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|---|--------------------------------------|---------------------------------|
| Report title | Revenue Budget Monitoring 2020-2021 | |
| 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 | Claire Nye | Director of Finance |
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| Report to be/has been considered by | Strategic Executive Board | 2 March 2021 |

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of £65,000 from the Regeneration Reserve to develop a business case for a hotel, including delivery and funding options, financial performance and disposal advice as detailed in paragraph 6.4.
2. Approve the contribution of £75,000 to the Regeneration Reserve for use on the development of the British Steel site in future years as detailed in paragraph 6.5.
3. Approve the use of £113,000 from the Efficiency Reserve to fund resources including a Manager, a Business Analyst and Developer to work on the Councillor Enquiries project as detailed at paragraph 6.6.

4. Approve the change of name of the 2020-2021 Budget Strategy Reserve to Future Years Budget Strategy Reserve to enable this reserve to hold funds to support the Budget Strategy in accordance with the approved medium-term financial strategy (MTFS) as detailed at paragraph 6.7.
5. Approve the establishment of supplementary expenditure budgets within the 2020-2021 approved budget as detailed in section 7.0 for grant funded expenditure.
6. Delegate authority to the Cabinet Member for Education and Skills, and the Cabinet Member for Children and Young People, in consultation with the Director of Children's Services to make payments in line with Government guidance and approve any necessary virements under the Winter Grants Scheme and Holiday Activities Programme.
7. Approve 20 virements totalling £5.8 million, for transfers within directorates, as detailed in Appendix 4.
8. Approve the write-off of two Non-Domestic Rates (NDR) debts totalling £23,696.34 as detailed in Appendix 5.
9. Approve the write-off of one Council Tax debt totalling £5,222.08 as detailed in Appendix 6.
10. Approve the write-off of one Housing debt totalling £6,105.80 as detailed in Appendix 7.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The Council has once again managed its money well and delivered within budget. Overall, the General Fund projected outturn for 2020-2021 is currently forecast as a relatively small underspend of £507,000 (excluding the impact of Covid-19).
2. That it is anticipated that corporately held redundancy costs during 2020-2021 could be in the region of £1.5 million which can be met from efficiencies.
3. That a £10.1 million surplus on the Housing Revenue Account (HRA) is projected compared with a budgeted surplus of £10.8 million as shown at Table 20 and in detail at Appendix 3. The projected reduction to the surplus of £720,000 will reduce redemption of debt by £720,000.
4. That 34 sundry debt accounts totalling £6,278.52, as detailed in paragraph 10.3, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

5. That 981 council tax accounts totalling £346,464.49, as detailed in paragraph 10.5, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 27 Non-Domestic Rates (NDR) debts totalling £130,452.02, as detailed in paragraph 10.6, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That eight housing benefit overpayments totalling £4,490.76 as detailed in paragraph 10.10, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. That two debts relating to Business Improvement District (BID) totalling £746.69, as detailed in paragraph 10.7 of this report, 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 provide Cabinet (Resources) Panel with a projection of the likely revenue outturn position for the General Fund and Housing Revenue Accounts when compared with the Council's approved revenue budgets for 2020-2021, and the projected financial implications of the Covid-19 pandemic.
- 1.2 This is the third report of this financial year detailing the likely outturn projection for 2020-2021.

2.0 Executive Summary

- 2.1 On 4 March 2020, the Council approved the net budget requirement for 2020-2021 of £248.2 million for General Fund services. This report details the likely outturn projections against this net budget requirement.
- 2.2 The City of Wolverhampton Council has a proven track record and reputation for well-planned and prudent financial management, built up over a number of years and supported by independent verification. Despite significant budget pressures as a result of Government grant funding reductions, the Council has continued to deliver essential services and the priorities that matter most to local residents.
- 2.3 On top of the financial and budget reduction challenges mentioned above, the Council has this year responded to the unprecedented impact of the Covid-19 global pandemic. This has meant refocusing the efforts of the organisation on supporting those in the city that need us most – especially the most vulnerable, supporting our NHS colleagues, helping struggling city businesses to survive and adapt to constantly changing operating restrictions, supporting our schools and young people and maintaining core, essential council services.
- 2.4 It is important to note that the 2020-2021 budget was prepared in advance of the start of the Covid-19 pandemic and, at the time of reporting to Council in March 2020, the full impact of the pandemic was not anticipated. Clearly, the impact on both council finances and its operating environment could not have been foreseen. What is now clear, however, is that the pandemic has significantly distorted the council's financial position and that there will be a 'covid cost' beyond the short-medium term.
- 2.5 It is not yet known how long the impact of the pandemic will last or what the level of future support will be. However, it is anticipated that pressures will continue to emerge in areas such as adult social care and public health and wellbeing.
- 2.6 Despite all of this uncertainty and 'distortion', the council has once again managed its money well and delivered within budget. Overall, the General Fund projected outturn for 2020-2021 is currently forecast as a relatively small underspend of £507,000 (excluding the impact of Covid-19).

- 2.7 This has been achieved as a result of disciplined financial management after the council delivered on its plan to tightly control spending as part of its wider strategy to protect essential services from further cuts in the future as far as possible. Measures include:
- £5.1 million has been contributed as planned to a Budget Strategy Reserve, as approved by Cabinet on 17 February 2021, to support the 2021-2022 budget. The 2021-2022 Budget and medium-term financial strategy (MTFS) 2021-2022 to 2023-2024 presented to Cabinet on 17 February 2021, recognised that the Council anticipated a net underspend in 2020-2021 and therefore proposed that the underspend would be transferred into a specific reserve to support the 2021-2022 budget strategy.
 - £5 million of capital receipts will not be drawn down – this is in line with the policy set out in the Budget Report approved by Cabinet on 19 February 2020. This stated that any efficiencies identified against the budgets held in the Corporate Contingency for Budget Growth, if not required, would be used to reduce the level of capital receipts flexibility utilised in 2020-2021.
 - Efficiencies identified from across the Council will be used in the first instance to fund redundancies.
- 2.8 The forecast outturn position for the Housing Revenue Account is a surplus of £10.1 million, compared to a budgeted surplus of £10.8 million. The projected reduction to the surplus of £720,000 will reduce the redemption of debt by £720,000.
- 2.9 An update on the General Fund budget risks is provided at section 8.0. Overall, the risk for 2020-2021 is currently assessed as Amber.
- 2.10 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval at this meeting. There are 20 General Fund virements that require approval in this report as detailed in Appendix 4. Any virements reflecting a change in management responsibility have been approved under delegation by the S151 Officer.
- 3.0 Summary Position**
- 3.1 Table 1 summaries the projected outturn position for 2020-2021. The most significant variances against the budget are reported on a service-by-service basis in section 4.0 and in detail in Appendix 1.

Table 1 – 2020-2021 General Fund Revenue Budget Projected Outturn

| | Net Controllable Budget 2020-2021 | Projected Outturn 2020-2021 | Projected Variation | |
|---|-----------------------------------|-----------------------------|---------------------|----------------|
| | £000 | £000 | Over/(Under) | |
| | | | £000 | % |
| Adult Services | 68,205 | 69,596 | 1,391 | 2.04% |
| Children's Services and Education | 53,546 | 50,257 | (3,289) | (6.14%) |
| Public Health and Wellbeing | 982 | 979 | (3) | (0.31%) |
| City Environment | 28,839 | 28,629 | (210) | (0.73%) |
| City Assets and Housing | 9,721 | 9,682 | (39) | (0.40%) |
| Regeneration | 6,229 | 6,049 | (180) | (2.89%) |
| Finance | 13,901 | 13,396 | (505) | (3.63%) |
| Governance | 9,744 | 9,331 | (413) | (4.24%) |
| Strategy | 8,552 | 7,614 | (938) | (10.97%) |
| Chief Executive | 184 | 184 | - | - |
| Communications and External Relations | 966 | 859 | (107) | (11.08%) |
| Deputy Chief Executive | 450 | 388 | (62) | (13.78%) |
| Corporate Budgets | 46,904 | 45,638 | (1,266) | (2.70%) |
| Transfer to reserve to support Future Years Budget Strategy | - | 5,114 | 5,114 | - |
| Net Budget Requirement | 248,223 | 247,716 | (507) | (0.20%) |
| Council Tax (including Adult Social Care Precept) | (108,843) | (108,843) | - | - |
| Enterprise Zone Business Rates | (2,700) | (2,700) | - | - |
| Top Up Grant | (26,578) | (26,578) | - | - |
| Business Rates (net of WMCA growth payment and Collection Fund deficit) | (73,769) | (73,769) | - | - |
| New Homes Bonus | (1,614) | (1,614) | - | - |
| Section 31 Grant - Business Rates Support | (11,703) | (11,703) | - | - |
| Improved Better Care Fund | (12,947) | (12,947) | - | - |
| Winter Pressures and Social Care Grants - Adult Social Care | (3,727) | (3,727) | - | - |
| Additional Social Care Grant | (6,342) | (6,342) | - | - |
| Total Resources | (248,223) | (248,223) | - | - |
| Net Budget (Surplus) / Deficit | - | (507) | (507) | (0.20%) |

4.0 General Fund Revenue Budget Monitoring: Service Analysis

Adult Services

- 4.1 A summary of the projected outturn against the Adult Services 2020-2021 revenue budget is provided in Table 2, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|----------------|---|--|-------------------------------------|-------|
| | | | £000 | % |
| Adult Services | 68,205 | 69,596 | 1,391 | 2.04% |

- 4.2 Overall, a net overspend of £1.4 million (2.04%) is projected for the year against Adult Services. Whilst there continues to be an increased demand for packages for under-65s care, there have been in year reductions to previously forecast demand for over 65s. In part, this is due to the fact that a certain cohort, including those discharged from hospital, have been directed through health funded pathways. This will likely not be the case in 2021-2022. There has also been a reduction in demand for long term residential and nursing care due to the effects of Covid-19, and at this stage there is a great deal of uncertainty over the medium term effects of the pandemic. Covid-19 has also affected the ability of the service to deliver savings included in the 2020-2021 budget and so growth has been included in the 2021-2022 budget to account for this. During 2021-2022 work will be undertaken to understand the demand across Adult Services in order to inform the future service delivery model. The main factors contributing towards this overspend are as a result of:

1. A forecast overspend within Learning Disabilities Care Purchasing totalling £1.5 million as a result of additional demand for care packages. A project-managed programme to manage and prevent future demand in this area is being set up and will be overseen by the Transforming Adult Social Care Board.
2. A forecast overspend within Mental Health Assessment and Care Management and Physical Disabilities Care Purchasing totalling £457,000 and £254,000 respectively, as a result of additional demand for care packages.

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

3. An underspend is forecast within Director of Adult Services and additional monies totalling £158,000 as a result of one-off unfilled staff vacancies including the Director post.

4. An underspend is forecast within Quality Assurance and Policies totalling £100,000 as a result of unfilled staff vacancies.
5. An underspend is forecast within the Adults Safeguarding service totalling £263,000. This is in part due to the delay in the introduction of the new Deprivation of Liberty Safeguards legislation (Liberty Protection Safeguards (LPS)) which will require the forecast staffing costs to meet the new statutory duties required of the local authority, when LPS comes into effect in 2022. One-off efficiencies related to this has been included in the 2021-2022 budget.

Children's Services and Education

- 4.3 A summary of the projected outturn against the Children's Services and Education 2020-2021 revenue budget is provided in Table 3, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|-----------------------------------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| Children's Services and Education | 53,546 | 50,257 | (3,289) | (6.14%) |

- 4.4 Overall a net underspend of £3.3 million (-6.14%) is projected for the year against Children's Services and Education. This position is due to strong financial management, and work is underway to identify ongoing savings. Work is also being undertaken to model the longer-term financial effects of the pandemic on this service. Children's Services have been on a significant transformation journey over the last five years, overseen by the Transforming Children's Services programme. During this time a number of programmes and projects have been delivered that have achieved significant and positive changes for children and young people living and learning in Wolverhampton. Successes have included more efficient and effective processes and systems, improvements in the quality of practice of front-line work, efficiencies leading to savings or cost avoidance and ultimately improved outcomes for our most vulnerable children and young people. The continued underspend across Children's Services is a direct impact of this transformation work, whilst ensuring the right support is offered to children and families at the right time. The main factors contributing towards this are:
 1. An underspend is forecast within the Children and Young People in Care service totalling £1.1 million as a result of reductions against placement budgets. The projected forecast underspend against the placement budgets

has continued to improve as a result of the robust oversight and management of demand across the service. As a result, the budget growth included in the MTFs has been removed for 2021-2022 and the level of funding for 2021-2022 is forecast to be sufficient to meet any growth in demand.

2. An underspend is forecast within the Strengthening Families service totalling £1.3 million as a result of one-off staffing vacancies partially offset by agency costs. A review of the support offer from Strengthening Family Hubs has been undertaken ensuring that the early help offer is responsive to the needs of our children and families. As a result, vacancies are currently being filled. In addition, work is ongoing to identify in year and ongoing savings particularly related to Section 17 budgets where tight management has realised a reduction in spend.
3. An underspend is forecast within the Director of Children's Service totalling £382,000 as a result of a one-off saving against the emotional health and wellbeing contract. This is currently being re-tendered and due to start April 2021. There are further reductions in professional and consultancy fees and supporting functions across the service. A savings target has been included in the 2021-2022 budget to reflect ongoing efficiencies.
4. An underspend is forecast within the Safeguarding service totalling £128,000 predominately due to staffing vacancies. Reduced costs associated with remote working and other associated staffing costs has also made a contribution. These have been identified as in-year efficiencies. Recruitment plans are in place through a recruitment drive to fill vacant posts prior to 2021-2022.
5. An underspend is forecast within the Specialist Support service totalling £105,000. Most of the underspend relates to one-off staffing vacancies, other staff related-costs and a reduction in spend on outings. These have been identified as in-year efficiencies. Recruitment plans are in place through a recruitment drive to fill vacant posts prior to 2021-2022.
6. An underspend is forecast within Youth Offending Service totalling £132,000 as a result of one off staffing vacancies and posts are due to be recruited to shortly.

Public Health and Wellbeing

- 4.5 A summary of the projected outturn against the Public Health and Wellbeing 2020-2021 revenue budget is provided in Table 4, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|-----------------------------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| Public Health and Wellbeing | 982 | 979 | (3) | (0.31%) |

- 4.6 Overall a net underspend of £3,000 (-0.31%) is projected for the year against Public Health and Wellbeing. The forecast income for WV Active has been significantly reduced in 2020-2021 as centres have been unable to open and the re-opening will be phased. This loss of income is currently being monitored against the Covid-19 grants.

City Environment

- 4.7 A summary of the projected outturn against the City Environment 2020-2021 revenue budget is provided in Table 5, whilst a detailed analysis is provided in Appendix 1.

Table 5 – 2020-2021 Revenue Budget Projected Outturn – City Environment

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|------------------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| City Environment | 28,839 | 28,629 | (210) | (0.73%) |

- 4.8 Overall a net underspend of £210,000 (-0.73%) is projected for the year against City Environment. The main factors contributing towards this underspend are as a result of:
1. An underspend is forecast within Environmental Services totalling £195,000 as a result of vacancies held pending a service restructure which will be implemented in 2021-2022.
 2. An underspend is forecast within Fleet Services totalling £267,000 as a result of underspends and efficiencies on staffing, vehicle related costs and additional income received which is partly offset by an overspend on professional costs.
 3. An underspend is forecast within the Operation and Maintenance of Existing Network area totalling £110,000 mainly as a result of one-off vacancies held pending a restructure which will be implemented in 2021-2022.

- An underspend is forecast within Transportation service totalling £279,000 as a result of route efficiencies made and additional grant income received during the year.

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

- An overspend is forecast within Waste and Recycling service totalling £160,000 as a result of overspends on security, professional fees, repairs and maintenance.
- An overspend is forecast within Waste Commercial services totalling £314,000 primarily as a result of additional disposal costs due to price increases on these contracts. This is offset by reduction in employee costs and increased trade waste rebate. Growth has been included the 2021-2022 budget to take account of this cost pressures across the waste contracts.
- An overspend is forecast with Markets totalling £220,000 mainly due to security costs incurred on market sites. The 2021-2022 budget includes growth in recognition of these cost pressures.

City Assets and Housing

- A summary of the projected outturn against the City Assets and Housing 2020-2021 revenue budget is provided in Table 6, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|-------------------------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| City Assets and Housing | 9,721 | 9,682 | (39) | (0.40%) |

- Overall a net underspend of £39,000 (-0.40%) is projected for the year against City Assets and Housing. The main factors contributing towards this underspend are:

- An underspend is projected within the Cleaning service totalling £221,000 which reflects additional income generated.
- An underspend is forecast within Corporate Asset Management totalling £290,000 which reflects efficiencies generated as a result of proactive management of business rates costs, particularly those relating to disposals and eligible exemptions.

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

3. An under recovery of income is forecast within the Estates and Valuations service totalling £112,000 due to reduced income relating to ground leases and vacant commercial rental units.
4. An overspend is forecast within the Housing service totalling £511,000 due to increased demand for homelessness provision generally. This is mitigated by reduced costs in Private Sector Housing due to staff vacancies and additional forecast income from Licencing and Civil Penalties. Growth has been included in the 2021-2022 budget to take account of the cost pressures in temporary accommodation.

Regeneration

- 4.11 A summary of the projected outturn against the Regeneration 2020-2021 revenue budget is provided in Table 7, whilst a detailed analysis is provided in Appendix 1.

Table 7 – 2020-2021 Revenue Budget Projected Outturn – Regeneration

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|--------------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| Regeneration | 6,229 | 6,049 | (180) | (2.89%) |

- 4.12 Overall a net underspend of £180,000 (-2.89%) is projected for the year against Regeneration. The main factors contributing towards this underspend are:

1. An underspend is forecast within Visitor Economy totalling £246,000 reflecting staffing vacancies as a result of a restructure. This will be used to contribute to one off budget efficiencies in financial year 2021-2022.

This forecast underspend is partially offset by forecast overspend within the following service:

2. An overspend is forecast within City Planning service totalling £110,000 as a result of planning income targets not being met.
3. An overspend is forecast within City Development service totalling £148,000 as a result of costs associated with increasing development work which will support the relight the city objectives.

Finance

- 4.13 A summary of the projected outturn against the Finance 2020-2021 revenue budget is provided in Table 8, whilst a detailed analysis is provided in Appendix 1.

Table 8 – 2020-2021 Revenue Budget Projected Outturn – Finance

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|---------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| Finance | 13,901 | 13,396 | (505) | (3.63%) |

- 4.14 Overall a net underspend of £505,000 (-3.63%) is projected for the year against Finance. The main factors contributing towards this underspend are:

1. An underspend is forecast within Audit Services totalling £278,000 as a result of unfilled staff vacancies held across Audit and Insurance Teams. Two posts have been transferred over into two new apprenticeship posts, which will be recruited to shortly. One employee is currently on secondment. In the short term work has been re-assessed and re-arranged, with the focus on Covid related and high risk areas, until these posts are filled. Audit Committee has been provided with regular updates on the internal audit workplan.
2. An underspend is forecast for the Central Corporate Budgets totalling £581,000 due to significant reductions in enhanced pension costs and bank charges, combined with other lesser underspends against a range of corporate budgets. The 2021-2022 budget incorporates savings to recognise these on-going efficiencies.
3. An underspend is forecast within Revenues and Benefits Service totalling £160,000 due to budget efficiencies across the service including a reduction in postal and printing costs.
4. An underspend is forecast within The Hub totalling £202,000 as a result of unfilled staff vacancies held across Payroll Services and Banking and Payments Team due to being unsuccessful in recruiting to vacancies in the last year. Recruitment to vacant positions is now being prioritised with a view to bringing the team up to capacity in the next financial year.

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

5. An overspend is forecast against Housing Benefits and Payment Subsidy totalling £730,000 as a result of increased demand for homelessness

provision. Growth has been included in the 2021-2022 budget to take account of this cost pressure.

Governance

4.15 A summary of the projected outturn against the Governance 2020-2021 revenue budget is provided in Table 9, whilst a detailed analysis is provided in Appendix 1.

Table 9 – 2020-2021 Revenue Budget Projected Outturn – Governance

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|------------|---|--|-------------------------------------|---------|
| | | | £000 | % |
| Governance | 9,744 | 9,331 | (413) | (4.24%) |

4.16 Overall a net underspend of £413,000 (-4.24%) is projected for the year against Governance mainly due to Legal services income being significantly more than predicted. It is proposed that these greater levels of income will be used to fund additional resource to ensure the Council delivers on the Fairness and Inclusion agenda, including additional project management on a number of matters including Rainbow Quarter.

Strategy

4.17 A summary of the projected outturn against the Strategy 2020-2021 revenue budget is provided in Table 10, whilst a detailed analysis is provided in Appendix 1.

Table 10 – 2020-2021 Revenue Budget Projected Outturn – Strategy

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|----------|---|--|-------------------------------------|----------|
| | | | £000 | % |
| Strategy | 8,552 | 7,614 | (938) | (10.97%) |

4.18 Overall a net underspend of £938,000 (-10.97%) is projected for the year against Strategy. The main factors contributing towards this underspend are:

1. An underspend is forecast within ICTS totalling £773,000. This is as a result of unfilled staff vacancies in year pending a restructure totalling £520,000 and the alignment of licencing contract costs to the year in which they relate.

2. An underspend is forecast within Policy and Strategy totalling £136,000 as a result of one-off efficiencies due to unfilled vacancies which are currently being recruited to.

Chief Executive

- 4.19 A summary of the projected outturn against the Chief Executive 2020-2021 revenue budget is provided in Table 11, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|-----------------|---|--|-------------------------------------|-------|
| | | | £000 | % |
| Chief Executive | 184 | 184 | - | 0.00% |

- 4.20 Overall a breakeven position is projected for the year against the Chief Executive budget.

Communications and External Relations

- 4.21 A summary of the projected outturn against the Communications and External Relations 2020-2021 revenue budget is provided in Table 12, and in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|---------------------------------------|---|--|-------------------------------------|----------|
| | | | £000 | % |
| Communications and External Relations | 966 | 859 | (107) | (11.08%) |

- 4.22 Overall a net underspend of £107,000 (-11.08%) is projected for the year against Communications and External Relations mainly as a result of unfilled vacancies and reduced campaign spend due to the primary focus of the team on Covid-19 related emergency response communications.

Deputy Chief Executive

- 4.23 A summary of the projected outturn against the Deputy Chief Executive 2020-2021 revenue budget is provided in Table 13, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|------------------------|---|--|-------------------------------------|----------|
| | | | £000 | % |
| Deputy Chief Executive | 450 | 388 | (62) | (13.78%) |

4.24 Overall a net underspend of £62,000 (-13.78%) is projected for the year against Deputy Chief Executive.

Corporate Budgets

4.25 A summary of the projected outturn against the Corporate Budgets 2020-2021 revenue budget is provided in Table 14, whilst a detailed analysis is provided in Appendix 1.

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

| | 2020-2021 Controllable Budget £000 | 2020-2021 Forecast Outturn £000 | Projected Variation Over/(Under) | |
|-------------------|---|--|-------------------------------------|-------|
| | | | £000 | % |
| Corporate Budgets | 46,904 | 50,752 | 3,848 | 8.20% |

4.26 Overall a net overspend of £3.8 million (8.20%) is projected for the year against Corporate Budgets, after the transfer of £5.1 million to reserves to support the 2021-2022 budget strategy, as approved by Full Council on 3 March 2021. The main factors contributing towards this are:

1. An underspend in the region of £2.4 million is forecast against the Treasury Management budget due to a reduced borrowing need in-year arising as a result of rephasing of the capital programme and lower interest rates forecast on borrowing due to the impact on the economy of Covid-19. This is offset by a reduction in treasury income receivable.
2. In addition to this, it is also anticipated that there will be an underspend against the Central Provision for Auto-enrolment and Pay Award costs totalling £1.1 million in 2020-2021. This corporate budget efficiency was identified in the 2021-2022 Budget and MTFS 2021-2022 to 2023-2024 report which was presented to Cabinet on 17 February 2021. In that report it was proposed that the net underspend in 2020-2021 be transferred into a specific reserve to support the 2021-2022 budget strategy, whilst the ongoing efficiency be removed from the from the 2021-2022 budget.

3. In the 2020-2021 Budget and MTFs 2020-2021 to 2023-2024 report presented to Cabinet on 19 February 2020 and Full Council on 4 March 2020, it was recognised that during the 2020-2021 budget setting process, a number of emerging pressures had been identified and continue to be kept under review. In order to be prudent and recognise these budget pressures, a Corporate Contingency budget for growth in 2020-2021 was established. In December 2020, Cabinet were informed that due to the pandemic the operation of the Council had been disrupted and similarly the budget. As a result of this, the Corporate Contingency budget for growth, which includes £3.0 million for Corporate Landlord, has not been required in full. Therefore it is currently projected that there will be an underspend against Corporate Budgets and Adjustments totalling £4.2 million as a result of anticipated budget efficiencies against corporate contingencies, which also includes the provision for business rates expenditure increases for Council buildings.
 4. As detailed in points 1-3 above, it is anticipated that there will be underspends against the Treasury Management budget, Corporate contingencies and other corporate budgets in 2020-2021. The Budget Report approved by Cabinet on 19 February 2020 and Full Council on 4 March 2020, stated that any efficiencies identified against budgets held in the Corporate Contingency for Budget Growth, if not required, would be used to reduce the level of capital receipts flexibility utilised in 2020-2021. Therefore, the underspends identified will mitigate the need to use the capital receipt flexibility used for revenue transformational activity in 2020-2021 by £5.0 million.
 5. Further to this, it is anticipated that corporately held redundancy costs during 2020-2021 could be in the region of £1.5 million. It is anticipated that the projected budget efficiencies identified will enable the Council to meet this cost without calling on reserves.
 6. In accordance with the 2021-2022 budget strategy approved by Full Council on 3 March 2021, as a result of the forecast corporate budget efficiencies, reduction in the use of corporate contingencies and one-off forecast underspends across other Directorates, it is proposed that £5.1 million be transferred into a specific reserve to support the 2021-2022 budget strategy.
- 4.27 It is important to note that this financial year is exceptional, the operation of the Council has been disrupted and similarly the budget. We are robustly managing the financial impact of Covid with the additional grants that have been allocated. At the same time, we are managing our finances very tightly, monitoring budget pressures carefully and creating opportunities wherever possible to help mitigate the pressures in this year and over the medium term, ensuring that we can continue to deliver key council and city priorities.

5.0 Covid-19 Pandemic

- 5.1 Since the 2020-2021 budget was set in March 2020, the World Health Organisation categorised Covid-19 as a global pandemic. At the time of reporting to Council on 4 March 2020, the full impact of Covid-19 was not anticipated and the impact on both the finances and operating environment could not have been foreseen. The financial implications of the pandemic have significantly distorted the 2020-2021 budget.
- 5.2 The Council has been awarded a number of one-off grants to support the cost implications of the pandemic in 2020-2021, including £25.5 million of Covid-19 Emergency Grant funding. The council can also apply for funding to part fund the loss of non-commercial income. The Council has received £2.2 million to-date for losses for the period of April to July. Grant funding for the period of September to March is estimated to be in the region of £3.6 million, however, this will be subject to grant claims. It is important to note that this is not confirmed income and is subject to change. In addition, a number of one-off grants have been awarded to support specific activity such as supporting rough sleepers, additional enforcement, support to children and families through the Winter Grants Scheme, provision of emergency food and essential supplies to vulnerable groups and funding to support test and trace and for contained outbreak management. A full list of grants awarded to the Council to-date during the Covid-19 pandemic are detailed below:

Table 15 – Covid-19 One-off Grants

| Grant | Allocation £000 |
|---|--------------------|
| General Grants | |
| Covid 19 Emergency Grant (2020-2021 allocation) | 25,547 |
| Sales, Fees and Charges (first claim) | 2,208 |
| Total general Grants | 27,755 |
| Grants with conditions / criteria | |
| Contained Outbreak Management Fund | 6,056 |
| Council Tax Hardship Fund | 3,272 |
| Test and Trace (outbreak control) | 1,920 |
| Winter Grants Scheme | 1,431* |
| Covid 19 Workforce Capacity Fund | 688 |
| Covid Community Champions | 475 |
| Emergency Food and Essential Supplies | 394 |
| Active Travel Scheme (revenue and capital) | 347 |
| Home to School Transport | 273 |
| Reopening of the High Street | 235 |
| Rough Sleepers (2 tranches announced to date) | 209 |
| Enforcement Surge Funding | 174 |
| Clinically Extremely Vulnerable Individuals | 127 |
| Community Testing Programme | 88 |

| Grant | Allocation £000 |
|---|----------------------------|
| Wellbeing for Education Return Grant | 37 |
| Total grants with conditions / criteria | 15,726 |
| Grants passported to third parties | |
| Business Support Grants | 86,169 |
| Infection and Prevention Grant | 6,228 |
| Adult Social Care Rapid Testing | 768 |
| Catch Up Premium | 774 |
| Test and Trace Self Isolation Support Payments | 913 |
| Financial Support for Schools | 56 |
| Total grants passported to third parties | 94,908 |
| Total Covid-19 grants | 138,389 |

*This grant will be spent over two financial years 2020-2021 and 2021-2022

- 5.3 Under the Council's emergency decision-making powers, a range of short term initiatives have been implemented including: the distribution of food parcels to the city's most vulnerable residents, temporary accommodation for rough sleepers, additional financial support for adult social care providers and the procurement of additional personal protective equipment for key staff and partners.
- 5.4 All of these short-term new initiatives required additional investment and have been funded to-date by the grants received from Central Government.
- 5.5 In addition to the short-term initiatives, a number of services were suspended in response to Government requirements. Income streams have been adversely affected from the loss of fees and charges for services, such as car parking, leisure and cultural services.
- 5.6 The Council has played a proactive, leading role in responding to the Covid-19 emergency. Some of the new initiatives implemented to support the City's residents and businesses may continue to require ongoing financial support. As the situation evolves and restrictions continue to ease, some of the new initiatives will cease entirely, ease or will transition into different services which will require continued financial support to ensure recovery.
- 5.7 The Council has carefully managed the allocation of these grants; considering evidence when drawing up a response to the pandemic to ensure that the right response is delivered at the right level to support our residents and businesses. In order to ensure the Council can continue to deliver our Relight priorities any efficiencies identified against the Covid-19 Emergency Grant for 2020-2021 will be carried forward to support the ongoing challenges we face over the medium term. The allocation of this grant will be approved in line with the existing approved delegation, which is delegated to the Cabinet Member for Resources, in consultation with the Director of Finance.

5.8 Our current projections demonstrate that the estimated grant funding for Wolverhampton will be sufficient to meet the immediate revenue cost pressures and loss of income, including the delivery of budget reduction targets in 2020-2021. However, it is important to note, that the financial implications detailed below are subject to change and do not include the full cost of recovery work, the full costs associated with the road map out of lockdown or the costs of living with covid.

5.9 The table below shows the current projections of the cost implications which are being funded from the general Covid-19 Emergency Grant and the Sales, Fees and Charges grant. As detailed in Table 15, the Council has also been awarded a number of other grants to support specific activity such as the provision of emergency food and essential supplies to vulnerable people, additional enforcement, and test and trace provision, this expenditure is not included in the table below. Expenditure against these grants are in line with allocations and criteria set for these grants.

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

| | 2020-2021 £000 |
|---|---------------------------|
| Expenditure including recovery costs | 14,774 |
| Loss of Income | 11,431 |
| Budget Reduction and Income Generation targets at risk | 1,107 |
| | |
| Total potential impact for 2020-2021 | 27,312 |
| | |
| Provision for expenditure on the road map out of lockdown, recovery and living with covid | 442 |
| | |
| Total Potential Impact | 27,754 |
| | |
| Confirmed Grant Funding | |
| Covid-19 Emergency Grant (general) | 25,547 |
| Sales, Fees and Charges income (first claim) | 2,207 |
| | |
| Total Confirmed Government Grant Funding | 27,754 |

- 5.10 In addition to the costs above, Covid-19 has had an impact on development of capital projects. Given the unprecedented circumstances, there has understandably been some delay on capital projects due to the pandemic. The Council continues to assess the potential implications of Covid-19 on the wider capital programme in terms of delivery timescales and increase in costs. Any additional costs on the capital programme will result in an increase in the Treasury Management revenue budget. The joint meeting of Cabinet and Cabinet (Resources) Panel on 23 June 2020, received a report on the Covid-19 impact on the Capital Programme. In order to be prudent, additional capital budget has been built into the Capital Programme to cover potential risks associated with the Covid-19 pandemic. The potential annual revenue impact could be up to £430,000 per year, the impact of this will not be seen until after 2020-2021.
- 5.11 The rates of Covid-19 infection in Wolverhampton, regionally and nationally have fallen significantly since the second wave. In addition, the Covid-19 vaccination programme is being rolled out with good uptake from across the City. That said, it is clear the vaccine will not eliminate the presence of the Covid-19 infection in our communities for the foreseeable future. Therefore, it is highly likely that Covid-19 will remain endemic in our population, so as we 'Relight our City' we need to do so safely, living with Covid-19 present in our city.
- 5.12 Looking forward, 'Living with Covid' will need to have in place; a robust health protection function with the ability to respond quickly to any future outbreaks; a fit for purpose community testing programme that continues to reach into traditionally low uptake communities; an effective contact tracing service to compliment and add value to the national programme; and an increasing role in supporting the local NHS in the equitable roll out of the national Covid-19 Vaccination Programme. This activity will need to be supported, partly through the core Public Health Grant allocation, but also through the continued use of the Covid Specific grant funding. This approach will be outlined in the refreshed Local Outbreak Control Plan which will be published in April 2021.
- 5.13 There will be longer term implications for the Council's operating model, as the scale of the change post-Covid-19 will place new expectations and demands on service delivery in 2020-2021 and future years. At this stage it has not been possible to fully quantify the potential impact of Covid-19 over the medium term. It is anticipated that pressures will emerge in many areas particularly in relation to adult social care, public health and wellbeing and income generating services.
- 5.14 The HRA has also seen a reduction in income due to the pandemic. The current projections are currently show a reduction in income of £1.1 million from rent and service charges. In the first national lockdown, work could not be undertaken to refurbish and prepare void properties in order for them to be re-let. Whilst these works are now being carried out, to ensure safe working practices it is taking longer to turn around void properties for re-let resulting in lost income. The Council has not received any grant from Central Government to support the impact of Covid in the HRA.

6.0 Reserves and Balances

- 6.1 Following a review of the reserves position during 2019-2020, the Council's General Fund balance was increased by £3.0 million to a total value of £13.0 million. The level of reserve is approximately 5% of the 2020-2021 net budget which is in line with recommended best practice.
- 6.2 In addition to the General Fund balance, the Council also holds a number of earmarked reserves. Earmarked reserves balances that have been set aside by the Council to fund future estimated liabilities and planned expenditure at the end of 2019-2020 was £35.4 million. The Council is also required to hold a number of earmarked reserves due to either specific criteria associated with funding, legal requirements or accounting practice. The total values of these types of earmarked reserves at the end of 2019-2020 was £29.2 million.

Transfers to/from Earmarked Reserves

- 6.3 Approval is sought for a number of transfers to/from earmarked reserves, as set out in the following paragraphs.

6.4 Regeneration Reserve

Approval is sought from this meeting for the use of £65,000 from the Regeneration Reserve to develop a business case for a hotel, including delivery and funding options, financial performance and disposal advice.

- 6.5 Approval is sought from this meeting to contribute £75,000 to the Regeneration Reserve for use on the development of the British Steel site in future years.

6.6 Efficiency Reserve

Approval is sought from this meeting for the use of £113,000 from the Efficiency Reserve to fund resources including a Manager, a Business Analyst and Developer to work on the Councillor Enquiries project.

6.7 2020-2021 Budget Strategy Reserve

Approval is sought from this meeting to change the name of the 2020-2021 Budget Strategy Reserve to Future Years Budget Strategy Reserve to enable this reserve to hold funds to support the Budget Strategy in accordance with the approved MTFS.

7.0 Changes to Grant Funded Expenditure

- 7.1 It is not always possible to reflect all grant funded expenditure in the budget approved by Full Council prior to the start of the financial year. This is due to late notification from grant awarding bodies of grant amounts, use of historic grants and proactive grant applications during the year.

7.2 Approval is sought from Cabinet (Resources) Panel to establish supplementary budgets within the 2020-2021 approved budget as set out in Table 17, and in accordance with the grant terms and conditions. This will have no effect on the Council's net revenue budget as the expenditure is fully funded from the grant.

Table 17 – Grant Approval sought from this Panel

| Grant Name | Description of the Activities this grant will fund | Awarding Body | Expenditure 2020-2021 £000 |
|-------------------------------------|--|--|-----------------------------------|
| Public Sector Decarbonisation Grant | A scheme delivered by Salix finance will support energy efficiency improvement works on Council assets, delivering Carbon savings and contribute to Councils climate change agenda | Department for Business, Energy and Industrial Strategy (BEIS) | 140 |
| Reading friends | Reading befriending programme to connect people who are lonely and isolated. | National Lottery - The Reading Agency | 10 |
| Local Heritage List Grant | Updating historic environment records for the Black Country. | MHCLG | 70 |
| Celebrating Age | Activities to specifically address loneliness & social isolation due to Covid-19 | Arts Council England | 30 |
| Towns fund - Revenue Grant | To progress the Towns Fund application | MHCLG | 120 |
| Holiday Activities Programme | To provide free places at holiday clubs in the Easter, Summer and Christmas school holidays 2021. | Department of Education | 1,871* |
| Winter Grant Scheme | An extension to the Winter Grant Scheme to provide direct assistance to vulnerable households and families with children particularly affected by the pandemic | Department of Works and Pensions | 369* |
| Black Country Fostering Project | To improve life chances for children and young people in care, through greater placement choice and stability | Department of Education | 78 |

*Grant will be spent over two financial years – 2020-2021 and 2021-2022

8.0 General Fund Budget Monitoring – Risk Management

8.1 The overall level of risk associated with the budget 2020-2021 is assessed as Amber. As detailed in paragraph 2.6 it is forecast that the Council will have a small underspend of £507,000 in 2020-2021, after the planned contribution to reserves. It is important to note however, that the Council has budget reductions to deliver and income to achieve over the medium term, notwithstanding the impact of the Covid-19 pandemic. An additional

risk has been incorporated into the Risk Register for Covid-19. The main areas of risk are summarised in the table at Appendix 2.

9.0 Revenue Budget Monitoring – Schools’ Budgets

9.1 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year; 31 May and 31 October. Table 18 shows the schools’ actual end of year balances for 2019-2020 and the latest projected balances in those submitted budget plans for 2020-2021.

Table 18 – Projected Movement on Schools’ Balances 2020-2021

| Sector | Balances as at 31 March 2020 Surplus / (Deficit) £000 | Forecast Use of Balances in 2020-2021 Surplus / (Deficit) £000 | Forecast Balances as at 31 March 2021 Surplus / (Deficit) £000 |
|----------------------|---|--|--|
| Secondary | (1,547) | 850 | (697) |
| Primary | 4,342 | (176) | 4,166 |
| Junior | 191 | 12 | 203 |
| Infant | 132 | 101 | 233 |
| Nursery | 1,211 | (567) | 644 |
| Special | 1,100 | (5) | 1,095 |
| Pupil Referral Units | 915 | (558) | 357 |
| Total | 6,344 | (343) | 6,001 |

Schools with Surplus Balances

- 9.2 At the end of 2019-2020 maintained schools had balances of £6.3 million. 20 schools were identified as having balances above recognised thresholds detailed in the local scheme (5% for secondary schools and 8% for primary, special and nursery schools).
- 9.3 All schools that have balances above these criteria are being requested to provide plans for their intended use. Local Authority Officers will scrutinise these plans and will be having meetings with the headteachers of these schools. A decision will then be made whether any of these schools will be moved forward into the arbitration process as detailed below and an update on this will be included in the 2020-2021 Revenue Budget Outturn report to Councillors.
- 9.4 The Scheme for Financing Schools establishes an arbitration process to review the Authority’s decision and determine if, and to what level, any excess balances should be recovered.

Schools in a deficit balance position

- 9.5 As part of its overview of schools in deficit, a Schools at Financial Risk Board (SFR) chaired by the Head of School Business & Support Services, reviews the financial information from schools in deficit to evaluate the financial position of the schools. The chair of Schools Forum is also a member of the board. The current position of schools that had anticipated a deficit position at the end of 2020-2021 is as follows:

Table 19 – Schools with anticipated deficits in 2020-2021

| Name | Actual Balance at end of 2019-2020 Surplus / (Deficit) £000 | Anticipated Balance at end of 2020-2021 Surplus / (Deficit) £000 | Status |
|------------------------------|---|--|--|
| St Matthias | (687) | 105 | A licensed deficit and recovery plan have been agreed with the school and progress is as planned. |
| The King's Church of England | (1,068) | (818) | Licensed deficit application has been received and approved. The school are currently in breach of their licensed deficit and enhanced work is continuing with the school to identify further cost reductions. |
| St Paul's CofE (A) Primary | 29 | (9) | The authority is working with the school and monitoring their financial situation. Licensed deficit application may be necessary. |
| Penn Hall Special School | - | (293) | Penn Hall's financial position is being monitored. A licensed deficit application is required to support this deficit. |
| Phoenix Nursery | (8) | (44) | Phoenix Nursery has fluctuating pupil numbers. A licensed deficit will be required if the deficit outturn is as forecast. |
| Windsor Nursery | 42 | (3) | A licensed deficit will be required if the deficit outturn is as forecast. |
| Braybrook Centre | 69 | (17) | A licensed deficit will be required if the deficit outturn is as forecast. |

Deficits Following Sponsored Academy Conversion

- 9.6 The schools surplus or deficit balance on conversion to academy status usually transfers at the same time. However, where the conversion is directed by the Department for Education (DfE) through a sponsorship arrangement any deficit remaining must be met

by the local authority's General Fund. On 17 December 2019, Cabinet approved the use of £300,000 from the Budget Contingency Reserve to meet the conversion costs of St Patrick's RC Primary. This school converted on 1 March 2020 and the deficit following final determination was £157,189, which is substantially less than the agreed from reserve.

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

10.0 Debt Write Offs

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

Sundry Debtors

- 10.2 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.
- 10.3 Overall, 34 debt write offs totalling £6,278.52 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

The Collection Fund

- 10.4 The City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the receipt of council tax and business rates (non-domestic rates) income and payments to precepting authorities such as the Fire Authority and the Police. Within this account, provisions are made for bad and doubtful debts and any write offs are charged to the council tax or business rates provision as appropriate.
- 10.5 **Council Tax** – Overall, 982 debt write offs totalling £351,686.57 have been incurred. All but one valued at £5,222.08 in total, which require approval of Cabinet (Resources) Panel (see Appendix 6), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 10.6 **Non-Domestic Rates (NDR)** – Overall, 29 debt write offs totalling £154,148.36 have been incurred. All but two valued at £23,696.34 in total, which require approval of Cabinet (Resources) Panel (see Appendix 5), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

- 10.7 In addition to this, the Director of Finance has approved the write off of two debts relating to the Business Improvement District (BID) totalling £746.69, in accordance with the Council's Financial Procedure Rules.

Housing Benefits

- 10.8 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.
- 10.9 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.
- 10.10 Overall, nine overpayments totalling £10,596.56 have been incurred. All but one valued at £6,105.80 in total, which require approval of Cabinet (Resources) Panel (see Appendix 7), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

11.0 Housing Revenue Budget Monitoring

- 11.1 Table 20 shows the latest forecast revenue outturn against budget for the Housing Revenue Account (HRA). The forecast outturn position for the year is a surplus of £10.1 million, compared to a budgeted surplus of £10.8 million. The projected reduction to the surplus of £720,000 will reduce redemption of debt by £720,000.

Table 20 – Housing Revenue Account Projected Outturn 2020-2021

| | Budget | Projected Outturn | Projected Variation |
|--|----------|-------------------|---------------------|
| | £000 | £000 | £000 |
| Total income | (96,518) | (95,422) | 1,096 |
| Total expenditure | 67,056 | 67,362 | 306 |
| Net cost of HRA services | (29,462) | (28,060) | 1,402 |
| Interest payments etc. | 10,917 | 10,235 | (682) |
| Contribution to capital financing | 7,707 | 7,707 | - |
| (Surplus)/deficit before transfers to/from reserves and provision for redemption of debt | (10,838) | (10,118) | 720 |
| <i>Allocation of (surplus)/deficit</i> | 10,838 | 10,118 | (720) |
| Provision for redemption of debt | | | |
| Balance for the year | - | - | - |

- 11.2 Income from rents and service charges is forecast to be £1.1 million lower than budgeted, due to loss of income resulting from the impact of Covid-19. The budget assumed a lower loss of income due to empty properties than has been achieved to date. This started with being unable to relet homes during the initial lockdown period and then the need for Covid safe working practices increasing turnaround times.
- 11.3 Expenditure on repairs and maintenance is forecast to be £491,000 higher than the budget. The budget included assumptions for leaseholder contributions to major repairs on high rise estates but these have not yet been incurred due to rephasing of programmes.
- 11.4 Expenditure on rents, rates and taxes is £298,000 higher than the budget, this includes some back dated council tax on empty properties, and properties being empty for longer as referred to in 11.2 above. Expenditure on depreciation is £219,000 above the budget. This is due to the number of properties due to be depreciated being higher than anticipated due to the forecast for the number of right-to-buy sales being revised.
- 11.5 The provision for increase in bad debt is anticipated to be £600,000 less than budgeted for, based on current levels of arrears. Budget assumptions were prudent, due to the continued roll out of universal credit.

11.6 Expenditure on loan interest payable is forecast to be £746,000 lower than budgeted for. This is because of slippage on the HRA capital programme due to Covid-19.

12.0 Evaluation of alternative options

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

13.0 Reason for decisions

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

14.0 Financial Implications

14.1 The financial implications are discussed in the body of the report.
[MH/08032021/S]

15.0 Legal Implications

15.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.
[TS/08032021/W]]

16.0 Equality Implications

16.1 This report provides details of the projected outturn for 2020-2021. The necessary equalities analysis formed part of the 2020-2021 budget setting process.

17.0 All other implications

17.1 The Covid implications are details in the body of the report.

18.0 Schedule of Background Papers

18.1 [2020-2021 Final Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024, report](#) to Cabinet, 19 February 2020.

18.2 [Budget 2020-2021 and Medium Term Financial Strategy 2020-2021 to 2023-2024, report](#) to Full Council, 4 March 2020.

- 18.3 [Reserves, Provisions and Balances 2019-2020, report](#) to Cabinet, 8 July 2020.
- 18.4 [Revenue Budget Outturn 2019-2020, report](#) to Cabinet, 8 July 2020.
- 18.5 [Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, report](#) to Cabinet, 29 July 2020.
- 18.6 [Revenue Budget Monitoring 2020-2021, report to Cabinet \(Resources\) Panel](#), 29 July 2020.
- 18.7 [Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, report](#) to Cabinet, 11 November 2020.
- 18.8 [Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, report](#) to Cabinet, 17 February 2021.

19.0 Appendices

- 19.1 Appendix 1 – Revenue Budget Monitoring
- 19.2 Appendix 2 – General Fund Budget Risks 2020-2021.
- 19.3 Appendix 3 – Housing Revenue Account Budget Monitoring
- 19.4 Appendix 4 – General Fund Budget Virements
- 19.5 Appendix 5 – Non-Domestic Rates (NDR) Write-offs
- 19.6 Appendix 6 – Council Tax Write-offs
- 19.7 Appendix 7 – Housing Benefits Write-offs