

General Fund Revenue Budget Monitoring

Quarter Two 2021-2022 Budget Performance

Summary

On 3 March 2021, the Council approved the net budget requirement for 2021-2022 of £258.5 million for General Fund services.

Overall, the General Fund projected outturn for 2021-2022 is currently forecasting an underspend of £235,000. This forecast underspend is after the transfer of £4 million into the Future Years Budget Strategy Reserve as approved by Cabinet on 20 October 2021, in the Draft Budget and Medium Term Financial Strategy 2022-2023 to 2023-2024 report and £200,000 into the Budget Contingency Reserve to support environmental works.

In line with the approved budget strategy, it is proposed that any underspends are in the first instance used to reduce the level of capital receipts to pay for revenue transformation. Further updates will be provided in the quarter three report to members.

The tables below provide an analysis by directorate and service.

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Service/Budget	Net Controllable Revised Budget 2021-2022	Net Controllable Forecast 2021-2022	Q2 Variance		Reason for Variance Q2
	£000	£000	£000	%	
Adult Services					
Overall Adult Services is projecting an overspend of £1.2 million (1.67%), mainly as a result of pressures across care purchasing. This includes additional measures set out within the Council's winter plan to support Adult Social Care through the second half of the financial year, and additional funding to support the Home Care market through this period. There continues to be significant uncertainty over the short to medium term effects of the pandemic and work will continue to be undertaken to monitor and analyse the projected demand for Adult Social Care, and through working in partnership with health and care providers, create a health and social care market that meets the needs of residents and is of high quality. Further analysis is provided below.					
Adults Assessment and Care Management	5,349	5,349	-	-	
Adults Safeguarding	880	880	-	-	
Carer Support	760	712	(48)	(6.32%)	
Community Financial Support	1,567	1,567	-	-	
Community Support	547	544	(3)	(0.55%)	
Director of Adults services and Additional Monies	(7,305)	(7,424)	(119)	(1.63%)	An underspend is forecast as a result of unfilled staff vacancies.
Emergency Duty Team	-	-	-	-	
Independent Living Service	1,852	1,852	-	-	
Learning Disabilities Care Purchasing	24,714	25,012	298	1.21%	An overspend is forecast due to additional demand for care packages.
Learning Disability Provider	5,007	4,907	(100)	(2.00%)	An underspend is forecast as a result of unfilled staff vacancies.
Mental Health Assessment & Care Management	6,525	6,751	226	3.46%	An overspend is forecast due to additional demand for care packages.
Older People Care Purchasing	21,836	22,510	674	3.09%	An overspend is forecast due to additional demand for care packages, particularly in Home Care, and

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	£000	£000	£000	%	
					additional measures to support the Home Care market through the winter period.
Older People Provider Services	3,562	3,649	87	2.44%	
Physical Disabilities Care Purchasing	5,089	5,271	182	3.58%	An overspend is forecast due to additional demand for care packages.
Strategic Commissioning – Adults	1,344	1,344	-	-	
Total Adult Services	71,727	72,924	1,197	1.67%	

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	£000	£000	£000	%	
Children's and Education Services					
Overall Children's and Education Services is projecting and underspend of £1.1 million (-2.13%), due to the strong financial management and transformative projects and programmes which have achieved significant and positive changes for children and young people living and learning in Wolverhampton. To date, Wolverhampton has not seen a significant demand on children's social care as a result of the pandemic, however, there continues to be significant uncertainty over the impact of Covid-19 on this service over the short to medium term. Work will continue to model the potential financial effects of the pandemic on the service. Further analysis is provided below.					
Child Protection	-	-	-	-	
Children & Young People In Care	31,150	30,830	(320)	(1.03%)	The underspend against placements budget has continued to improve as a result of the robust oversight and management of demand across the service.
Director of Children's Services	824	821	(3)	(0.36%)	
Head of Children's Improvement	1,888	1,820	(68)	(3.60%)	
Headstart	-	-	-	-	
Regional Adoption Agency Consortium	-	-	-	-	
Safeguarding	683	630	(53)	(7.76%)	
Social Inclusion & Play Service	-	-	-	-	
Specialist Support	3,683	3,447	(236)	(6.41%)	A non-recurrent underspend mainly as a result of the closure of an internal care provision.

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	£000	£000	£000	%	
Strengthening Families	9,937	9,656	(281)	(2.83%)	An underspend is projected as a result of one-off staffing vacancies which are in part offset by agency costs. This forecast includes projected costs following the current recruitment drive, an update will be provided in quarter 3.
Youth Offending	969	822	(147)	(15.17%)	An underspend is projected as a result of unfilled staff vacancies.
Strategic Commissioning - Children's	1,513	1,513	-	-	
Central Education	(1,174)	(1,174)	-	-	
Director of Education	120	120	-	-	
Early Years	302	296	(6)	(1.99%)	
Inclusion Support	1,028	1,085	57	5.54%	
School Improvement	805	742	(63)	(7.83%)	
School Organisation	369	389	20	5.42%	
Schools	-	-	-	-	
Special Educational Needs	(451)	(451)	-	-	
Total Children's and Education Services	51,646	50,546	(1,100)	(2.13%)	

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	£000	£000	£000	%	
City Assets					
Overall, a net underspend of £425,000 (-4.05%) is projected for City Assets, mainly as a result of budget efficiencies within Catering, Cleaning, Corporate Asset Management and Facilities Management. Work has been undertaken to understand the potential requirements in relation to the maintenance programme in order to determine the amount required to complete urgent works this financial year, this report requests approval for a further virement of £858,000 to support these works. Further analysis is provided below.					
Catering	(121)	(152)	(31)	25.62%	
Cleaning	1,302	1,157	(145)	(11.14%)	An underspend is projected due to additional income anticipated as a result new schools cleaning contracts and continued staffing efficiencies due to building closures.
Corporate Asset Management	8,499	8,335	(164)	(1.93%)	An underspend is projected reflecting continued efficiencies anticipated as a result of ongoing asset rationalisation and reducing utilities expenditure.
Estates and Valuations	(4,242)	(4,161)	81	1.91%	
Facilities Management	1,428	1,262	(166)	(11.62%)	The projected underspend reflects anticipated in year budget efficiencies as a result of lower running costs for the Civic Centre.
Project and Works Team – Capital Programmes	135	135	-	-	
Project and Works Team – Maintenance Programme	3,504	3,504	-	-	Work continues to be undertaken to understand the potential requirements in relation to the maintenance programme in order to determine the amount required to complete urgent works

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	£000	£000	£000	%	
					within this financial year. This report requests a further virement of £858,000 from the corporate contingency to support the costs of these works.
Total City Assets	10,505	10,080	(425)	(4.05%)	

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Service/Budget	Net Controllable Revised Budget 2021-2022	Net Controllable Forecast 2021-2022	Q2 Variance		Reason for Variance Q2
	£000	£000	£000	%	
City Housing & Environment					
Overall, a net overspend of £27,000 (0.08%) is projected for City Housing and Environment. As reported at quarter 1, work has been ongoing to identify one-off or recurrent efficiencies across the directorate, with efficiencies now being projected within Customer Services, Environment Services, Markets and Public Projection. These efficiencies are being offset by the cost of establishing new events in the city that are anticipated to see higher returns in future years, increased usage of bed and breakfast accommodation within Housing, as well as pressure on parking services income and increased costs within the Coroners service.					
Bereavement Services	(2,059)	(2,074)	(15)	0.73%	
Black Country Transport	-	-	-	-	
City Events	433	672	239	55.20%	An overspend is forecast due to the costs of establishing new events in the city that are anticipated to see higher returns in future years. The forecast overspend is partly offset by increased income from Bilston Town Hall and Park Events
Coroners Service	223	326	103	46.19%	An overspend is forecast due to the cost of the Coroner and Pathology Service.
Customer Services	2,112	2,001	(111)	(5.26%)	An underspend is projected as a result of unfilled staff vacancies.
Director City Environment	211	263	52	24.64%	
Energy and Sustainability	119	119	-	-	
Environmental Services	6,750	6,618	(132)	(1.96%)	An underspend is projected mainly due to unfilled staff vacancies in the service pending a planned restructure and recruitment taking longer than anticipated.
Fleet Services	1,691	1,754	63	3.73%	

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	£000	£000	£000	%	
Highways Maintenance	1,573	1,573	-	-	
Housing	1,542	1,832	290	18.81%	An overspend is forecast as a result of additional demand for Bed and Breakfast accommodation, which is not fully covered from benefit income.
Landscaping	38	38	-	-	
Licensing	(13)	(62)	(49)	376.92%	
Markets	(467)	(603)	(136)	(29.12%)	An underspend is projected as a result of efficiencies on staffing costs, repairs and maintenance, marketing and additional income.
Operation & Maintenance of Existing Network	804	773	(31)	(3.86%)	
Parking Services	(2,907)	(2,813)	94	3.23%	
Public Protection	1,837	1,596	(241)	(13.12%)	An underspend is projected due to unfilled staff vacancies anticipating a restructure of the service, offset by an overspend on Environmental Crime due to reduced income from fines after lockdown.
Register Office	(56)	(36)	20	35.71%	
Street Lighting	2,967	2,901	(66)	(2.22%)	
Transportation	5,774	5,721	(53)	(0.92%)	
Waste Commercial Services	11,253	11,253	-	-	
Total City Housing and Environment	31,825	31,852	27	0.08%	

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	£000	£000	£000	%	
Communications and External Relations					
Overall, the projected underspend of £80,000 (-8.91%) for Communications and External Relations is mainly as a result of unfilled vacancies within the service.					
Communications	898	818	(80)	(8.91%)	
Total Communications and External Relations	898	818	(80)	(8.91%)	

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Service/Budget	Net Controllable Revised Budget 2021-2022	Net Controllable Forecast 2021-2022	Q2 Variance		Reason for Variance Q2
	£000	£000	£000	%	
Chief Executive					
Overall a breakeven position is forecast for the year against Chief Executive.					
Chief Executive	187	187	-	-	
Total Chief Executive	187	187	-	-	

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Service/Budget	Net Controllable Revised Budget 2021-2022	Net Controllable Forecast 2021-2022	Q2 Variance		Reason for Variance Q2
	£000	£000	£000	%	
Deputy Chief Executive					
Overall a breakeven position is forecast for the year against Deputy Chief Executive.					
Deputy Chief Executive	200	200	-	-	
Total Deputy Chief Executive	200	200	-	-	

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Service/Budget	Net Controllable Revised Budget 2021-2022	Net Controllable Forecast 2021-2022	Q2 Variance		Reason for Variance Q2
	£000	£000	£000	%	
Finance					
Overall an underspend totalling £357,000 (-2.48%) is forecast for the year against Finance, as a result of a reduction in enhanced pension costs and underspends arising as a result of in-year vacancies across Audit Services and Revenues & Benefits. This is offset in part by a forecast overspend within Procurement Services.					
Audit Services	1,794	1,631	(163)	(9.09%)	The underspend is forecast due to a mix of early retirements, a secondment and unfilled staff vacancies held across the Audit and Insurance Teams. A temporary appointment has since been made and a recruitment process is underway to fill an additional post. With this post the Audit team is now fully resourced in line with its latest structure.
Central Corporate Budgets	3,521	3,237	(284)	(8.07%)	An underspend is forecast due to a significant reduction in enhanced pension costs, combined with other lesser underspends against a range of corporate budgets.
Commercial Services	160	127	(33)	(20.63%)	
Finance Director	163	163	-	-	
Procurement Services	794	1,110	316	39.80%	An overspend is forecast for Procurement Services due to the continued reliance on agency staff as the service experiences difficulties in recruiting to permanent posts. This challenge is faced by all Procurement teams in the region.
Housing Benefit Payments & Subsidy	748	648	(100)	(13.37%)	Gross expenditure on housing benefits and associated housing subsidy grants are both

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	£000	£000	£000	%	
					expected to be in excess of £60 million. At this stage an underspend is forecast as net spend on temporary accommodation has fallen, outweighing an increase in supported accommodation costs. Expenditure levels can, however, change rapidly within this area and the forecast will be kept under constant review in the months leading up to Quarter 3.
Revenues & Benefits	2,705	2,595	(110)	(4.07%)	The underspend is forecast due to unfilled staff vacancies held across the service and an anticipated reduction in postal costs.
Strategic Finance	2,825	2,922	97	3.43%	
The Hub	1,689	1,609	(80)	(4.74%)	
Total Finance	14,399	14,042	(357)	(2.48%)	

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	£000	£000	£000	%	
Governance					
Overall a £278,000 (-2.32%) underspend is forecast for the year against Governance, which is mainly due to the timing of recruitment to vacancies across the directorate.					
Business Change	5,109	4,846	(263)	(5.15%)	The forecast underspend is due to vacancies and the timing of recruitment across the service.
Deputy Director of People and Change	125	125	-	-	
Director of Governance	147	147	-	-	
Governance Services	2,642	2,869	227	8.59%	The forecast underspends across various services within Governance will deliver the Governance efficiencies target for 2021-2022, held against this line.
Health and Safety	297	164	(133)	(44.78%)	The forecast underspend is due to the timing of recruitment following a restructure within the service.
Human Resources	1,568	1,678	110	7.02%	The planned budget reduction target for Human Resources is now at risk as resources that would have been focused on delivering efficiencies and the transformation programme have been prioritised to support and lead on a number of projects associated with the response to Covid-19 and Relight of Our Council/City.
Legal Services	1,886	1,667	(219)	(11.61%)	The forecast underspend is due to the timing of recruitment to posts within the service, in addition to a

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	£000	£000	£000	%	
					forecast underspend against the central external legal fees budget.
Ward Funds	200	200	-	-	
Total Governance	11,974	11,696	(278)	(2.32%)	

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Service/Budget	Net Controllable Revised Budget 2021-2022	Net Controllable Forecast 2021-2022	Q2 Variance		Reason for Variance Q2
	£000	£000	£000	%	
Public Health & Wellbeing					
Overall an underspend totalling £122,000 (-4.07%) is projected for the year against Public Health & Wellbeing which is mainly due to unfilled staff vacancies in Local Economy.					
Business Continuity & Emergency Planning	8	8	-	-	
Commissioning	-	-	-	-	
Community Safety & Community Cohesion	142	142	-	-	
Healthier Places Service	-	-	-	-	
Healthy Ageing	-	-	-	-	
Healthy Life Expectancy	-	-	-	-	
Leisure Services	1,331	1,331	-	-	
Public Health Business Management	-	-	-	-	
Starting and Developing Well	-	-	-	-	
Local Economy	1,513	1,391	(122)	(8.06%)	An underspend is projected as a result of unfilled staff vacancies.
System Leadership	-	-	-	-	
Total Public Health & Wellbeing	2,994	2,872	(122)	(4.07%)	

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	£000	£000	£000	%	
Regeneration					
Overall a breakeven position is forecast for the year against Regeneration.					
Adult Education	(304)	(304)	-	-	
City Development	535	691	156	29.16%	
City Planning	809	880	71	8.78%	
Director Regeneration	566	487	(79)	(13.96%)	
Enterprise	781	781	-	-	
Skills	1,679	1,652	(27)	(1.61%)	
Visitor Economy	903	782	(121)	(13.40%)	An underspend is projected as a result of additional income on archives, an underspend on art gallery overhead costs and staffing costs at tea rooms.
Total Regeneration	4,969	4,969	-	-	

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	£000	£000	£000	%	
Strategy					
Overall an underspend totalling £432,000 (-5.01%) is projected for the year against Strategy, mainly as a result of budget efficiencies within ICTS.					
ICTS	6,161	5,858	(303)	(4.92%)	An underspend is projected reflecting reduced Multi-Functional Device usage, part year staffing efficiencies as a result of a restructure which will complete during the year and continued increased income generation for the Printing service. These efficiencies are offset in part by anticipated pressures relating to licencing costs.
Insight and Performance	851	851	-	-	
Organisational Development	1,178	1,095	(83)	(7.05%)	
Policy and Strategy	212	156	(56)	(26.42%)	
Service Development	82	92	10	12.20%	
Strategy	147	147	-	-	
Total Strategy	8,631	8,199	(432)	(5.01%)	

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Service/Budget	Net Controllable Revised Budget 2021-2022 £000	Net Controllable Forecast 2021-2022 £000	Q2 Variance £000	Q2 Variance %	Reason for Variance Q2
<p>Corporate Accounts Overall an overspend totalling £1.3 million (2.75%) is forecast for the year, after contributing £4 million to reserves as part of 2022-2023 Budget Strategy.</p>					
Corporate Adjustments	920	188	(732)	(79.57%)	It is currently projected that there will be an underspend against Corporate Budgets and Adjustments (As per Corporate Adjustments line below) totalling £1.7 million as a result of anticipated budget efficiencies against corporate contingencies, which also includes the provision for business rates expenditure increases for Council buildings.
Corporate Budgets	(5,701)	(6,659)	(958)	(16.80%)	<p>It is proposed that any efficiencies identified against Corporate Budgets will, in the first instance be used to support the 2022-2023 budget strategy and reduce the level of capital receipts used to pay for revenue transformation in 2021-2022.</p> <p>This report seeks a further virement from the corporate contingency to City Assets to support the maintenance programme; approximately £400,000 remains in the corporate contingency after this virement.</p>

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	£000	£000	£000	%	
Apprenticeship Levy	495	528	33	6.67%	
West Midlands Transport Levy	10,425	10,316	(109)	(1.05%)	An underspend is forecast against the West Midlands Transport Levy during 2021-2022.
Environment Agency Levy	76	76	-	-	
Birmingham Airport – Rent	(69)	(69)	-	-	
Treasury Management	37,555	36,656	(899)	(2.39%)	An underspend is forecast against the Treasury Management budget as a result of rephasing of the capital programme and lower interest rates forecast on borrowing.
Central Provision for Auto-enrolment and Pay Award costs	1,651	1,451	(200)	(12.11%)	It is anticipated that there will be an underspend against the Central Provision for Auto-enrolment in 2021-2022. At the time of writing national negotiations are ongoing in respect of the pay award for 2021-2022. The 2021-2022 budget includes provision within employee budgets for 1% pay award. However, it is anticipated that there is some provision within corporate budgets to accommodate an increase up to 2% without having to find offsetting budget reductions in year.
Covid-19 – Corporate	3,190	3,190	-	-	

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	£000	£000	£000	%	
Transfer to Reserve – Future Years Budget Strategy	-	4,000	4,000	-	In accordance with the 2022-2023 budget strategy presented to Cabinet on 20 October 2021, as a result of the forecast corporate budget efficiencies and forecast underspends across other directorates, it is proposed that £4 million be transferred into a specific reserve to support the 2022-2023 budget strategy.
Transfer to Reserve – Budget Contingency	-	200	200	-	In order to support environmental works during 2021-2022, it is proposed that £200,000 be transferred into the Budget Contingency Reserve.
	48,542	49,877	1,335	2.75%	