

Cabinet (Resources) Panel

8 March 2016

| | | |
|--|--|--|
| Report title | Revenue Budget Monitoring 2015/16 | |
| Decision designation | AMBER | |
| Cabinet member with lead responsibility | Councillor Andrew Johnson Resources | |
| Key decision | Yes | |
| In forward plan | Yes | |
| Wards affected | All | |
| Accountable director | Keith Ireland, Managing Director | |
| Originating service | Strategic Finance | |
| Accountable employee(s) | Mark Taylor | Director of Finance |
| | Tel | 01902 556609 |
| | Email | mark.taylor@wolverhampton.gov.uk |
| Report to be/has been considered by | Strategic Executive Board | 23 February 2016 |
| | Confident Capable Council Scrutiny Panel | 20 April 2016 |

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of £934,000 from the Efficiency Reserve as detailed in Table 6.
2. Approve the use of £35,000 from the Budget Contingency Reserve to fund a contract extension for an additional Assistant Category Manager to support the Public Health workstream (Corporate Procurement).
3. Approve the use of £105,000 from the Transformation Reserve as detailed in Table 7.
4. Approve the use of £62,000 from the Local Strategic Partnership Reserve to fund the Interim Head of Skills.
5. Approve the write off of two non-domestic rates debts totalling £29,256.02 as detailed at Appendix F.

6. Approve the write off of one sundry debt totalling £7,651.09 as detailed at Appendix G.
7. Approve the write off of three housing benefit debts totalling £31,017.41 as detailed at Appendix H.
8. Approve 14 virements totalling £583,000 for transfers within service directorates as detailed in Appendix I.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. That the overall projected outturn for the General Fund is an underspend of £348,000, after funding net projected redundancy costs of £5.3 million from the General Fund. The projected redundancy costs remain subject to change dependent upon the actual redundancies approved by year end.
2. The updated position on school balances as detailed in Section 8.
3. The update on Yoo Recruit and that the forecast financial benefit to the Council of Yoo Recruit is approximately £370,000 for 2015/16.
4. That 31 non-domestic rates accounts totalling £75,143.36 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 4,133 council tax accounts totalling £71,118.32 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 99 sundry debt accounts totalling £27,532.14 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That a £18.5 million surplus on the Housing Revenue account (HRA) is projected compared with a budgeted surplus of £15.7 million as shown at table 8 and in detail at Appendix J. The projected increased surplus of £2.8 million will be used to redeem debt in line with the HRA Business Plan.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet (Resources) Panel with the latest projections of the likely revenue outturn positions for the General Fund and Housing Revenue accounts, compared with the Council's approved revenue budgets for 2015/16.

2.0 Summary

- 2.1 The overall projected outturn for the General Fund is an underspend of £348,000. The forecast outturn against service budgets is a net underspend of £4.8 million. In addition there is a forecast increase in Corporate Resources due to additional New Homes Bonus adjustment grant totalling £233,000 and additional S31 grant funding totalling £524,000 in 2015/16, which was not budgeted for due to the uncertainty surrounding government funding. As a result it is possible to fund £5.2 million of projected redundancy costs from the General Fund.

| | Net Controllable Budget 2015/16 £000 | Projected Outturn 2015/16 £000 | Projected Variation Over/(Under) | |
|---------------------------------------|---|-----------------------------------|----------------------------------|---------------|
| | | | £000 | % |
| People | 122,176 | 124,139 | 1,963 | 1.61% |
| Corporate | 57,497 | 56,884 | (613) | -1.07% |
| Place | 44,659 | 43,069 | (1,590) | -3.56% |
| Education | 543 | 1,192 | 649 | 119.52% |
| Net Budget Requirement | 224,875 | 225,284 | 409 | 0.18% |
| Government Grant (General) | (142,883) | (143,640) | (757) | -0.53% |
| Council Tax | (80,951) | (80,951) | - | 0.00% |
| Collection Fund Surplus | (1,041) | (1,041) | - | 0.00% |
| Total Resources | (224,875) | (225,632) | (757) | -0.34% |
| | | | | |
| Net Budget (Surplus) / Deficit | - | (348) | (348) | -0.15% |

- 2.2 The Council continues to be faced with a challenging projected financial position over the medium term, and further significant budget reductions are required in order to achieve a robust financial position. The Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2019/20 reported to Cabinet on 24 February 2016 and Full Council on 2 March 2016 identified that the Council is now faced with finding further budget reductions totalling £54.6 million over the next four years. It is important to note that the updated projected budget deficit assumes the achievement of prior year budget reduction proposals amounting to £37.4 million over the four year period to 2019/20.

- 2.3 An update on the General Fund budget risks is provided at section 6. Overall the risk for 2015/16 remains assessed as Red.
- 2.4 It is important to note that, as reported in the previous quarterly revenue budget monitoring reports, projected redundancy costs of £5.2 million, including the cost of strain, are included in the forecast outturn. The projected costs remain subject to change dependent upon the actual redundancies approved by year end.
- 2.5 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 this panel. There are 14 virements that require approval as detailed in Appendix I.
- 2.6 The most significant factors contributing towards the projected budget outturn are reported on a service-by-service basis in section 3.
- 2.7 There is a projected variance of £2.8 million on the Housing Revenue account budgeted surplus of £15.7 million leaving a projected surplus of £18.5 million.

3.0 General Fund Revenue Budget Monitoring: Service Analysis

3.1 People

3.1.1 A summary of the projected outturn against the People 2015/16 revenue budget is provided in the table below, whilst a detailed analysis is provided at Appendix A.

Table 2 - 2015/16 Revenue Budget Projected Outturn (People)

| | Controllable Budget 2015/16 £000 | Projected Outturn £000 | Projected Variation | |
|----------------------------|---|------------------------------|---------------------|--------------|
| | | | Over/(Under) | |
| | | | £000 | % |
| Strategic Director People | 276 | 387 | 111 | 40.22% |
| Older People | 27,055 | 28,799 | 1,744 | 6.45% |
| Disability & Mental Health | 40,052 | 41,409 | 1,357 | 3.39% |
| Children & Young People | 51,882 | 50,666 | (1,216) | -2.34% |
| Public Health & Wellbeing | 2,911 | 2,878 | (33) | -1.13% |
| People Total | 122,176 | 124,139 | 1,963 | 1.61% |

3.1.2 Overall a net overspend of £2.0 million (1.61%) is projected for the year. This represents an improvement on the previously reported forecast net overspend of £2.4 million (1.98%). The People directorate will continue to seek to manage any budget issues arising during the remainder of the year.

The main factors contributing towards the revised forecast overspend are:

1. **Older People** - A forecast deficit of £1.7 million across older people budgets, as a result of overspends across care purchasing budgets, particularly residential, nursing and domiciliary care (£2.7 million). The forecast reflects the risk sharing provision within the Better Care Fund. This is offset to some degree by forecast budget reductions of £866,000 against the Provider Management budget due to early achievement of budget reductions across the service.
2. **Disability & Mental Health** - A forecast overspend of £1.4 million largely as a result of overspends on care purchasing due to slippage in the implementation of budget reductions proposals (£724,000) and an overspend on External Placements Panel (EPP) placement costs for 18 to 19 year olds. The overspend has been reduced by staff vacancy budget reductions and accelerated budget reductions in Mental Health Care Management. The forecast reflects the risk sharing provision within the Better Care Fund.

3. **Children & Young People** - A forecast net underspend of £1.2 million within the service directorate. This is partly due to a £434,000 underspend within the Looked After Children (LAC) service due to the children's transformation work. Also underspends are forecasted elsewhere arising from staff vacancies (Children Centres £356,000, Social Inclusion & Play £208,000 and Youth Offenders Team 393,000).

3.2 Corporate

- 3.2.1 A summary of the projected outturn against the Corporate 2015/16 revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix B.

Table 3 - 2015/16 Revenue Budget Projected Outturn (Corporate)

| | Controllable Budget 2015/16 | Projected Outturn | Projected Variation | |
|------------------------|-----------------------------|-------------------|---------------------|---------------|
| | | | Over/(Under) | |
| | £000 | £000 | £000 | % |
| Managing Director | 370 | 370 | - | 0.00% |
| Finance | 11,107 | 10,985 | (122) | -1.10% |
| Governance | 6,009 | 6,219 | 210 | 3.49% |
| Transformation | 10,662 | 9,646 | (1,016) | -9.53% |
| Corporate Budgets | 29,349 | 29,664 | 315 | 1.07% |
| Corporate Total | 57,497 | 56,884 | (613) | -1.07% |

- 3.2.2 Overall a net underspend of £613,000 (-1.07%) is projected for the year. The main factors contributing towards the forecast underspend are:

1. **Treasury Management Budgets** – There is a forecast net underspend of £3.7 million against the Treasury Management budget mainly due to a reduced borrowing need in year because of slippage in the capital programme and the re-phasing for the potential PFI refinancing requirement. In addition, following the publication of the Council's Statement of Accounts 2014/15 a detailed analysis of the balance sheet has been undertaken to update the split of interest between the General Fund and HRA. This has resulted in a reduced proportion to the General Fund. This underspend reflects the virement proposal of £450,000 to fund the removal of the unachievable Domiciliary Care budget reduction from the 2015/16 budget.

2. **Central Provision for Pension Costs** – There is a forecast net underspend of £1.6 million against the central provision for pension costs budgets. This has arisen as a result of the payment of all sums due to the West Midlands Pension Fund relating to pension strain in 2014/15, ahead of the agreed payment schedule, as reported to Cabinet on 22 July 2015 in the Revenue Outturn 2014/15 report. This represents the early implementation of a key element of the 2016/17 budget strategy as report to Cabinet on 21 October.
- 3.2.3 Projected redundancy costs of £5.2 million, including the cost of strain, are included in the forecast outturn for Corporate. The projected costs are subject to change dependent upon the actual redundancies approved by year end.

3.3 Place

3.3.1 A summary of the projected outturn against the Place 2015/16 revenue budget is provided in the table below, whilst a detailed analysis is provided at Appendix C.

Table 4 - 2015/16 Revenue Budget Projected Outturn (Place)

| | Controllable Budget 2015/16 | Projected Outturn | Projected Variation | |
|--------------------|-----------------------------------|----------------------|---------------------|---------------|
| | | | Over/(Under) | |
| | £000 | £000 | £000 | % |
| Directorate | 382 | 482 | 100 | 26.18% |
| City Economy | 5,445 | 5,210 | (235) | -4.32% |
| City Assets | 12,007 | 11,377 | (630) | -5.25% |
| Housing | 1,964 | 1,923 | (41) | -2.09% |
| City Environment | 24,861 | 24,077 | (784) | -3.15% |
| Place Total | 44,659 | 43,069 | (1,590) | -3.56% |

3.3.2 Overall a net underspend of £1,590,000 (-3.56%) is currently projected for the year. This represents an improvement on the forecast underspend of £685,000 (-1.54%) reported to Cabinet (Resources) Panel in November 2015. The main factors contributing towards the forecast position are:

- 1. Directorate** - An overspend of £100,000 is forecast, primarily due to delays in delivering cross Directorate budget reductions.
- 2. City Economy** - An underspend of £235,000 is currently forecast, primarily as a result of a staff vacancies, additional grants secured and additional Connexions Services income in Enterprise and Skills totalling £258,000 and staff vacancies and other non-employee underspends in Culture Arts and Heritage of £165,000. The effect of this is partially offset by a forecast overspend of £204,000 for Visitor Economy as a result in the delays in implementing the staff restructure following the temporary closure of civic halls.
- 3. City Assets** - An underspend of £630,000 is forecast mainly as a result of cleaning staff vacancies and additional income from schools (£249,000), budget reductions on statutory activities in Engineering and Civic Centre (£171,000), increased income from Universal Free Schools Meals (£115,000) and staff vacancies and additional grant in Planning (£91,000).

4. **Housing** - an underspend of £41,000 is forecast relating to employee costs.
5. **City Environment** – An underspend of £784,000 is forecast mainly due to an underspend of £660,000 as a result of capitalisation of surface dressing expenditure, £146,000 on street lighting energy budget reductions, £235,000 relating to staff vacancies in Regulatory Services (which have now been filled), £150,000 for Environmental Maintenance contract and operational budget reductions and £119,000 related to cost reductions associated with the Leisure PFI contract. These underspend have been partially offset by a projected overspend of £399,000 in Waste and Recycling Services caused by a delay in implementing depot rationalisation and achieving the associated budget reductions.

3.4 Education

- 3.4.1 A net overspend of £649,000 (119.52%) is projected for the year. A summary of the overall position is shown in the table below together with a more detailed analysis at Appendix D.

Table 5 - 2015/16 Revenue Budget Projected Outturn (Education)

| | Controllable Budget 2015/16 | Projected Outturn | Projected Variation | |
|------------------------|-----------------------------------|----------------------|---------------------|----------------|
| | | | Over/(Under) | |
| | £000 | £000 | £000 | % |
| Education | 543 | 1,192 | 649 | 119.52% |
| Education Total | 543 | 1,192 | 649 | 119.52% |

- 3.4.2 The forecast overspend is due mainly as a result of delays in achieving approved in-year budget reductions of £455,000 and pressure on home to school transport due to additional pupils, legal costs for academy conversions and income shortfalls on some Service Level Agreement (SLA) services within School Planning and Resources of £187,000.
- 3.4.3 The new Director of Education is looking at all services and all options to deliver budget reductions and in order to be prudent, the targets for budget reductions have been re-profiled as part of the 2016/17 budget process, so that there are no similar underlying issues next financial year.

4.0 Changes to Grant Funded Expenditure

- 4.1 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, and proactive grant applications during the year.
- 4.2 For grant funded expenditure not currently approved, it is standard practice for approval to be sought from the Panel as part of the regular budget monitoring process. This allows an expenditure budget to be established within the Council's approved budget and has no effect on the Council's net revenue budget as the related spend is fully funded from grant. For this quarter, however, there is no new grant funded expenditure to report.

5.0 General Fund Reserves and Balances

- 5.1 At the beginning of 2015/16 a balance of £10.0 million was held within the General Fund balance. As part of the 2014/15 outturn, Cabinet approved that the balance in excess of £10.0 million in the General Fund balance be transferred into specific reserves to fund future invest to save projects and redundancies, with the emphasis therefore placed on identifying budget reductions towards the projected budget deficit over the medium term.
- 5.2 This report projects at this stage that overall spend for the Council during 2015/16 will be in line with budget. However, in those areas where an overspend is currently projected, budget managers will seek to identify and manage underspends during the year to ensure that services outturn within budget.

6.0 Other Transfers to/from Earmarked Reserves

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

Efficiency Reserve

- 6.2 Approval is sought from this meeting for the use of £934,000 from the Efficiency Reserve to fund one-off expenditure as shown in Table 6.

Table 6 – Allocations from Efficiency Reserve

| Service | Amount Allocated £000 | Details |
|--------------------------|----------------------------------|--|
| HR Advice | 75 | Three temporary Human Resources officers to support the Children and Adult's Transformation Programmes |
| Corporate Programmes | 150 | Three Project Support officers supporting work in Adult Social Care and Children's Services |
| Corporate Programmes | 154 | Programme Manager supporting the Adult Services' budget reductions programme |
| Transformation | 100 | Outcome Based Planning Transformation Work |
| Strategic Finance | 80 | Two temporary Finance officers to support the Children and Adult's Transformation Programmes |
| Corporate Administration | 125 | Creation of a scanned and indexed record of all the birth, death and marriage certificates held on site at the Register Office, dating back to 1837. |
| Housing | 190 | External legal, financial and housing development support for the proposed wholly owned housing company |
| Corporate Landlord | 50 | To fund due diligence work for the establishment of an energy company |
| Democracy | 10 | Development of storage areas within the Civic Centre and Archives. |
| Total | 934 | |

Budget Contingency Reserve

- 6.3 Approval is sought from this meeting for the use of £35,000 from the Budget Contingency Reserve to fund a contract extension for an additional Assistant Category Manager to support the Public Health work stream (Corporate Procurement).

Transformation Reserve

- 6.4 Approval is sought from this meeting for the use the Transformation Reserve to fund one-off expenditure as detailed in the Table 7.

Table 7 – Allocations from the Transformation Reserve

| Service | Amount Allocated £000 | Details |
|----------------|--------------------------------------|--------------------------------|
| Transformation | 63 | The Portfolio Delivery Manager |
| Education | 42 | Review of Post 16 Education |
| Total | 105 | |

Local Strategic Partnership Reserve

6.5 Approval is sought from this meeting for the use of £62,000 from the Local Strategic Partnership Reserve to part fund the costs of the Interim Head of Skills pending a further review of the structure later in the year.

7.0 General Fund Budget Monitoring - Risk Management

7.1 The overall level of risk associated with the budget 2015/16 is assessed as red. The six main areas of risk are summarised in the table at Appendix E.

8.0 Revenue Budget Monitoring - Schools Budgets

8.1 Schools received budget settlements for 2015/16 on the 27 February 2015. 2015/16 will continue to be a challenging year, particularly for those schools that will again lose funding as a result of funding reform, although the most significant losses in schools for 2015/16 have been as a result of pupil number reductions.

8.2 All maintained schools submitted revised plans during the Autumn Term. Schools projecting deficits for 2016/17 are being contacted to provide explanations. At this moment, St Matthias school is a matter for specific concern projecting significant deficit balances in future years 2016/17 (£330,423) and 2017/18 (£1,050,448). The following table provides a summary of projected balances over each school phase which shows balances decreasing significantly over the next 3 years.

Table 8 - Schools' Projected Year-End Surplus/(Deficit) 2015/16 to 2017/18

| Phase | 2015/16 | 2016/17 | 2017/18 |
|---------------------|------------------|------------------|----------------|
| | £ | £ | £ |
| Secondary | 17,202 | (723,744) | (1,551,574) |
| Primary | 5,188,312 | 4,079,653 | 2,218,748 |
| Junior | 321,070 | 271,793 | 88,856 |
| Infant | 283,023 | 188,996 | 61,152 |
| Nursery | 316,944 | 186,702 | 61,460 |
| Special | 1,053,151 | 373,300 | (969,986) |
| Pupil Referral Unit | 259,827 | 308,896 | 233,183 |
| Total | 7,439,529 | 4,685,596 | 141,839 |

Schools with Surplus Balances

- 8.3 In October 2015 Cabinet (Resources) Panel received a report on the overall level of balances held by schools at the end of 2014/15. The report set out the Council's intention to review surplus balance returns from schools and visit schools where better explanations were needed.
- 8.4 Following a desk top review of explanations, City Council officers visited 21 schools during the second half of the Autumn Term to obtain a clearer picture around use of the balances. This comprised 11 Primary schools, five Nursery schools, four Special schools and one Pupil Referral Unit (PRU). The purpose of the meetings was to obtain a more detailed explanation around the continuing high levels of balances, further information on their planned use, and any additional support that the Authority could offer to remove blockages around use.
- 8.5 The visits to schools provided officers with a greater understanding of the plans of schools and in most cases gave assurance that the proposals would be delivered so leading to reduced levels over the next two years. The position will be reviewed once the 2015/16 outturn is completed.
- 8.6 Schools Forum will be requested to instigate the review process contained within the Scheme for Financing Schools for eight schools to consider whether any of their excess surplus balances should be recovered and reinvested. The outcome of the review process will be reported to a future meeting of Cabinet (Resources) Panel for endorsement.

Schools in Deficit

- 8.7 At the end of 2014/15 there were five schools in deficit.
- 8.8 Wodensfield Primary had a deficit of £15,171. The school is currently projecting a surplus of £44,000 at the end of the current financial year so is not a cause for concern.

- 8.9 Woodfield Junior had a deficit of £71,838 at the end of 2014/15. The school has had a licenced deficit application approved for 2015/16 of £57,000 with a projected surplus at end of 2016/17. The school will be requested to provide a termly update on its progress.
- 8.10 Colton Hills had a deficit of £319,000 at the end of 2014/15. It has an approved licenced deficit which assumes a return to surplus in 2016/17. The current projected deficit in 2015/16 is worse than planned due to the need to incur additional costs for increasing pupil numbers in advance of funding. However, current plans suggest the school will be close to achieving a balanced budget in 2016/17 with a surplus position showing in future years.
- 8.11 Coppice High School had a deficit of £83,000 at the end of 2014/15, significantly less than the licenced deficit approval of £260,000. The approved licenced deficit plan assumes a return to a surplus budget by 2017/18 but current plans suggest this may be difficult to achieve. Meetings are continuing between the Authority and the school.
- 8.12 New Park had a deficit balance of £327,994 at the close of 2014/15. It was placed in special measures and directed to convert to an academy which occurred in January 2016. It has continued to incur additional costs through additional leadership support and staffing levels to meet the needs of pupils. It is anticipated the school's deficit will be approximately £400,000 to £500,000 on conversion. As it is a directed conversion the deficit will remain with the Authority and will be met from the 2016/17 Dedicated Schools Grant.

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, steps would be taken to pursue the debt, despite the debt having been written off.
- 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 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.
- 9.3 **Council Tax** - Overall, 4,133 debt write offs totalling £71,118.32 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 9.4 **Non-Domestic Rates** - Overall, 33 debt write offs totalling £104,399.38 have been incurred. Of these, two totalling £29,256.02 require approval by the Panel, as detailed at Appendix F. The remaining 31 valued at £75,143.36 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules
- 9.5 **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.

- 9.6 Overall, 100 debt write offs totalling £35,183.23 have been incurred since the last budget monitoring report was submitted to the Panel. All but one valued at £7,651.09, which requires the approval of this Panel (see Appendix G), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 9.7 **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.
- 9.8 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.
- 9.9 Overall three debt write offs totalling £31,017.41 have been incurred during the period April to December 2015/16, all of which require approval of this Panel. These are shown in detail at Appendix H.

10.0 Housing Revenue Budget Monitoring

- 10.1 The table below shows the latest forecast revenue outturn against budget for 2015/16. The forecast outturn position for the year is a surplus of £18.5 million, compared to a budgeted surplus of £15.7 million and the forecast of £18.3 million as reported to this Panel in November 2015. The additional surplus will be used to redeem debt, which will create headroom for further investment in the stock.

Table 9 - 2015/16 Revenue Budget Projected Outturn (Housing Revenue Account)

| | Budget | Projected Outturn | Projected Variation |
|--|---------------|--------------------------|----------------------------|
| | £000 | £000 | £000 |
| Total income | (99,542) | (100,201) | (659) |
| Total expenditure | 69,687 | 68,860 | (827) |
| Net cost of HRA services | (29,855) | (31,341) | (1,486) |
| Interest payments etc. | 14,117 | 12,859 | (1,258) |
| (Surplus)/deficit before transfers to/from reserves and provision for redemption of debt | (15,738) | (18,482) | (2,744) |
| <i>Allocation of (surplus)/deficit</i> | | | |
| Provision for redemption of debt | 15,738 | 18,482 | 2,744 |
| Balance for the year | - | - | - |

- 10.2 There is a £1.3 million forecast underspend on interest payable. This is primarily due to slippage in the capital programme following reprioritisation of works resulting in less borrowing. It is also partly due to budget reductions generated by the treasury management strategy of maintaining cash balances at a reduced level.
- 10.3 The forecast for the revenue charge relating to bad debt provision has been reviewed and reduced to a more prudent level in line with the current data. This is showing an underspend of £1.2 million, primarily due to welfare reform and delays in universal credit implementation impacting less on rent collection levels than anticipated.
- 10.4 The forecast for rental income has been increased to show a 0.6% increase on the budget. This is due to the number of actual let properties being higher than forecast.
- 10.5 Following the recent review of the 30 year business plan it was recognised that a further £421,000 will be required in depreciation costs and this has now been included in the forecast.

11.0 Yoo Recruit Limited

- 11.1 In 2014 Yoo Recruit Limited commenced business by hiring caterers and cleaners only. The business now provides workers to City of Wolverhampton Council in various roles, namely support workers, administration, legal support assistants and specialist consultants.

- 11.2 In quarter three of 2015/2016 Yoo Recruit has placed on average 354 workers per month into 4,354 bookings. They have also positioned 14 different workers into 6 external companies.
- 11.3 Yoo Recruit continues to support the City Council’s objectives to help get the long term unemployed back into work, and work in partnership with the Economic Inclusion Team by providing people with access to entry level work and by referring potential workers to them for specialist support and guidance. Strong relationships have been established with key stakeholders such as the Job Centre and University of Wolverhampton to attract local candidates and continue to work hard to continually improve and grow.
- 11.4 The target financial benefit to the Council is £200,000, and Table 10 shows that based on the current position the net estimated profit after tax is £171,000.
- 11.5 As a result of recruitment through Yoo Recruit Limited the Council has also been able to avoid fees which would have otherwise have been incurred. These include approximately £200,000 in relation to the permanent recruitment of over 60 individuals who had been previously employed on a temporary basis through the agency. Ordinarily the Council could expect to pay a fee for the transfer of temporary staff to permanent posts.
- 11.6 The total financial benefit to the Council in 2015/16 is therefore forecast to be approximately £370,000.
- 11.7 On 22 July 2015, Cabinet approved a loan of £300,000 to Yoo Recruit to be repaid within 12 months. Yoo Recruit is on target to repay the loan within the required timescales and the figures in Table 10 fully reflect the interest payments payable.

Table 10 – Yoo Recruit Forecast Outturn

| | Forecast for 2015/16 |
|------------------------------|-------------------------|
| | £000 |
| Sales | 6,943 |
| Less Cost of Sales | 6,377 |
| Gross Profit | 566 |
| Overheads | 352 |
| Net Profit before Tax | 214 |
| Tax | 43 |
| Net Profit after Tax | 171 |

- 11.8 The next update in relation to Yoo Recruit will be to report the outturn position for 2015/16.

12.0 Financial Implications

12.1 The financial implications are discussed in the body of the report.

[RT/16022016/R]

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. 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.

[RB/16022016/R]

14.0 Equality Implications

14.1 This report provides details of the projected outturn for 2015/16. The necessary equalities analyses were carried out as part of the preparations for setting the 2015/16 budgets, and will similarly form part of the requisite pre-work for 2016/17.

15.0 Environmental Implications

15.1 A range of services focused upon the Council's environmental policies is supported through revenue budgets reviewed in this report. Changes in levels of funding will be considered as such changes are proposed.

16.0 Background Papers

Improving the City Housing Offer Housing Company Outline Business Case, report to Cabinet, 3 February 2016.

Exploring the options to establish an Energy Services Company (ESCO), report to Cabinet (Resources) Panel, 19 January 2016.

2016/17 Budget and Medium Term Financial Strategy 2016/17 - 2018/19 - Provisional Local Government Finance Settlement Update, report to Cabinet, 13 January 2016.

Draft Budget and Medium Term Financial Strategy 2016/17 - 2018/19, report to Cabinet, 21 October 2015.

School Balances 2014/15, report to Cabinet (Resources) Panel, 20 October 2015.

Revenue Outturn 2014/15, report to Cabinet, 17 November 2015.

Revenue Budget Monitoring 2015/16, report to Cabinet (Resources) Panel, 28 July 2015.

Revenue Outturn 2014/15, report to Cabinet, 22 July 2015.

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

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

Budget 2015/16 and Medium Term Financial Strategy 2015/16 - 2018/19, report to Full Council, 4 March 2015.

General Fund Revenue Budget Monitoring – People

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---|---|--|---|---|---|
| Strategic Director People | 276 | 387 | 111 | 142 | An overspend is due to salary costs of £66,000. |
| Older People | | | | | |
| Service Director | 129 | 145 | 16 | - | |
| Carers Support | 1,385 | 1,385 | - | - | |
| ILS, Telecare & Adaptations | 2,319 | 2,274 | (45) | - | |
| Older People Assessment & Care Management | 11,032 | 13,772 | 2,740 | 1,765 | The overspend relates to care purchasing budgets for older people, particularly residential and nursing and domiciliary care. |
| Older People Provider Management | 8,241 | 7,375 | (866) | (284) | The early achievement of budget reductions across the service following the re-structure of in house services has led to a forecast underspend. |
| Welfare Rights & Financial Assessment | 1,490 | 1,414 | (76) | (65) | Underspend on staffing costs across the service |
| Housing | 984 | 1,176 | 192 | 198 | The full year effect of a budget reductions target not realised on Neighbourhood Support is resulting in an overspend |
| Community Recreation | 247 | 109 | (138) | (143) | The forecast underspend is due to resource budget reductions of £218,000 offset by reduced income expectations £66,000 |
| Library Service | 1,228 | 1,149 | (79) | (10) | |
| Sub Total Older People | 27,055 | 28,799 | 1,744 | 1,461 | |

General Fund Revenue Budget Monitoring - People

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---|---|--|---|---|---|
| Disability & Mental Health | | | | | |
| Service Director | 152 | 191 | 39 | (14) | |
| Children's Disabilities Commissioning | 71 | 77 | 6 | 8 | |
| Disabilities In-House Provision | 6,537 | 6,782 | 245 | (4) | There is an overspend on spot provision of Children's Short Breaks due to closure of in-house services. |
| Emergency Duty Team | 417 | 479 | 62 | 60 | |
| Housing Support & Social Inclusion | 875 | 1,108 | 233 | 152 | The overspend is due to the full year effect of a budget reduction target not yet realised |
| Mental Health Care Management | 5,316 | 5,210 | (106) | (600) | |
| Short Breaks | 374 | 429 | 55 | 9 | |
| Children With Disabilities | 1,636 | 1,955 | 319 | 227 | There is a forecast overspend on EPP placement costs for 18 - 19 year olds |
| Learning Disabilities Assessment & Care Management | 18,072 | 18,796 | 724 | 811 | An overspend is forecast on care purchasing due to slippage on the implementation of budget reduction proposals |
| Physical Disabilities Assessment & Care Management | 5,232 | 5,263 | 31 | (32) | |
| All Age Disability & Joint Commissioning Young Adults | 1,540 | 1,289 | (251) | (110) | An underspend on contracts is partially offset by overspends on Housing Support and Social Inclusion above. |
| SEN | (170) | (170) | - | - | |
| Disability & Mental Health | 40,052 | 41,409 | 1,357 | 507 | |

General Fund Revenue Budget Monitoring - People

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|------------------------------------|---|--|---|---|---|
| Children & Young People | | | | | |
| Service Director | 367 | 367 | - | - | |
| Children Centres | 4,827 | 4,471 | (356) | (364) | There is an underspend due to staffing vacancies of £266,000 along with a reduction in general expenditure of £132,000. This is partially offset by trading deficit of £44,000 against Children's Village |
| Children in Need | 7,255 | 7,385 | 130 | (35) | There is a projected overspend on volunteer drivers and client transport £44,000 and S17 £105,000 all linked to increased caseloads, partially offset by savings against the contact contract of £100,000. Also, as part of the establishment of the MASH it was agreed that the Council would fund the cost of Guardian system, this is included at a cost of £98,000. |
| Children Commissioning | 1,808 | 1,910 | 102 | 108 | There is an overspend on contract costs of £159,000 which is partially offset by an underspend due to staffing vacancies of £108,000. |
| Edge of Care | 425 | 368 | (57) | (78) | |

General Fund Revenue Budget Monitoring - People

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|--|---|--|---|---|---|
| Looked-After Children | 33,097 | 32,663 | (434) | 973 | There are agency costs of £927,000 offset by staffing vacancies of £950,000. A pooled budget overspend £262,000 is offset by additional income from SEN £67,000 and the CCG £104,000 in relation to pooled budget increased costs. In addition there is an underspend of £500,000 due to the early achievement of savings linked to Children's Transformation work. |
| Social Inclusion & Play | 1,740 | 1,532 | (208) | (211) | Reduced costs due to staffing vacancies totalling £342,000 are offset by reduction in income from traded services of £198,000. |
| Psychology | 683 | 683 | - | - | |
| Youth Offenders Team | 1,296 | 903 | (393) | (75) | There is a forecast underspend due to staffing vacancies of £424,000 of which £150,000 will contribute towards the early achievement of 2016/17 budget reduction target of £150,000. The balance is due to one off budget reductions due to delays in recruiting, £59,000 of this will be used to absorb the in-year Youth Justice Board grant reduction. |
| Business Support | 29 | 29 | - | - | |
| Youth | 355 | 355 | - | (14) | |
| Sub Total Children & Young People | 51,882 | 50,666 | (1,216) | 304 | |

General Fund Revenue Budget Monitoring - People

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|--|---|--|---|---|----------------------|
| Public Health, Parks and Safeguarding | | | | | |
| Public Health & Wellbeing | | | | | |
| Public Health - Service Director | - | - | - | - | |
| Public Health - Support Costs | - | - | - | - | |
| Public Health - Healthier Places | 67 | 67 | - | - | |
| Sport & Leisure Trust | - | - | - | - | |
| Public Health - Commissioning | - | - | - | - | |
| Public Health - Contracts | - | - | - | - | |
| Public Health - Health Protection & NHS Facing | - | - | - | - | |
| Public Health - Intelligence & Evidence | - | - | - | - | |
| Public Health - Sports Development | - | - | - | - | |
| Public Health - Transformation | - | - | - | - | |
| Business Continuity & Emergency Planning | 142 | 115 | (27) | - | |
| Community Safety | 605 | 556 | (49) | - | |
| Safeguarding | 2,097 | 2,140 | 43 | - | |
| Sub Total Public Health & | 2,911 | 2,878 | (33) | - | |

General Fund Revenue Budget Monitoring - Corporate

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|--------------------------------|---|--|---|---|--|
| Managing Director | 370 | 370 | - | - | |
| Finance | | | | | |
| Director of Finance | 166 | 167 | 1 | (1) | |
| Audit Services | 1,762 | 1,473 | (289) | (116) | A one off underspend is forecast due to the transfer of the fraud team to the Department of Work and Pensions. |
| Corporate Financial Management | 3,490 | 3,282 | (208) | (235) | An underspend is forecast due to a reduction in external audit fees and ongoing enhanced pension costs. |
| Corporate Management | 843 | 783 | (60) | (60) | |
| Revenues and Benefits | 2,000 | 1,927 | (73) | 14 | |
| Housing Benefits Payments | (452) | (456) | (4) | (4) | |
| Strategic Finance | 1,333 | 1,436 | 103 | - | Additional costs are being incurred in Strategic Finance as it provides key support to the rest of the organisation in the delivery of transformation and budget reductions. These costs are being fully funded from in-year managed underspends from across the wider Finance Service. As the rest of the organisation transforms and contracts these additional costs will reduce. |
| The Hub | 1,325 | 1,664 | 339 | - | Additional costs are being incurred in The Hub as it provides key support to the rest of the organisation in the delivery of transformation and budget reductions. These costs are being fully funded from in-year managed underspends from across the wider Finance Service. As the rest of the organisation transforms and contracts these additional costs will reduce. |
| Corporate Procurement | 640 | 709 | 69 | 15 | |
| Sub Total Finance | 11,107 | 10,985 | (122) | (387) | |

APPENDIX B

General Fund Revenue Budget Monitoring - Corporate

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|-----------------------------|---|--|---|---|--|
| Governance | | | | | |
| Director of Governance | 165 | 165 | - | - | |
| Corporate Administration | 723 | 795 | 72 | 86 | |
| Democracy | 1,790 | 1,781 | (9) | 50 | |
| HR Advice | 1,207 | 1,316 | 109 | - | Additional costs are being incurred in HR Advice as it provides key support to the rest of the organisation in the delivery of transformation and budget reductions. These costs are being fully funded from in-year managed underspends from across the wider Finance Service. As the rest of the organisation transforms and contracts these additional costs will reduce. |
| Legal Services | 2,124 | 2,162 | 38 | - | |
| Sub Total Governance | 6,009 | 6,219 | 210 | 136 | |

General Fund Revenue Budget Monitoring - Corporate

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---------------------------------|---|--|---|---|---|
| Transformation | | | | | |
| Communications and Marketing | 565 | 531 | (34) | - | |
| Customer Services | 2,154 | 2,117 | (37) | - | |
| ICTS | 4,578 | 4,417 | (161) | 49 | The forecast underspend is largely due to vacancies in the first half of the year as the restructuring of ICT was completed. Apart from a couple of exceptions where alternative approaches are now being taken, all of the roles have now been recruited to. There continues to be a gradual turnover of employees in the ICT service resulting in some short term vacancies which are also contributing to the underspend. Demand for ICT services are high and consequently these vacancies are being recruited to at the earliest opportunity to minimise the impact on service delivery. |
| Transformation | 3,365 | 2,581 | (784) | (325) | An underspend is forecast due to vacancies held across the Division and a reduction in training commitments. |
| Sub Total Transformation | 10,662 | 9,646 | (1,016) | (276) | |

General Fund Revenue Budget Monitoring - Corporate

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---|---|--|---|---|--|
| Corporate Budgets | | | | | |
| West Midlands Transport Authority Levy | 11,877 | 11,877 | - | - | |
| Environment Agency Levy | 67 | 67 | - | - | |
| Provision for Bad Debts | 200 | 200 | - | - | |
| Treasury Management Budgets | 15,273 | 11,556 | (3,717) | (1,316) | This underspend is mainly due to a reduced borrowing need in year because of slippage in the capital programme and the re-phasing for the potential PFI refinancing requirement. In addition, following the publication of the Council's Statement of Accounts 2014/15 a detailed analysis of the balance sheet has been undertaken to update the split of interest between the General Fund and HRA. This has resulted in a reduced proportion to the General Fund. |
| Birmingham Airport - Rent | (69) | (69) | - | - | |
| Central Provision for increased Pension Costs | 1,591 | - | (1,591) | (1,591) | Projected underspend against the central provision for increased pension costs. This has arisen as a result of the payment of all sums due to the West Midlands Pension Fund ahead of the agreed payment schedule. This represents the early implementation of a key element of the 2016/17 budget strategy as reported to Cabinet on 21 October 2015. |

General Fund Revenue Budget Monitoring - Corporate

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---|---|--|---|---|--|
| Cross-cutting Savings Proposals | (1,350) | (900) | 450 | 250 | Cross cutting budget reductions held corporately to be distributed during the year in accordance with existing delegations in the Constitution. The City Council has consulted and listened to the Trade Unions and therefore to be prudent it has been assumed that the Terms and Conditions reduction of £250,000 will not occur although it still remains a target. |
| Other Corporate /Transformation Budgets and Contingencies | 1,760 | 1,678 | (82) | (338) | The projected underspend has arisen as a result of the pay award in 2015/16 being less than what was originally budgeted for. |
| Redundancy Costs | - | 5,255 | 5,255 | 5,000 | Redundancy payments during 2015/16 arising as a result of the Voluntary Redundancy Programme and budget reduction proposals. |
| Contribution from the Budget Strategy Reserve | - | - | - | (3,113) | Contribution from the Budget Strategy Reserve to fund the projected redundancy payments during 2015/16. |
| Sub Total Corporate Budgets | 29,349 | 29,664 | 315 | (1,108) | |
| | | | | | |
| Total Corporate | 57,497 | 56,884 | (613) | (1,635) | |

APPENDIX C

General Fund Revenue Budget Monitoring - Place

| | 2015/16 Controllable Budget | 2015/16 Forecast Outturn | 2015/16 Forecast Variance | 2015/16 Forecast Variance at Q2 | Reason for Variation |
|---------------------------------|--|---|--|--|--|
| | £000 | £000 | £000 | £000 | |
| Strategic Director Place | 382 | 482 | 100 | - | Delay in delivering cross Directorate budget reductions |
| City Economy | | | | | |
| Service Director | 128 | 128 | - | - | |
| Adult Education | (244) | (245) | (1) | - | |
| City Development | 497 | 411 | (86) | - | Staff vacancies in process of being filled as part of revised structure |
| Culture Arts & Heritage | 1,085 | 920 | (165) | - | Staff vacancies and other non-employee underspends |
| Enterprise & Skills | 1,788 | 1,530 | (258) | (10) | Staff vacancies, additional grants secured, and additional Connexions Service income |
| Inclusion & Employment | 1,315 | 1,386 | 71 | 58 | |
| Service Development | 218 | 218 | - | - | |
| Visitor Economy | 658 | 862 | 204 | 61 | Delay in implementing staff restructure following temporary closure of civic halls |
| Sub Total City Economy | 5,445 | 5,210 | (235) | 109 | |

APPENDIX C

General Fund Revenue Budget Monitoring - Place

| | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---|---|--|---|---|--|
| City Assets | | | | | |
| Service Director | 122 | 122 | - | - | |
| Transportation | 664 | 661 | (3) | 28 | |
| Planning | 771 | 680 | (91) | (29) | Staff vacancies and additional grant |
| Catering Services | (995) | (1,110) | (115) | (153) | Increased income from universal free school meals |
| Cleaning and Caretaking Services | 1,716 | 1,467 | (249) | - | Staff vacancies and additional income from schools |
| Community Centres | 216 | 215 | (1) | - | |
| Corporate Asset Management | 4,423 | 4,423 | - | (8) | |
| Engineering & Civic Centre | 2,505 | 2,334 | (171) | - | Savings on statutory activities |
| Estates And Valuations | (1,418) | (1,412) | 6 | - | |
| Property Services (Including Utilities) | 4,003 | 3,997 | (6) | 155 | |
| | | | | | |
| Sub Total City Assets | 12,007 | 11,377 | (630) | (7) | |
| | | | | | |
| Strategic Director Housing | 1,964 | 1,923 | (41) | 2 | Private sector employee cost budget reductions |

APPENDIX C

General Fund Revenue Budget Monitoring - Place

| | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|-------------------------------------|---|--|---|---|---|
| City Environment | | | | | |
| Service Director | 124 | 170 | 46 | - | Agency costs |
| Bereavement Services | (2,124) | (2,043) | 81 | - | Additional repairs and maintenance |
| Environmental Maintenance | 7,350 | 7,200 | (150) | (159) | Contract and operational budget reductions |
| Fleet Services | (1,184) | (1,195) | (11) | 9 | |
| Highways Maintenance | 2,260 | 2,281 | 21 | 19 | |
| Landscape | (1) | (50) | (49) | (78) | |
| Leisure Services | 1,567 | 1,448 | (119) | - | Reductions in costs associated with the PFI contract |
| Markets | (1,004) | (1,004) | - | - | |
| Operation & Maintenance of Existing | 795 | 855 | 60 | 103 | |
| Parking Services | (1,218) | (1,239) | (21) | 123 | Delay in implementing employee car parking scheme offset by additional income elsewhere |
| Regulatory Services | 1,752 | 1,517 | (235) | (199) | Staff vacancies which are now filled |
| Street Lighting | 3,447 | 2,641 | (806) | (807) | Capitalisation of surface dressing expenditure and energy budget reductions |
| Waste and Recycling Service | 13,097 | 13,496 | 399 | 200 | Delay in implementing depot rationalisation budget reduction proposal |
| | | | | | |
| Sub Total City Environment | 24,861 | 24,077 | (784) | (789) | |
| | | | | | |
| Total Place | 44,659 | 43,069 | (1,590) | (685) | |

General Fund Revenue Budget Monitoring - Education

| Service | 2015/16 Controllable Budget £000 | 2015/16 Forecast Outturn £000 | 2015/16 Forecast Variance £000 | 2015/16 Forecast Variance at Q2 £000 | Reason for Variation |
|---------------------------------|---|--|---|---|---|
| Education | | | | | |
| Director of Education | (269) | 186 | 455 | 432 | Delays in delivery of budget reduction targets set for 2015/16 which have now been reprofiled as part of 2016/17 budget process |
| Schools | (3,904) | (3,904) | - | - | |
| Standards and Vulnerable Pupils | 886 | 893 | 7 | - | |
| School Planning & Resources | 3,830 | 4,017 | 187 | 231 | Pressure on home to school transport due to additional pupils, legal costs for academy conversions and income shortfalls on some SLA services |
| Total Education | 543 | 1,192 | 649 | 663 | |

General Fund Budget Risks 2015/16

| Risk | Description | Level of Risk |
|---------------------------------|---|----------------------|
| Financial and Budget Management | Risks that might materialise as a result of the impact of non-pay inflation and pay awards, staff vacancy factors, VAT rules, loss of ICTS facilities, treasury management activity and the impact of Equal Pay and budget management failure. | Amber |
| Transformation Programme | Risks that might materialise as a result of not identifying budget reductions, not delivering the reductions incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering budget reductions and downsizing the workforce. | Red |
| Income and Funding | Risks that might materialise as a result of income being below budgeted levels, claw back, reduction to government grant or increased levels of bad debts. | Red |
| Service Demands | Risks that might materialise as a result of demands for services outstretching the available resources. | Amber |
| Third Parties | Risks that might materialise as a result of third parties and suppliers ceasing trading or withdrawing from the market. | Amber |
| Government Policy | Risks that might materialise as a result of changes to Government policy including changes in VAT and personal taxation rules and, in particular, from the Care Bill. | Red |

APPENDIX F

Non Domestic Rates - Write offs Requiring Cabinet (Resources) Panel Approval

| Account Number | Reason | Write off Amount £ |
|-----------------------|---------------|-------------------------------|
| 5107677 | No Trace | 16,145.62 |
| 5110259 | No Trace | 13,110.40 |
| | Total | 29,256.02 |

APPENDIX G

**General Fund Corporate Income - Write-offs Requiring Cabinet (Resources) Panel
Approval**

| Account | Reason | Write off Amount £ |
|-----------------------|---------------|-------------------------------|
| Sundry Debtors | | |
| 16010099 | Deceased | 7,651.09 |
| | Total | 7,651.09 |

APPENDIX H

Housing Benefits - Write offs Requiring Cabinet (Resources) Panel Approval

| Reference | Reason | Amount £ |
|-----------|--|------------------|
| Mr B | Overpayment of benefit occurred as a result of claimant failing to declare earnings from self-employment while in receipt of ESA. Fraudulent overpayment of £14,354.81 calculated in August 2014 and recovery from on-going benefit commenced. Mr B passed away in April 2015 leaving an outstanding balance of £13,960.01. There is no estate from which recovery can be sought. | 13,960.01 |
| Mrs J | <p>Mrs J has been overpaid HB of £11,485.71 between April 2007 and March 2015 as a result of changes to her non dependant's income. This overpayment is recoverable but we are seeking permission to waive recovery. Mrs J suffers from dyslexia and cannot read or write.</p> <p>Her sole source of income is ESA of £72.40 per week. She has health problems with sciatica, arthritis and asthma diagnosed, and a Welfare Rights Officer is assisting with a claim for disability benefits. Her non-dependant has left the property so Mrs J is also liable for a 25% under-occupation charge of £21.86 per week.</p> <p>Mrs J does not have the means to repay this overpayment and write off of the debt is recommended.</p> | 11,485.71 |
| Mr W | Total overpayment of £9,524.29 was being recovered from on-going benefit. Balance of £5,571.69 outstanding when claimant died with no estate | 5,571.69 |
| | Total | 31,017.41 |

APPENDIX I

General Fund Virements

| From | | To | | £000 | Reason for Virement |
|--------------|---|-------------|--|------------|---|
| Directorate | Service | Directorate | Service | | |
| Corporate | School Planning & Resources | Corporate | Customer Services | 122 | Transfer of posts to support Customer Services Transformation. |
| People | Older People Provider Services | People | Older People Provider Services | 119 | To fund transfer of staff from Woden to Bradley as part of service restructure. |
| People | Older People Provider Services | People | Service Director Older People | 713 | To reflect budget reduction on Blakenhall Resource Centre in line with planned service changes. |
| People | Older People Provider Services | People | Older People Assessment & Care Management | 84 | To reflect budget reduction on Blakenhall Resource Centre in line with planned service changes. |
| People | Older People Provider Services | People | Older People Assessment & Care Management | 160 | To reflect budget reduction on Blakenhall Resource Centre in line with planned service changes. |
| People | Welfare Rights & Financial Assessment | People | Welfare Rights & Financial Assessment | 128 | Correct coding of income & expenditure for McMillan grant. |
| People | Welfare Rights & Financial Assessment | People | Welfare Rights & Financial Assessment | 166 | Correct coding of income & expenditure for McMillan grant. |
| People | Public Health and Wellbeing Grant | People | SAIF | 273 | Contribution to running of Edge of Care Team from Public Health Grant |
| People | Older People Direct Payments | People | Disabilities and Mental Health Commissioning Disabilities | 75 | Budget Reallocation across People Services for Direct Payments |
| People | Public Health and Wellbeing Grant | People | Public Health and Wellbeing - Health Visitor 0-5 | (2,183) | To reflect part year transfer of 0-5 Health Visitor service from NHS to Public Health Grant |
| People | Disabilities and Mental Health Employment Team | People | Disabilities and Mental Health Commissioning Disabilities | 79 | To reflect Supporting Employment Contract award. |
| People | Disabilities and Mental Health - Commissioning Disabilities | People | Disabilities and Mental Health - Mental Health | 149 | To fund transfer of staff from Commissioning Disabilities to Mental Health. |
| People | Disabilities and Mental Health - Learning Disability Provider | People | Disabilities and Mental Health - Children with Disabilities team | 600 | To fund a Children's Short Breaks Spot purchase commissioning budget from in-house provider. |
| People | Commissioning Mental Health | People | Disabilities and Mental Health - Commissioning Disabilities | 98 | To correct budget held in 3rd Party budgets for staff employed in Commissioning |
| Total | | | | 583 | |

APPENDIX J

Housing Revenue Account Revenue Budget Monitoring

| | Budget £000 | Forecast Outturn £000 | Variance £000 |
|---|-----------------|-----------------------------|------------------|
| Income | | | |
| Gross rents – dwellings | (93,683) | (94,257) | (574) |
| Gross rents – non dwellings | (711) | (768) | (57) |
| Charges to tenants for services and facilities | (5,148) | (5,176) | (28) |
| Total income | (99,542) | (100,201) | (659) |
| | | | |
| Expenditure | | | |
| Repairs and maintenance | 26,103 | 26,103 | - |
| Supervision and management | 19,077 | 19,069 | (8) |
| Rents, rates and taxes | 460 | 460 | - |
| Increase in provision for bad debts | 2,240 | 1,000 | (1,240) |
| Depreciation of fixed assets | 21,807 | 22,228 | 421 |
| Total expenditure | 69,687 | 68,860 | (827) |
| | | | |
| Net cost of HRA services | (29,855) | (31,341) | (1,486) |
| | | | |
| | | | |
| Interest payable | 14,411 | 13,153 | (1,258) |
| Interest and investment income | (1) | (1) | - |
| Adjustment for premiums and discounts | (293) | (293) | - |
| (Surplus)/deficit before transfers to/from reserves and provision for redemption of debt | (15,738) | (18,482) | (2,744) |
| | | | |
| Allocation of (surplus)/deficit | | | |
| Provision for redemption of debt | 15,738 | 18,482 | 2,744 |
| | | | |
| Balance for the year | - | - | - |