit assumes the achievement of budget reduction proposals amounting to £8.8 million over the four-year period from 2020-2021 to 2023-2024. Having identified budget reductions in excess of £235.0 million over the last ten financial years, the extent of the financial challenge over the medium term continues to represent the most significant that the Council has ever faced.
- 2.12 Following a review of the reserves position during the 2019-2020, the Director of Finance proposes that the Council's General Fund Balance is increased by £3 million to a total value of £13 million. The level of reserve is approximately 5% of the net budget which is in line with recommended best practice.
- 2.13 Schools remaining in the control of the local authority have contributed a net £1.2 million of reserves during 2019-2020 after adjusting for balances attributable to academies, taking the total accumulated reserves to £6.3 million at 31 March 2020. This is set against schools' projection of balances of £2.7 million at the end of 2019-2020. Therefore, actual balances are £3.6 million greater than forecast. The Directors of Children 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 £19.9 million, compared to a budgeted surplus of £20.4 million. The HRA reserve had been maintained at £7 million. The in-year surplus is used to provide for redemption of debt.
- 2.15 The Collection Fund outturned with a £2.3 million deficit during 2019-2020; this resulted in an overall deficit of £1.5 million to be carried forward.
- 2.16 The Director of Finance has approved the write off of 863 debt accounts totalling £460,413.75 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 2019-2020 is detailed in the table below. Further detailed analysis for each Division can be found in Appendix 1.

Table 1 – 2020-2020 Revenue Budget Outturn Summary

Service	Net Controllable Budget 2019-2020	Net Controllable Outturn 2019-2020	Total Variation	
	£000	£000	Over/(Under)	
			£000	%
Adult Services	63,801	63,473	(328)	(0.51%)
Children's Services and Education	57,593	57,198	(395)	(0.69%)
Public Health and Wellbeing	906	1,024	118	13.02%
Regeneration	6,760	6,729	(31)	(0.46%)
City Assets and Housing	8,990	9,429	439	4.88%
City Environment	22,534	22,804	270	1.20%
Finance	13,496	12,720	(776)	(5.75%)
Governance	6,399	5,894	(505)	(7.89%)
Strategy	7,115	6,525	(590)	(8.29%)
Chief Executive	1,238	1,160	(78)	(6.30%)
Deputy Chief Executive	4,958	4,878	(80)	(1.61%)
Corporate Accounts	41,145	41,108	(37)	(0.09%)
Net Budget Requirement	234,934	232,941	(1,993)	(0.85%)
Council Tax (including Adult Social Care Precept)	(103,486)	(103,486)	-	-
Enterprise Zone Business Rates	(2,800)	(2,184)	616	22.00%
Top Up Grant	(26,152)	(26,152)	-	-
Business Rates (net of WMCA growth payment and Collection Fund deficit)	(71,931)	(72,416)	(485)	(0.67%)
New Homes Bonus	(2,080)	(2,080)	-	-
Section 31 Grant - Business Rates Support	(10,611)	(10,734)	(123)	(1.16%)
Improved Better Care Fund	(12,947)	(12,951)	(4)	(0.03%)
Winter Pressures and Social Care Grants - Adult Social Care	(3,727)	(3,728)	(1)	(0.03%)
Levy Account Surplus (2018-2019)	(1,200)	(1,203)	(3)	(0.25%)
Total Resources	(234,934)	(234,934)	-	0.00%
Use of General Balances	-	-	-	-
Net Budget (Surplus)	-	(1,993)	(1,993)	(0.85%)

- 3.2 As can be seen from the table above, overall a net underspend of £2.0 million (-0.85%) was achieved against the General Fund net budget requirement of £234.9 million, after meeting the net cost of redundancy and pension strain and contributions to essential earmarked reserves.
- 3.3 The Reserves, Provisions and Balances 2019-2020 report will provide detail on the movements on all reserves. It will be seen that the overall total of general and earmarked reserves, for which the council has flexibility to allocate, has reduced by £2 million, however the outturn position enabled the council to mitigate any further reduction. In relation to the outturn it is proposed that a contribution of £1.8 million is made to the Budget Contingency Reserve and £200,000 contribution to a new specific reserve; the Recovery Reserve, which will be used to support investment in service recovery following the Covid-19 pandemic.
- 3.4 Whilst the positive General Fund outturn position during 2019-2020, 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 £15.5 million in 2021-2022, rising to around £20 million over the medium term to 2023-2024 when reported to Full Council in March 2020.
- 3.5 In March 2020, the World Health Organisation categorised Covid-19 as a global pandemic. The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Whilst the direct financial impact of the pandemic was limited in 2019-2020, it will have a significant impact on 2020-2021 and future years.
- 3.6 In response to the pandemic, the Council implemented urgent crisis response and business continuity plans; responding swiftly to the challenge, focussing resources to supporting the city's residents and businesses.
- 3.7 The Council has received two un-ringfenced grants, totalling £16.7 million, from Government to help address the pressures facing us in our response to the pandemic. Whilst these grants will cover the immediate cost pressures identified until the end of July, they will not be sufficient to cover the estimated cost pressures for the whole of 2020-2021.
- 3.8 The pandemic has had and will continue to have a significant financial impact on the Council in 2020-2021 and future years. Cabinet will be presented with a report in July 2020 which will provide more detail on the budget implications and the Medium Term Financial Strategy.
- 3.9 Following a review of the reserves position during 2019-2020, the Director of Finance proposes that the Council's General Fund Balance is increased by £3 million to a total value of £13 million. The level of reserve is approximately 5% of the net budget which is in line with recommended best practice.

3.10 It is important to note, that the General Fund outturn position takes into account proposed transfers to and from reserves and provisions, including a net contribution of £2.3 million to the 2020-2021 Budget Strategy Reserve which was in accordance with the 2020-2021 budget strategy approved by Cabinet on 19 February 2020. Full details regarding reserve transfers are included in the Reserves, Provisions and Balances 2019-2020 report, for which approval will be sought at this meeting.

4.0 General Fund Revenue Budget Outturn: Service Analysis

Adult Services

4.1 A summary of the 2019-2020 outturn against the Adult Services net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 2 – 2019-2020 Revenue Budget Outturn – Adult Services

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Adult Services	63,801	63,473	(328)	(0.51%)
Adult Services Total	63,801	63,473	(328)	(0.51%)

4.2 Overall a net underspend of £328,000 (-0.51%) was achieved by Adult Services. The main factors contributing towards this underspend are as a result of:

1. An underspend within the Adults Assessment and Care Purchasing totalling £144,000 as a result of unfilled staff vacancies during the year.
2. An underspend within Community Support totalling £260,000 which is primarily due to efficiencies across recharge budgets for temporary accommodation for homeless families.
3. An underspend within Independent Living Service totalling £212,000 as a result of unfilled staff vacancies and additional income.
4. An underspend within Learning Disability Provider totalling £142,000 as a result of unfilled staff vacancies during the year.
5. An underspend within Older People Provider Services totalling £528,000 as a result of reduction in transport costs and unfilled staff vacancies during the year.

6. An underspend within Strategic Commissioning-Adults totalling £322,000 as a result of unfilled staff vacancies, held pending a restructure and the early achievement of the 2020-2021 budget reduction target.

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

7. An overspend within Learning Disabilities and Care Purchasing totalling £363,000 as a result of increased demand for social care packages. In line with approvals, there has been a drawn down from the Adult Social Care Reserve of £3.7 million to cover the costs pressures in year.
8. An overspend within Mental Health Assessment and Care Management totalling £488,000 as a result of increased demand for social care packages.
9. An overspend within Older People Care Purchasing totalling £500,000 as a result of increased demand for social care packages.

The underspend position of £358,000 includes the use of £4.3 million from the Adult Social Care Reserve. The Council's 2020-2021 Final Budget and Medium Term Financial Strategy (MTFS) for 2020-2021 to 2023-2024 which was presented to Cabinet on 19 February 2020 and presented to Full Council on 4 March 2020 includes growth for Adult Services to support demographic pressures which were identified during 2019-2020.

Children's Services and Education

- 4.3 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Children's Services and Education

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Children's Services and Education	57,593	57,198	(395)	(0.69%)
Children's Services and Education Total	57,593	57,198	(395)	(0.69%)

- 4.4 Overall a net underspend of £395,000 (-0.69%) was achieved against Children's Services and Education. The main factors contributing towards this underspend are as a result of:

1. An underspend within the Director of Children Services totalling £441,000 as a result of one-off savings due to emotional health and wellbeing contracts ending with a one-off saving against the contingency fund set aside in case additional contributions were required from partners to the Regional Adoption Agency.
2. An underspend within Head of Children's Improvement service totalling £161,000 as a result of one-off staffing vacancies.
3. An underspend totalling £394,000 within the Safeguarding Service. The underspend is related to Deprivation of Liberty safeguards (DoLs) as a result of the service putting into place processes and clear monitoring that has created efficiencies across the area. The budget is being closely monitored, although new legislation is expected next year which may impact on demand.
4. An underspend within the Strengthening Families service totalling £1.5 million as a result of one-off staffing vacancies along with a reduction in costs associated with no recourse to public funds and Section 17 payments.
5. An underspend within Youth Services totalling £125,000 as a result of one-off staffing vacancies.
6. An underspend within Strategic Commissioning - Children's totalling £322,000 as a result of unfilled staff vacancies, held pending a restructure and early achievement of the 2020-2021 budget reduction target.
7. An underspend within the School Improvement service totalling £239,000 as a result of one-off staffing vacancies and additional traded income from academies.

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

8. An overspend against Children and Young People In Care totalling £1.2 million. Whilst Wolverhampton continues to see a decrease in the number of children and young people in care, the overspend is due to the increased weekly cost of external placements. This is partially offset by efficiencies across staffing budgets and additional income from Home Office for unaccompanied asylum-seeking children. We are continuing to buck the national trend, as many Councils continue to see numbers increase significantly. Under the Transforming Children's Services Programme, we have a robust approach to managing demand which includes a sophisticated methodology for projecting children and young people in care and the associated costs. In line with the Regional Adoption Agency agreement there has been a contribution to reserves from in year efficiencies to be utilised in future years. The Council's 2020-2021 Final Budget and Medium Term

Financial Strategy for 2020-2021 to 2023-2024 which was presented to Cabinet on 19 February 2020 and presented to Full Council on 4 March 2020 includes growth for Children's Services to support demographic pressures which were identified during 2019-2020.

9. An overspend against Central Education Service totalling £178,000 due to a reduction in grant compared with other assumptions. In line with approvals there is a draw down from reserves to cover in year costs related to school academisation.
10. An overspend within School Organisation service totalling £243,000 is as a result of a loss in trading income from schools for 2019-2020 academic year. A review of the structure and services is being undertaken. In addition, there is an overspend related to the temporary partial closure of Towers Outdoor Education Centre. There has been a contribution to reserves of £660,000 to allow in year efficiencies on PFI contracts to cover future year expenditure
11. An overspend within the Special Education Needs service as a result of an increase in pupils with Special Education Needs and Disabilities, with increased demand for transporting those pupils to and from schools. The transfer from reserves is related to an overspend to allow this expenditure to be funded from the High Needs Block of Dedicated Schools grant in 2020-2021.

Public Health and Wellbeing

- 4.5 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Public Health and Wellbeing

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Public Health & Wellbeing	906	1,024	118	13.02%
Public Health and Wellbeing Total	906	1,024	118	13.02%

- 4.6 Overall a net overspend of £118,000 (13.02%) has been achieved against Public Health and Wellbeing. The main factors contributing towards this overspend are as a result of an overspend within Leisure Services totalling £143,000 due to a delay in achieving savings leading to the underachievement of income targets. There was a planned draw down from reserves to cover in-year pressures.

Regeneration

- 4.7 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Regeneration

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Regeneration	6,760	6,729	(31)	(0.46%)
Regeneration Total	6,760	6,729	(31)	(0.46%)

- 4.8 Overall a net underspend of £31,000 (-0.46%) has been achieved against Regeneration Services. The main factors contributing towards this underspend are as a result of:

1. An underspend against the Local Economy service totalling £141,000 as a result of one-off staff vacancies, held pending a review.
2. An underspend against the Visitor Economy service totalling £114,000 reflects one-off staff vacancies, held pending a restructure.

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

3. An overspend against City Development totalling £169,000 is due to progression of regeneration schemes in Wolverhampton and the corporate decision to not to fund this from reserves as was previously planned, due to the overall service being within budget.
4. An overspend against City Planning totalling £100,000 as a result of lower number of applications than was anticipated.

City Assets and Housing

- 4.9 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – City Assets and Housing

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
City Assets and Housing	8,990	9,429	439	4.88%
City Assets and Housing Total	8,990	9,429	439	4.88%

4.10 Overall a net overspend of £439,000 (4.88%) has been achieved against City Assets and Housing. The main factors contributing towards this overspend are as a result of:

1. An overspend within Capital Programmes totalling £265,000 as a result of under recovery of income within Projects and Works team due to a reduction in external income generation opportunities.
2. An overspend within the Estates and Valuation service totalling £608,000 as a result of reduced income largely due to void units, disposal costs and associated increased professional fees within the Estates and Valuation service. An ongoing review of assets is taking place as part of the development and refinement of the Council's strategic asset plan.
3. An overspend within Facilities Services totalling £489,000 due to reduced income recovery associated with Community Centres and as a result of the management of vacant properties within Facilities Management including one off dilapidation costs for King Street and additional costs as part of maintaining statutory compliance.
4. An overspend within the Maintenance Programme totalling £248,000 reflects essential repair and maintenance costs on Council assets and works carried out to maintain statutory compliance.

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

5. An improved outturn position within Catering Service totalling £203,000 reflects a reduction in management costs as a result of changes to school take up of the services, offset in part by a reduction in income.
6. An underspend within the Cleaning service totalling £219,000 is as a result of increased management controls on agency / absence cover and additional income generated from commercial clients.

7. An underspend within Corporate Asset Management totalling £507,000 reflects reduced in year Carbon Reduction Commitment expenditure, sale of allowance and reduced expenditure on utilities. This partially offsets the under recovery of income for the Estates and Valuation service.
8. An underspend within Head of Corporate Landlord totalling £109,000 reflects reduced expenditure as a result of the Head of Corporate Landlord position being held vacant.

City Environment

- 4.11 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – City Environment

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
City Environment	22,534	22,804	270	1.20%
City Environment Total	22,534	22,804	270	1.20%

- 4.12 Overall a net overspend of £270,000 (1.20%) has been achieved during the year within City Environment. The main factors contributing towards this overspend are as a result of:
1. An overspend within Bereavement Service totalling £405,000 as a result of an under achievement of income against budget and additional repairs and maintenance costs.
 2. An overspend within Markets totalling £234,000 reflects additional expenditure as a result of additional security, business rates and one-off dilapidation costs in addition to a shortfall in income levels.
 3. An overspend within Parking Services totalling £1.5 million due to under achievement of income as a result of loss of income on street parking, car parks and penalty charge notices. Budgets for 2020-2021 have been realigned to reflect achievable levels.
 4. An overspend within Street Lighting Service totalling £110,000 as a result of increased energy costs and expenditure associated with the maintenance of street lighting and signage.

5. An overspend within Transportation service totalling £124,000 is as a result of budget reductions not being achieved, offset by savings made on school crossing patrols.

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

6. An underspend within Customer Services totalling £270,000 as a result of reduced salary expenditure due to holding a number of posts vacant and results derived from ongoing transformation works and increased process efficiencies.
7. An underspend within Environmental Services totalling £361,000 reflects the management of expenditure in order to achieve approved budget reduction targets across all services including grounds maintenance, parks and graffiti removal.
8. An underspend within Fleet Services totalling £241,000 as a result of reduced salary expenditure due to holding vacant posts, increased salvage income and reduced expenditure on vehicle parts and running costs including tyres and road tax.
9. An underspend within Highways Service totalling £351,000 reflects the use of reserves to fund highways improvement works.
10. An underspend within Operations and Maintenance of Existing Networks totalling £311,000 reflects reduced expenditure as a result of vacant posts and surface water management costs, underachievement of income associated with the New Roads and Street Works Act (NRSWA), offset in part by additional third-party income.
11. An underspend within Public Protection totalling £353,000 as a result of income received following legal proceedings, where the costs were incurred in previous years.

Finance

- 4.13 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Finance

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Finance	13,496	12,720	(776)	(5.75%)
Finance Total	13,496	12,720	(776)	(5.75%)

4.14 Overall a net underspend of £776,000 (-5.75%) has been achieved within Finance. The main factors contributing towards this underspend are as a result of:

1. An underspend within Audit Services totalling £157,000 is due to restructuring and unfilled vacancies across the service.
2. An underspend within Central Corporate Budgets totalling £568,000 is mainly as a result of significant reductions in enhanced pension costs and bank charges.
3. An underspend within Revenue and Benefits totalling £348,000 is due to the early achievement of the budget reduction target for 2020-2021.
4. An underspend within The Hub totalling £221,000 is mainly due to unfilled vacancies held across the service, and additional external income generation within Payroll Services.

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

5. An overspend within Procurement Service totalling £130,000 is due to an increase in the use of agency resource following internal promotions and turnover within the team, combined with a linked reduction in external income generation.
6. An overspend within Revenue Benefits Payments and Subsidy totalling £400,000 is due to a significant and unforeseen increase in housing benefit payments to people housed in temporary accommodation where government subsidy falls well short of the amount paid out.

Governance

- 4.15 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Governance

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Governance	6,399	5,894	(505)	(7.89%)
Governance Total	6,399	5,894	(505)	(7.89%)

- 4.16 Overall a net underspend of £505,000 (-7.89%) has been achieved during the year for Governance. The main factors contributing towards this underspend are as a result of:
1. An underspend against Director of Governance totalling £103,000 is due to the Director of Governance position vacancy for part of the year.
 2. An underspend against Governance Services totalling £167,000 is due to unfilled vacancies across the service, external funding of graduate management trainees, additional external income generation in Democratic Services and Information Governance and other underspends across a range of budgets.
 3. An underspend within Legal Services totalling £253,000 is due to unfilled staff vacancies and additional external income generation.

Strategy

- 4.17 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Strategy

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Strategy	7,115	6,525	(590)	(8.29%)
Strategy Total	7,115	6,525	(590)	(8.29%)

4.18 Overall a net underspend of £590,000 (-8.29%) has been achieved during the year within Strategy. The main factors contributing towards this underspend are as a result of an underspend in the region of £495,000 within ICTS due to in year staff vacancies and continuing works to identify and deliver efficiencies in advance of the targets reflected in the approved MTFS for ICTS. Approval is sought to a further contribution of £182,000 from ICTS to the Transformation Reserve, to accommodate the remaining balance of one-off revenue costs (totalling £328,000) associated with the OLM project going live.

Chief Executive

4.19 A summary of the 2019-2020 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 – 2019-2020 Revenue Budget Outturn – Chief Executive

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Chief Executive	1,238	1,160	(78)	(6.30%)
Chief Executive Total	1,238	1,160	(78)	(6.30%)

4.20 Overall a net underspend of £78,000 (-6.30%) has been achieved for the year against Chief Executive. The main factor contributing towards this underspend is as a result of underspend within Communications due to in year one-off staff vacancies.

Deputy Chief Executive

- 4.21 A summary of the 2019-2020 outturn against the Deputy Chief net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 12 – 2019-2020 Revenue Budget Outturn – Deputy Chief Executive

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Deputy Chief Executive	4,958	4,878	(80)	(1.61%)
Deputy Chief Executive Total	4,958	4,878	(80)	(1.61%)

- 4.22 Overall a net underspend of £80,000 (-1.61%) has been achieved within Deputy Chief Executive. The main factors contributing to this underspend are as a result of general efficiencies on non-salary budgets across Business Change and the Digital Transformation Programme.

Corporate Accounts

- 4.23 A summary of the 2019-2020 outturn against the Corporate Accounts net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 13 – 2019-2020 Revenue Budget Outturn – Corporate Accounts

Service	Net Controllable Budget 2019-2020 £000	Net Controllable Outturn 2019-2020 £000	Total Variation Over/(Under)	
			£000	%
Corporate Accounts	41,145	41,108	(37)	(0.09%)
Corporate Accounts Total	41,145	41,108	(37)	(0.09%)

- 4.24 Overall a net underspend of £37,000 (-0.09%) has been achieved against Corporate Accounts after contributing £2.3 million to the 2020-2021 Budget Strategy Reserve, in accordance with the 2020-2021 Budget and Medium Term Financial Strategy as approved by Cabinet on 19 February 2020. The main factors contributing towards this financial position are as follows:

1. Corporate Budgets - The net overspend of £170,000 is after funding the cost of voluntary redundancies. It was forecast during 2019-2020 that redundancy payments arising as a result of the voluntary redundancy programme would be in the region of £3-4 million, however the total cost was slightly lower at £3.2 million. Part of this expenditure has been offset by capital receipts, whilst the remainder has been accommodated within underspends across corporate accounts. There is an overspend against the provision for expected future credit losses of £871,000 due a greater provision being required for 2019-2020 than originally assumed. In addition, the 2019-2020 Budget Strategy included the use of £5.8 million from various reserves; as a result of the managed underspends within Corporate Budgets, part of the reserve drawn down was not required. These overspends have been offset by managed underspends across corporate budgets.
2. Central Provision for Auto Enrolment and Pay Award costs - There has not been a call upon the Central Provision for Auto Enrolment by services throughout the financial year which has resulted in a £2 million underspend against this budget. Whilst encouraged, not all employees chose to join the pension scheme. This has been forecast throughout the financial year. An adjustment to this provision has been reflected in the 2020-2021 Budget and Medium Term Financial Strategy approved by Full Council on 4 March 2020
3. Treasury Management – There is an underspend totalling £440,000 against the Treasury Management budget. The underspend is mainly due to a reduced borrowing need in year arising as a result of re-phasing of the capital programme, this is offset against an increase in Minimum Revenue Provision (MRP) charges and loss of income for interest charged on loans to others. The MRP has increased due to the amount of borrowing applied in 2018-2019 against short life assets compared to the forecast. The loss of interest is due to the revised timing of loan requests from WV Living.
4. Contribution to the 2020-2021 Budget Strategy Reserve - In accordance with the 2020-2021 Budget strategy approved by Cabinet on 19 February 2020 and Full Council on 4 March 2020, funds have been transferred into the 2020-2021 Budget Strategy Reserve to support the 2020-2021 budget strategy.
5. The General Fund Revenue Account outturn was an underspend of £2.0 million of which £1.8 million has been contributed into Budget Contingency reserve and a further £200,000 has been contributed into the Recovery Reserve.

5.0 Reserves, Provisions and Balances 2019-2020

- 5.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2020 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2019-2020', will seek approval for transfers to and from reserves, provisions and balances.

- 5.2 Following a review of the reserves position during the 2019-2020, the Director of Finance proposes that the Council's General Fund Balance is increased by £3 million to a total value of £13 million. The level of reserves is approximately 5% of the net budget which is in line with recommended best practice.
- 5.3 Earmarked reserves that have been set aside by the Council to fund future estimated liabilities and planned expenditure have decreased overall by £5.1 million. The reduction includes the planned draw down of £3.8 million from the Adult Social Care Reserve to support in year pressures and the transfer of £3 million to the General Fund Reserve. Contributions to reserves to offset this in year usage has been possible due to an underspend outturn position.
- 5.4 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 to some extent. This will help to support the Council's short-term financial position but, 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 £15.5 million in 2021-2022, rising to around £20 million over the medium term to 2023-2024 when reported to Full Council in March 2020.
- 5.5 In addition to the challenging medium term position, the Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Cabinet will be presented with a report in July 2020 which will provide more detail on the immediate budget implications and the Medium Term Financial Strategy.

6.0 Outturn on Schools' Budgets

- 6.1 Schools that remain in local authority control started the 2019-2020 financial year with accumulated reserves of £5.1 million. At the end of the year revenue balances for these schools were £6.3 million, an increase of £1.2 million. This remaining balance of £6.3 million represents 5.99% of the funding and income available to schools during 2019-2020.
- 6.2 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. 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.
- 6.3 Further details on schools' finances for 2019-2020 are shown at Appendix 2.

7.0 Housing Revenue Account

- 7.1 The table below provides the Housing Revenue Account (HRA) revenue outturn for 2019-2020 compared to the approved budget. The outturn position for the year is a surplus of

£19.9 million, compared to a budgeted surplus of £20.4 million. The surplus in year is used to provide for the redemption of debt.

Table 14 – Housing Revenue Account Revenue Outturn 2019-2020

	Budget £000	Outturn £000	Variation £000
Total income	(95,726)	(95,615)	111
Total expenditure	64,982	65,625	643
Net cost of HRA services	(30,744)	(29,990)	754
Interest payments and receipts	9,794	9,587	(207)
Revenue to capital transfer	543	543	-
Surplus before transfers to/from reserves and provision for redemption of debt	(20,407)	(19,860)	547
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	20,407	19,860	(547)
Balance for the year	-	-	-

7.2 Further detail behind the figures in this table are shown at Appendix 3.

7.3 The main variance was an overspend against supervision and management expenditure of £859,000. This was due to an increase in the costs of Service Level Agreements incurred because of a requirement to increase the capacity of the Strategic Housing Function to support and monitor the management of services.

7.4 Expenditure on depreciation of fixed assets was £163,000 higher than budgeted due to a slightly higher number of properties to be depreciated than budgeted for.

7.5 The overspends were offset in part by a reduction of £188,000 against the anticipated contribution to the HRA bad debt provision and a £390,000 underspend on the budget for interest payable. This was due to rephasing on the capital programme which reduced the borrowing requirement.

8.0 Collection Fund

8.1 The Collection Fund outturned with a £2.3 million deficit during 2019-2020 including net adjustments and this resulted in an overall deficit of £1.5 million to be carried forward. 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. The £2.3 million deficit outturned as a result of £1.9 million deficit on Council Tax and £400,000 deficit for Business Rates.

8.2 The Collection Fund opening balance for Council Tax was a surplus of £1.4 million and combined with the in-year deficit results in a deficit balance of £532,000 to be carried forward.

8.3 The Collection Fund opening balance for Business Rates was a deficit of £539,000 and combined with the in-year deficit, results in a deficit balance of £939,000 to be carried forward.

9.0 Debt Write Offs

9.1 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.

9.2 **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, 761 debt write offs totalling £170,913.60 have been incurred. All except two totalling £12,186.24, which require the approval of this Panel (see Appendix 6), 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, 29 debt write offs totalling £255,446.44 have been incurred. All but three valued at £21,739.16 in total, which require the approval of this Panel (see Appendix 4), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

c. In addition to this, the Director of Finance has approved the write off of ten debts relating to Business Improvement District (BID) totalling £3,005.73, in accordance with the Council's Financial Procedure Rules.

9.3 **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, 38 debt write offs totalling £57,208.59 have been incurred. All but one valued at £6,239.45 in total, which require the approval of this Panel (see Appendix 5), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

9.4 **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.

- 9.5 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.
- 9.6 Overall 31 debt write offs totalling £14,004.24 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.
- 9.7 As a result of the information detailed in paragraphs 9.2 – 9.6 above, the Director of Finance has approved the write off of 863 debt accounts totalling £460,413.75 in value.

10.0 Evaluation of alternative options

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

11.0 Reason for decision(s)

- 11.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of 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 Cabinet Member for Resources. 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.

12.0 Financial Implications

- 12.1 The financial implications are detailed in the body of the report.
[MH/29062020/Y]

13.0 Legal Implications

- 13.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 13.2 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.
[TS/27062020/W]

14.0 Equality Implications

14.1 As this report provides details of the outturn for 2019-2020, there are no equalities implications arising from it. The necessary equalities analyses were carried out as part of the preparations for setting the 2019-2020 and 2020-2021 budgets and will similarly form part of the requisite pre-work for 2021-2022.

15.0 Climate Change and Environmental Implications

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

16.0 Human resources implications

16.1 This report provides details of the 2019-2020 outturn position. There are no relevant human resources implications arising from this report.

17.0 Corporate Landlord implications

17.1 There are no relevant corporate landlord implications arising from this report.

18.0 Health and Wellbeing implications

18.1 Revenue Budget Outturn reports on the outturn position of all Council services including services which seek to improve the health and wellbeing of all the population of the City of Wolverhampton.

19.0 Covid Implications

19.1 Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Whilst the direct financial impact of the pandemic was limited in 2019-2020, it will have a significant impact on 2020-2021 and future years. Cabinet will be presented with a report in July 2020 which will provide more detail on the budget implications and the Medium Term Financial Strategy.

20.0 Schedule of background papers

20.1 [2019-2020 Final Budget and Medium Term Financial Strategy 2019-2020 to 2023-2024](#), report to Cabinet, 20 February 2019.

20.2 [Revenue Budget Monitoring 2019-2020](#), report to Cabinet (Resources) Panel, 23 July 2019

20.3 [Revenue Budget Monitoring 2019-2020](#), report to Cabinet, 17 December 2019.

- 20.4 [Revenue Budget Monitoring 2019-2020](#), report to Cabinet (Resources) Panel, 3 March 2020.
- 20.5 [Reserves, Provisions and Balances 2019-2020](#), report to Cabinet, 8 July 2020

21.0 Appendices

- 21.1 Appendix 1 – Revenue Budget Outturn
- 21.2 Appendix 2 – Outturn on Schools' Budget
- 21.3 Appendix 3 – Housing Revenue Account Revenue Outturn
- 21.4 Appendix 4 – Non-Domestic Rates write offs
- 21.5 Appendix 5 – Sundry Debts write off
- 21.6 Appendix 6 – Council Tax write off
- 21.7 Appendix 7 – Virement