

# Cabinet Meeting

## 20 July 2016

<b>Report title</b>	Revenue Budget Outturn 2015/16	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Managing Director	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Mark Taylor Tel Email	Director of Finance 01902 554410 mark.taylor@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board Confident Capable Council Scrutiny Panel	8 July 2016 14 September 2016

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### Recommendations for noting:

The Cabinet is asked to note:

1. That the revenue outturn position for 2015/16 for the General Fund; a net underspend of £9.4 million (-4.20%) was achieved against the net budget requirement of £224.9 million, after meeting the cost of redundancy and pension strain totalling £7.8 million.
2. That the positive General Fund outturn position for 2015/16 has arisen largely as a result of:
  - i. The receipt of a £3.6 million special dividend from Birmingham Airport in March 2016;
  - ii. A £3.4 million underspend within the Children & Young People service arising as a result of the success of the early intervention programme which

has delivered a reduction in costs due to investment in additional social workers at the at the top end of expectations, in addition to,

- iii. The prudent approach to spending adopted by all budget managers to generate budget reductions during 2015/16, which reflects our ethos whereby every budget manager ensures that they spend money wisely - making every pound go further.
3. That whilst the positive General Fund outturn position during 2015/16, and the resulting adjustments to reserves, will help to support the Council's short term financial position, enabling one-off investment to support transformation of the Council, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £54.6 million of budget reduction and income generation proposals over the three year period to 2019/20. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £22.2 million of budget reduction and income regeneration proposals for 2017/18.
4. That a comprehensive review of all services will be undertaken following the positive 2015/16 General Fund outturn position to identify any new budget reduction or income generation opportunities; Cabinet will be provided with an update on progress in the October 2016 budget report.
5. That the General Fund outturn position takes into account a number of proposed transfers to and from reserves and provisions for which approval is sought in the Reserves, Provisions and Balances 2015/16 report to be presented at this meeting.
6. That schools under the control of the City of Wolverhampton Council drew down £1.3 million net of their reserves during 2015/16, taking the total accumulated reserves to £12.9 million at 31 March 2016.
7. That the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £19.6 million, compared to a budgeted surplus of £15.7 million.
8. That the draft financial statements of Yoo Recruit Limited will be subject to external audit.
9. That as a result of recruitment through Yoo Recruit Limited, the Council has been able to avoid fees which would have otherwise have been incurred, including approximately £225,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency.
10. That the Collection Fund outturned with a £3.6 million deficit during 2015/16; this resulted in an overall deficit of £9.9 million to be carried forward. In 2014/15, as a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, Cabinet approved the establishment of a Business Rates Equalisation reserve to equalise the impact of appeals on the Council. In the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting, approval is sought to bolster that reserve in 2015/16 to support the Council over the medium term.

11. That 75 non-domestic rates accounts totalling £231,206.03 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
12. That 997 council tax accounts totalling £46,119.18 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
13. That 151 sundry debt accounts totalling £81,797.80 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
14. That three housing benefit debt accounts totalling £2,451.98 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
15. That 1,281 net debt write-offs totalling £825,014.32 for Wolverhampton Homes have been incurred during 2015/16 and have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

**Recommendation for decision:**

The Cabinet is recommended to approve:

1. That the net surplus after taxation of £230,000 of Yoo Recruit Limited be retained by the company to enable further business development.

## **1.0 Purpose**

- 1.1 The purpose of this report is to inform Cabinet of the Council's revenue outturn position for 2015/16 compared with approved budgets and targets.

## **2.0 Executive Summary**

- 2.1 Overall a net underspend of £9.4 million (-4.20%) was achieved against the General Fund net budget requirement of £224.9 million, after meeting the cost of redundancy and pension strain totalling £7.8 million from underspends against budget.
- 2.2 The positive General Fund outturn position for 2015/16 has arisen largely as a result of:
- i. The receipt of a £3.6 million special dividend from Birmingham Airport in March 2016;
  - ii. A £3.4 million underspend within the Children & Young People service arising as a result of the success of the early intervention programme which has delivered a reduction in costs due to investment in additional social workers at the at the top end of expectations, in addition to,
  - iii. The prudent approach to spending adopted by all budget managers to generate budget reductions during 2015/16, which reflects our ethos whereby every budget manager ensures that they spend money wisely - making every pound go further.
- 2.3 In the Reserves, Provisions and Balances 2015/16 report to be considered at this meeting, it is proposed that the Council make a contribution of £9.4 million to specific reserves as a result of the General Fund net underspend.
- 2.4 Whilst the positive General Fund outturn position during 2015/16, and the resulting adjustments to reserves, will help to support the Council's short term financial position, enabling one-off investment to support transformation of the Council, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £54.6 million of budget reduction and income generation proposals over the three year period to 2019/20. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £22.2 million of budget reduction and income regeneration proposals for 2017/18.
- 2.5 The Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reduction and income generation proposals to meet the projected budget deficit over the medium term.
- 2.6 Schools remaining in the control of the local authority drew down a net £1.3 million of reserves during 2015/16, taking the total accumulated reserves to £12.9 million at 31 March 2016. This is set against schools' projection of balances of £7.1 million at the end of 2015/16. Therefore actual balances are £5.8 million greater than forecast. The Directors of Education and Finance will continue to challenge those schools who hold

surplus balances, aiming to gain an understanding of plans in place and whether they are appropriate.

- 2.7 The Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £19.6 million, compared to a budgeted surplus of £15.7 million. In accordance with the strategy approved as part of the Business Plan adopted in January 2016, the HRA reserve has been maintained at £5 million and as such the surplus of £19.6 million has been used to pay down debt.
- 2.8 Yoo Recruit, the Council owned temporary staffing agency has now completed its first two years of trading. The company had a turnover of £7.4 million and a net surplus after tax of £230,000. It is proposed that the net surplus is retained by Yoo Recruit to enable further business development. As a result of recruitment through Yoo Recruit Limited, the Council has been able to avoid fees which would have otherwise have been incurred, including approximately £225,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency. The Council has, therefore, realised savings in excess of the £200,000 target that was built into the 2015/16 approved budget.
- 2.9 The Collection Fund outturned with a £3.6 million deficit during 2015/16; this resulted in an overall deficit of £9.9 million to be carried forward.
- 2.10 The Director Finance has approved the write off of 2,507 debt accounts totalling £1.2 million in value.

### 3.0 Revenue Budget Outturn – General Fund Summary

3.1 An analysis of the Council's outturn position against General Fund revenue budgets for 2015/16 is detailed in the table below. Further detailed analysis for each Directorate can be found in Appendices A to D.

**Table 1 – 2015/16 Revenue Budget Outturn Summary**

	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variation Over/(Under)	
			£000	%
People	121,659	120,498	(1,161)	-0.95%
Place	44,305	40,571	(3,734)	-8.43%
Corporate	58,392	53,520	(4,872)	-8.34%
Education	519	1,652	1,133	218.30%
<b>Net Budget Requirement</b>	<b>224,875</b>	<b>216,241</b>	<b>(8,634)</b>	<b>-3.84%</b>
Government Grant (General)	(142,883)	(143,695)	(812)	-0.57%
Council Tax	(80,951)	(80,951)	-	0.00%
Collection Fund Surplus	(65)	(65)	-	0.00%
Use of Reserves	(976)	(976)	-	0.00%
<b>Total Resources</b>	<b>(224,875)</b>	<b>(225,687)</b>	<b>(812)</b>	<b>-0.36%</b>
<b>Use of General Balances</b>	-	-	-	0.00%
<b>Net Budget (Surplus) / Deficit</b>	-	<b>(9,446)</b>	<b>(9,446)</b>	<b>-4.20%</b>

3.2 As can be seen from the table above, overall a net underspend of £9.4 million (-4.20%) was achieved against the General Fund net budget requirement of £224.9 million, after meeting the cost of redundancy and pension strain totalling £7.8 million from underspends against budget.

3.3 The positive General Fund outturn position for 2015/16 has arisen largely as a result of:

- i. The receipt of a £3.6 million special dividend from Birmingham Airport in March 2016;
- ii. A £3.4 million underspend within the Children & Young People service arising as a result of the success of the early intervention programme which has delivered a reduction in costs due to investment in additional social workers at the at the top end of expectations, in addition to,
- iii. The prudent approach to spending adopted by all budget managers to generate budget reductions during 2015/16, which reflects our ethos whereby every budget manager ensures that they spend money wisely - making every pound go further.

- 3.4 Part of the underspend arising within the 2015/16 General Fund outturn is already factored into the Council's Medium Term Financial Strategy; in some cases budget reduction proposals have been achieved earlier than anticipated. However, a comprehensive review of all services will be undertaken following the positive 2015/16 General Fund outturn position to identify any new budget reduction or income generation opportunities; Cabinet will be provided with an update on progress in the October 2016 budget report.
- 3.5 Whilst the positive General Fund outturn position during 2015/16, and the resulting adjustments to reserves, will help to support the Council's short term financial position, enabling one-off investment to support transformation of the Council, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £54.6 million of budget reduction and income generation proposals over the three year period to 2019/20. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £22.2 million of budget reduction and income regeneration proposals for 2017/18.
- 3.6 The Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reduction and income generation proposals to meet the projected budget deficit over the medium term.
- 3.7 It is important to note, that the General Fund outturn position takes into account proposed transfers to and from reserves and provisions. Full details regarding reserve transfers are included in the Reserves, Provisions and Balances 2015/16 report, for which approval will be sought at this meeting.

#### 4.0 Revenue Budget Analysis per Directorate

##### People

- 4.1 A summary of the 2015/16 outturn against the People net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix A.

**Table 2 – 2015/16 Revenue Budget Outturn – People**

Service	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variation	
			Over/(Under) £000	%
Directorate	276	431	155	56.16%
Older People & Personalisation	27,049	26,986	(63)	-0.23%
Disability & Mental Health	39,546	41,724	2,178	5.51%
Children & Young People	51,877	48,494	(3,383)	-6.52%
Public Health & Wellbeing	2,911	2,863	(48)	-1.65%
<b>People Total</b>	<b>121,659</b>	<b>120,498</b>	<b>(1,161)</b>	<b>-0.95%</b>

4.2 Overall, a net underspend of £1.2 million (-0.95%) for the year was achieved by the People Directorate. The main factors contributing towards the underspend are detailed as follows:

1. **Disability & Mental Health** – There was a net overspend of £2.2 million within the service directorate resulting from various factors including: overspends across care purchasing budgets within Learning Disabilities Assessment & Care Management; overspends on spot break provision for Children with Disabilities; in addition to overspends within the Special Educational Needs budget relating to children placed in Out of City provision with other local authorities or independent placements.
2. **Children & Young People** – There was a net underspend of £3.4 million within the service directorate, which has arisen primarily as a result of the early achievement of budget reduction proposals linked to the Children’s Transformation work and reduction in the numbers of Looked After Children totalling £2.8 million. Staff vacancies within the service directorate has also contributed to the overall underspend within this area.

## Place

4.3 A summary of the 2015/16 outturn against the Place net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix B.

**Table 3 – 2015/16 Revenue Budget Outturn – Place**

Service	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variation	
			Over/(Under) £000	%
Directorate	382	526	144	37.70%
City Economy	5,439	5,013	(426)	-7.83%
City Assets	12,010	10,710	(1,300)	-10.82%
Housing	1,964	1,904	(60)	-3.05%
City Environment	24,510	22,418	(2,092)	-8.54%
<b>Place Total</b>	<b>44,305</b>	<b>40,571</b>	<b>(3,734)</b>	<b>-8.43%</b>

4.4 Overall a net underspend of £3.7 million (-8.43%) for the year was achieved by the Place Directorate. The main factors contributing towards the underspend are detailed as follows:

1. **City Economy** – There was a net underspend of £426,000 within the service directorate which has arisen primarily as a result of underspends against staffing budgets within City Development, Culture Arts & Heritage and Enterprise & Skills. This underspend was offset in part by delays in implementing a staff restructure within Visitor Economy following the temporary closure of the Civic Halls.

2. **City Assets** – Overall there was a net underspend of £1.3 million within the service directorate resulting from various factors including: additional schools income within Cleaning and Caretaking Services; the capitalisation of works within Corporate Asset Management; additional income and efficiencies obtained against energy budgets within Property Services; the capitalisation of expenditure within Transportation in addition to increased income within Estates and Valuations arising as a result of transferring shops from Housing Revenue Account ownership to General Fund ownership. The overall underspend was offset in part due to additional costs arising from the management of vacant properties and statutory repairs and maintenance costs within the Engineering and Civic Centre service.
  
3. **City Environment** – There was a net underspend of £2.1 million for the service directorate, which has arisen as a result of various factors including: contract and efficiency savings within Environmental Maintenance totalling £514,000; the capitalisation of surface dressing costs and efficiency savings within the Street Lighting service resulting in an underspend of £1.0 million; underspends against the winter maintenance budget within Highways maintenance due to the mild winter totalling £261,000, in addition to the capitalisation of traffic signal upgrade and efficiency savings within the Operation & Maintenance of Network service totalling £349,000.

## Corporate

- 4.5 A summary of the 2015/16 outturn against the Corporate net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix C.

**Table 4 – 2015/16 Revenue Budget Outturn – Corporate**

Service	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variation	
			Over/(Under) £000	%
Directorate	370	357	(13)	-3.51%
Finance	11,324	11,456	132	1.17%
Governance	6,009	5,591	(418)	-6.96%
Transformation	10,688	10,123	(565)	-5.29%
Corporate Budgets	30,001	25,993	(4,008)	-13.36%
<b>Corporate Total</b>	<b>58,392</b>	<b>53,520</b>	<b>(4,872)</b>	<b>-8.34%</b>

- 4.6 Overall a net underspend of £4.9 million (-8.34%) for the year was achieved by the Corporate Directorate. The main factors contributing towards the underspend are detailed as follows:

1. **Finance** – There was a net overspend of £132,000 within the service, which has primarily arisen as a result of one-off transitional costs following the

implementation of Agresso. It was anticipated throughout the year that a call would be made on reserves to support transition, however due to the positive outturn position the additional cost has been addressed through managed underspends.

2. **Governance** – There was a net underspend of £418,000 within the service directorate primarily as a result of underspends against the centralised external legal fees budget. This has arisen as a result of work being commissioned in-house by the Council's legal team in the first instance.
3. **Transformation** – There was a net underspend of £565,000 within the service directorate, which has arisen primarily as a result of the management of vacant posts within the Transformation team totalling £775,000; this underspend supports existing and future budget reduction proposals. This underspend was offset in part due to additional costs within the ICTS service arising as a result of centralisation of previously delegated IT costs.
4. **Corporate Budgets** – There was a net underspend of £4.0 million within Corporate Budgets. The main factors contributing towards the underspend are as follows:

**Redundancy Payments** – Redundancy and pension strain payments totalling £7.8 million were incurred against the corporate budget during 2015/16.

Throughout 2015/16 it was anticipated that redundancy costs would be funded by a contribution from the Budget Strategy Reserve, however given the positive General Fund outturn position for the year those costs have been met from underspends across the Council.

**Treasury Management** – There was a net underspend of £4.1 million against the Corporate Treasury Management budget, primarily as a result of re-phasing in the capital programme in addition to interest rate fluctuations.

**Birmingham Airport Special Dividend** – In March 2016, the Council received a special dividend from Birmingham Airport totalling £3.6 million. An amount equal to the dividend has been contributed to reserves to support a one-off saving, which is due to be presented to Cabinet in the Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20 report at this meeting.

**Central Provision for increased Pension Costs** – There was a net underspend totalling £1.6 million against this budget which arose 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.

**Contribution to Specific Reserves** – Due to the positive outturn position, £9.4 million has been contributed to specific reserves to support future transformational

projects, the cost of business rates appeals and redundancy costs. A summary of the net movements against specific reserves is included in the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting.

## Education

- 4.7 A summary of the 2015/16 outturn against the Education net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix D.

**Table 5 – 2015/16 Revenue Budget Outturn – Education**

Service	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variation	
			Over/(Under) £000	%
<b>Education</b>	<b>519</b>	<b>1,652</b>	<b>1,133</b>	<b>218.30%</b>

- 4.8 There was a net overspend of £1.1 million within the Education Directorate which has arisen primarily as a result of delays in implementing budget reduction targets for 2015/16; the budget reduction targets have been reprofiled as part of the 2016/17 budget process. In addition to this, there has been a significant pressure on Special Education Needs school transport due to additional pupils needing provision out of city which has resulted in additional costs.

## 5.0 Reserves, Provisions and Balances

- 5.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2016 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2015/16', will seek approval for transfers to and from reserves, provisions and balances.
- 5.2 At the beginning of 2015/16 a balance of £10.0 million was held within the General Fund reserve. The General Fund Balance remains at £10.0 million as at 31 March 2016. This is the minimum balance as determined by the Council's policy on reserves and balances. Emphasis continues to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit over the medium term.
- 5.3 It is important to note that the positive General Fund outturn position during 2015/16, and the resulting adjustments to reserves, will help to support the Council's short term financial position enabling one-off investment to support transformation of the Council. It does not, however, address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £54.6 million of budget reduction and income generation proposals over the three year period to 2019/20. Cabinet will be presented with a report at this meeting detailing the progress towards identifying £22.2 million of budget reduction and income regeneration proposals for 2017/18.

## 6.0 Outturn on Schools' Budgets

- 6.1 Schools that remain in local authority control started the 2015/16 financial year with accumulated reserves of £14.2 million. At the end of the year revenue balances for these schools were £12.9 million, a reduction of £1.3 million. This represents 10.9% of the funding and income available to schools during 2015/16.
- 6.2 The Directors of Education and Finance will continue to challenge those schools who hold surplus balances, aiming to gain an understanding of plans in place and whether they are appropriate.
- 6.3 Further details on schools' finances for 2015/16 are shown at Appendix E.

## 7.0 Housing Revenue Account

- 7.1 The table below provides the Housing Revenue Account (HRA) revenue outturn for 2015/16 compared to the approved budget. It is important to note that debt redemption, in order to enable future years' capital expenditure, is a critical element of the business plan and as such in-year surpluses are committed and not generally available.

**Table 6 – Housing Revenue Account Revenue Outturn 2015/16**

	Budget	Projected Outturn	Projected Variation
	£000	£000	£000
Total income	(99,542)	(100,064)	(522)
Total expenditure	69,687	67,810	(1,877)
Net cost of HRA services	(29,855)	(32,254)	(2,399)
Interest payments and receipts	14,117	12,657	(1,460)
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(15,738)	(19,597)	(3,859)
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	15,738	19,597	3,859
<b>Balance for the year</b>	-	-	-

- 7.2 The table above, which is shown in more detail at Appendix F, shows the 2015/16 revenue outturn against budget for the Housing Revenue account (HRA). The outturn position for the year is a surplus of £19.6 million, compared to a budgeted surplus of £15.7 million. The additional surplus of £3.9 million will be used to redeem debt to comply with the Council's approved HRA Business Plan.

- 7.3 Rental income was 0.6% greater than budget due to the number of let properties being greater than forecast.
- 7.4 There was an underspend on repairs and maintenance of £400,000 due to greater than anticipated recovery of costs for repairs to tenants and leaseholders.
- 7.5 The savings on bad debt provision of £1.6 million was primarily due to welfare reform and delays in universal credit implementation impacting less on rent collection levels than anticipated.
- 7.6 As forecast following a review of the 30 year business plan, depreciation was £300,000 greater than budget.
- 7.7 There was a £1.5 million underspend on interest payable. This was primarily due to slippage in the capital programme following reprioritisation of works resulting in less borrowing. It was also partly due to savings generated by the treasury management strategy of maintaining cash balances at a reduced level.

## 8.0 Yoo Recruit Limited

### Financial Summary

- 8.1 On the 7 January 2014 Cabinet (Resources) Panel approved the structure of a Council owned temporary staffing Agency. Yoo Recruit has now completed the first two years of trading. The table below summarises the financial position for the 2015/16 financial year; the company had a turnover of £7.4 million and a net surplus after tax of £230,000. It is proposed that the net surplus is retained by Yoo Recruit to enable business development. The financial statements of Yoo Recruit Limited will be subject to external audit.

**Table 7 – Yoo Recruit Financial Statement 2015/16**

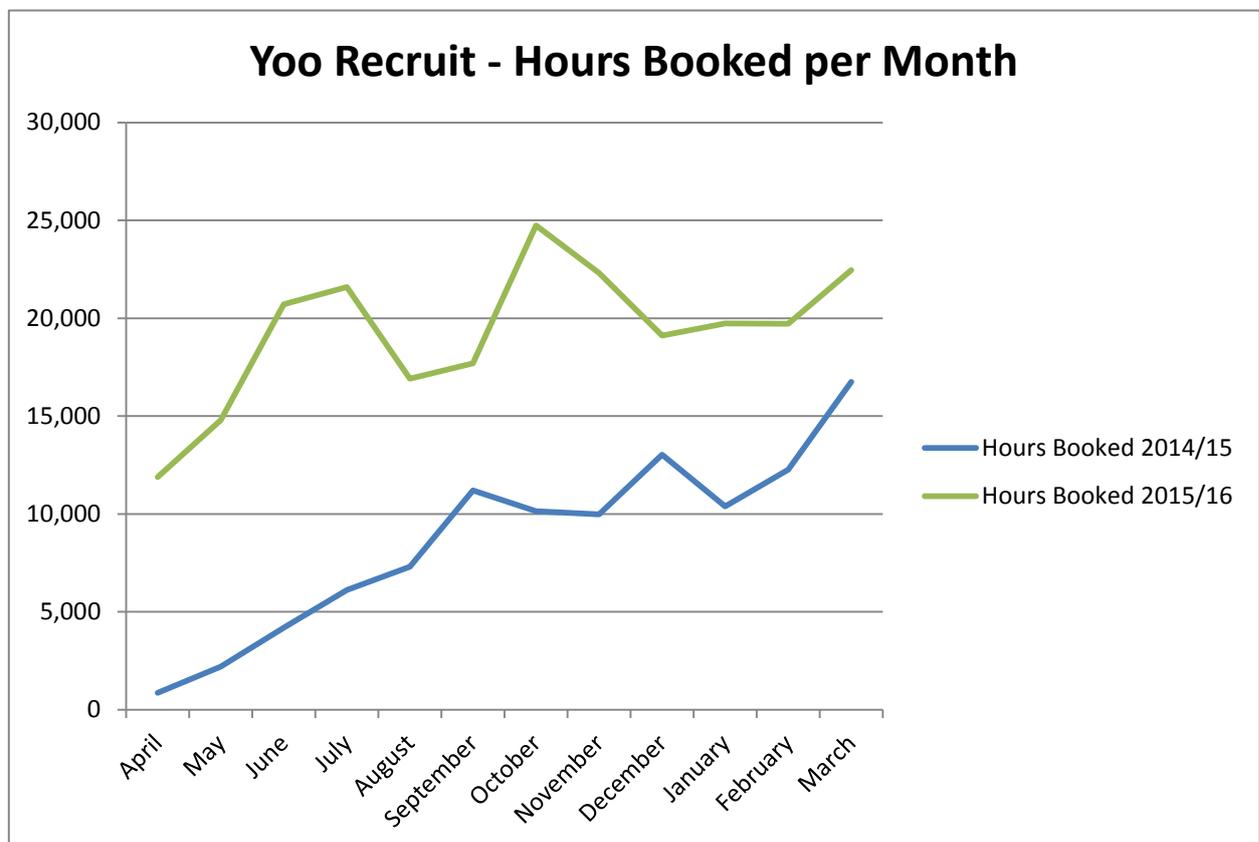
	£000
Sales	7,432
Direct Expenses	(6,815)
<b>Gross Surplus</b>	<b>617</b>
Overheads	(329)
<b>Net Surplus before taxation</b>	<b>288</b>
Taxation	(58)
<b>Net Surplus after taxation</b>	<b>230</b>

- 8.2 As a result of recruitment through Yoo Recruit Limited the Council has been able to avoid fees which would have otherwise have been incurred. These include approximately £225,000 in 2015/16 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency. Ordinarily the Council could expect to pay a fee for the transfer of temporary staff to permanent posts. The Council has therefore realised savings in excess of the £200,000 target that was built into the 2015/16 approved budget.
- 8.3 On the 22 July 2015 Cabinet approved a loan of £300,000 to Yoo Recruit Limited in order to maintain the cash flow and, therefore, enable further business development. The Cabinet Member for Resources in consultation with the Chief Accountant has the delegated authority to vary the terms of the loan agreement in light of turnover and cash flow. The initial cost of the loan was funded from Corporate Contingency within the Capital Programme and the subsequent repayment of the loan will be treated as a capital receipt.

### Operational Data

- 8.4 During 2015/16 approximately 231,700 hours of work were booked through Yoo Recruit. Graph 1 illustrates the hours booked per month and demonstrates a steady increase both over the course of the year, and from 2014/15.

**Graph 1 – Yoo Recruit, Hours Booked per Month**



8.5 Over the course of the year a total of 16,291 individual bookings were made by clients and a total of 723 workers were employed to fulfil the bookings. Approximately 83% of the candidates who have been fully signed up to Yoo Recruit live in Wolverhampton. The company has worked successfully with local skills and training enterprises such as the Job Centre Plus and Adult Education Centre to ensure that the candidates, who want to work, but have barriers to do so, have these removed as much as possible.

## 9.0 Collection Fund

9.1 The Collection Fund outturned with a £3.6 million deficit during 2015/16; this resulted in an overall deficit of £9.9 million to be carried forward.

9.2 In 2014/15, as a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, Cabinet approved the establishment of a Business Rates Equalisation reserve to equalise the impact of appeals on the Council. In the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting, approval is sought to bolster that reserve in 2015/16 to support the Council over the medium term.

## 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, appropriate steps would be taken to pursue the debt, despite the debt having been formally written off in the Council's accounts.

10.2 **The Collection Fund** - the City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the receipt of council tax and business (non-domestic) rates income and payments to precepting authorities such as the Fire Authority and the Police. Within this account, provisions are made for bad and doubtful debts and any write offs are charged to the Council Tax or Business Rates provision as appropriate.

10.2.1 **Council Tax** - Overall, 997 debt write offs totalling £46,119.18 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

10.2.2 **Non-Domestic Rates** - Overall, 75 debt write offs totalling £231,206.03 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

10.3 **Sundry Debtors** - Income is due to the council for a wide range of services provided to individuals and businesses. To reflect the fact that, despite the council's best efforts, not all of this income will actually be collected, the council makes provision for bad and doubtful debts, which it charges directly to the General Fund. Overall, 151 debt write offs totalling £81,797.80 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

- 10.4 **Housing Benefits** - Housing benefit overpayments occur when rent rebate or rent allowance awards exceed a recalculated entitlement. Whilst the Council aims to limit the incidence of overpayments they may occur for a number of reasons including as a result of fraud or error. In general, overpaid benefit is written off in line with Government guidance where recovery would cause hardship, where the debtor has died or cannot be traced.
- 10.5 The Council receives Government subsidy in respect of overpaid housing benefit at rates of between 40% and 100% according to the circumstances in which the overpayment arose. The unsubsidised element of any overpayment is charged to the General Fund.
- 10.6 Overall three debt write offs totalling £2,451.98 have been incurred during the period. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 10.7 **Wolverhampton Homes** - Two reports considering the write-off of irrecoverable rent arrears were considered by Wolverhampton Homes' Finance Committee during 2015/16. The Committee recommended to the City of Wolverhampton Council that 1,281 net debt write-offs totalling £825,014.32 be written off. All debts are less than £5,000 and, hence, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 10.8 As a result of the information detailed in paragraphs 10.3 – 10.7 above, the Director of Finance has approved the write off of 2,507 debt accounts totalling £1.2 million in value.
- 11.0 Financial Implications**
- 11.1 The financial implications are detailed in the body of the report.  
[MH/07072016/R]
- 12.0 Legal Implications**
- 12.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 12.2 The General Power of Competence, contained in Section 1 (1) the Localism Act 2011 gives eligible local authorities, , "*the power to do anything that individuals generally may do*" as long as they do not break other laws. This includes the power to lend or invest money and to set up a company to trade and engage in commercial activity.
- 12.3 The provision of a 'soft' loan where there is an artificially low rate of interest or it is non-interest bearing can constitute State Aid under European legislation. The Council will avoid any question of their being State Aid if it can show that the loan agreement terms including the amount and the length of the loan and the interest rate under which the loan is repayable corresponds to normal market conditions i.e. it is on commercially acceptable terms. This will be the case here.  
[TS/07072016/Y]

### **13.0 Equality Implications**

- 13.1 As this report provides details of the outturn for 2015/16, there are no equalities implications arising from it. The necessary equalities analyses were carried out as part of the preparations for setting the 2015/16 and 2016/17 budgets, and will similarly form part of the requisite pre-work for 2017/18.

### **14.0 Environmental Implications**

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

### **15.0 Background Papers**

Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20, report to Cabinet, 20 July 2016.

Reserves, Provisions and Balances 2015/16, report to Cabinet, 20 July 2016.

**APPENDIX A**

**Revenue Budget Outturn 2015/16 – People**

<b>Service/Budget</b>	<b>Reason for Variation/Comments</b>	<b>Net Controllable Budget 2015/16</b>	<b>Net Controllable Outturn 2015/16</b>	<b>Variance 2015/16</b>	<b>Element Relating to Transfer to/(from) Earmarked Reserves</b>	<b>Further Planned Transfer to/(from) Earmarked Reserves</b>	<b>Revised Net Controllable Outturn 2015/16</b>	<b>Revised Variance 2015/16</b>
		£000	£000	£000	£000	£000	£000	£000
<b>Directorate</b>								
Strategic Director	Agency £247,000 offset by staffing vacancies of £182,000. £60,000 of consultancy costs not met from reserves as initially planned.	276	431	155	-	(60)	371	95
<b>Total Directorate</b>		<b>276</b>	<b>431</b>	<b>155</b>	<b>-</b>	<b>(60)</b>	<b>371</b>	<b>95</b>

APPENDIX A

Revenue Budget Outturn 2015/16 – People

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16	Net Controllable Outturn 2015/16	Variance 2015/16	Element Relating to Transfer to/(from) Earmarked Reserves	Further Planned Transfer to/(from) Earmarked Reserves	Revised Net Controllable Outturn 2015/16	Revised Variance 2015/16
		£000	£000	£000	£000	£000	£000	£000
<b>Older People</b>								
Service Director		129	158	29	-	-	158	29
Carers Support	Underspend across spot purchasing budgets along with additional contributions from partners	1,385	1,224	(161)	-	-	1,224	(161)
ILS, Telecare & Adaptations		2,319	2,308	(11)	-	-	2,308	(11)
Older People Assessment & Care Management	Overspend across residential and nursing (£1.8 million) and domiciliary care (£2.1 million) Care Purchasing budgets for Older People, offset by underspends on Direct Payments (£976,000) and additional contributions of £115,000. £497,000 staffing overspend across the service. Overspends across care purchasing offset by risk sharing arrangements with BCF resulting in a contribution from the CCG of £1.8 million.	11,087	12,863	1,776	-	-	12,863	1,776
Older People Provider Management	Reduction in Internal recharges of £364,000, early achievement of savings on in-house services offset by overspends on other areas £267,000 savings resulting from service changes.	8,239	6,855	(1,384)	-	-	6,855	(1,384)
Welfare Rights & Financial Assessment	£80,000 underspend on staffing across the service. £79,000 income not budgeted	1,492	1,308	(184)	-	-	1,308	(184)
Housing	Reduction in internal recharges of £130,000	984	862	(122)	-	-	862	(122)
Community Recreation		174	114	(60)	-	-	114	(60)
Library Service		1,240	1,294	54	-	-	1,294	54
<b>Total Older People</b>		<b>27,049</b>	<b>26,986</b>	<b>(63)</b>	-	-	<b>26,986</b>	<b>(63)</b>

Revenue Budget Outturn 2015/16 – People

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Disability &amp; Mental Health</b>								
Service Director		152	180	28	-	-	180	28
Better Care Fund		-	72	72	-	-	72	72
Children's Disabilities Commissioning		71	79	8	-	-	79	8
Disabilities In-House Provision	Transfer of spot provision budget for Children's Short Breaks due to closure of in-house services resulting in £283,000 overspend.	6,033	6,266	233	-	-	6,266	233
Emergency Duty Team	Overspend of £222,000 on agency spend appointed to cover business critical posts.	417	602	185	-	-	602	185
Housing Support & Social Inclusion		875	868	(7)	-	-	868	(7)
Mental Health Care Management		5,314	5,274	(40)	-	(194)	5,080	(234)
Short Breaks		374	375	1	-	-	375	1
Children With Disabilities	Overspend of £310,000 from spot break provision of Children's Short breaks, where in-house provision closed. Staffing overspend of £210,000	1,636	2,145	509	-	(46)	2,099	463

APPENDIX A

Revenue Budget Outturn 2015/16 – People

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Disability &amp; Mental Health</b>								
Learning Disabilities Assessment & Care Management	Overspend across care purchasing budgets due to delays in resettlement programme	18,072	18,692	620	-	(52)	18,640	568
Physical Disabilities Assessment & Care Management	Early achievement of savings across care purchasing budgets of £112,000	5,232	5,122	(110)	-	(106)	5,016	(216)
All Age Disability & Joint Commissioning Young Adults	Underspend on employees of £145,000 in Disabilities Commissioning team due to vacancies held in year and underspend on contracts budgets of £132,000	1,540	1,218	(322)	-	-	1,218	(322)
SEN	Overspend of £994,000 relating to children with special educational needs placed in Out of City provision with other local authorities or independent provision	(170)	831	1,001	-	-	831	1,001
<b>Total Disability &amp; Mental Health</b>		<b>39,546</b>	<b>41,724</b>	<b>2,178</b>	<b>-</b>	<b>(398)</b>	<b>41,326</b>	<b>1,780</b>

**APPENDIX A**

**Revenue Budget Outturn 2015/16 – People**

<b>Service/Budget</b>	<b>Reason for Variation/Comments</b>	<b>Net Controllable Budget 2015/16</b>	<b>Net Controllable Outturn 2015/16</b>	<b>Variance 2015/16</b>	<b>Element Relating to Transfer to/(from) Earmarked Reserves</b>	<b>Further Planned Transfer to/(from) Earmarked Reserves</b>	<b>Revised Net Controllable Outturn 2015/16</b>	<b>Revised Variance 2015/16</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Young People</b>								
Service Director	Staffing costs for Head of Children in Need £130,000 not funded from reserves as originally planned.	367	485	118	-	(130)	355	(12)
Children Centres	Staffing vacancies totalling £134,000, along with reduction in general expenditure of £67,000, partially offset by trading deficit of £43,000 against Children's Village.	4,827	4,667	(160)	-	-	4,667	(160)
Children in Need	Underspend on staffing due to vacancies of £200,000. Overspend on Section 17 of £250,000 all linked to increased caseloads, partially offset by savings against the contact contract of £190,000.	7,253	7,105	(148)	-	-	7,105	(148)
Children Commissioning	Staffing Vacancies £104,000 offset by overspend on contract costs of £222,000.	1,808	1,924	116	-	-	1,924	116
Edge of Care	£408,000 associated with the decision not to close Upper Pendeford Farm part way through 2015/16, this is partially offset by staffing vacancies of £70,000 in relation to the Intensive Family Support Service.	669	1,013	344	-	-	1,013	344

APPENDIX A

Revenue Budget Outturn 2015/16 – People

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Children &amp; Young People</b>								
Looked-After Children	Early achievement of savings linked to the Children's Transformation work and reduction in LAC numbers of £2.8 million. Underspend on staffing due to vacancies of £200,000, partially offset by staffing costs for Families R First project originally assumed to be funded from reserves.	32,852	29,835	(3,017)	-	(145)	29,690	(3,162)
Social Inclusion & Play	Staffing vacancies of £264,000 along with a reduction in car allowances of £35,000 partially offset by a reduction in income from traded services of £169,000.	1,739	1,610	(129)	-	-	1,610	(129)
Psychology	Psychology Service trading surplus.	683	422	(261)	100	-	422	(261)
Youth Offenders Team	Staffing Vacancies of £486,000 which will contribute towards the early achievement of the 2016/17 savings target of £150,000. This is partially offset by £59,000 reduction in funding from Youth Justice Board.	1,295	823	(472)	-	-	823	(472)
Business Support		29	117	88	-	-	117	88
Youth	Costs of the Youth Café totalling £126,000 not funded from reserves as originally planned.	355	493	138	-	(126)	367	12
<b>Total Children &amp; Young People</b>		<b>51,877</b>	<b>48,494</b>	<b>(3,383)</b>	<b>100</b>	<b>(401)</b>	<b>48,093</b>	<b>(3,784)</b>

APPENDIX A

Revenue Budget Outturn 2015/16 – People

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Public Health &amp; Wellbeing</b>								
Public Health - Service Director		-	-	-	-	-	-	-
Public Health - Support Costs		-	-	-	-	-	-	-
Public Health - Healthier Places		67	(8)	(75)	-	-	(8)	(75)
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	116	(26)	-	-	116	(26)
Community Safety		605	580	(25)	-	-	580	(25)
Safeguarding		2,097	2,175	78	-	-	2,175	78
<b>Total Public Health &amp; Wellbeing</b>		<b>2,911</b>	<b>2,863</b>	<b>(48)</b>	<b>-</b>	<b>-</b>	<b>2,863</b>	<b>(48)</b>
<b>Total People</b>		<b>121,659</b>	<b>120,498</b>	<b>(1,161)</b>	<b>100</b>	<b>(859)</b>	<b>119,639</b>	<b>(2,020)</b>

**APPENDIX B**

**Revenue Budget Outturn 2015/16 – Place**

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16	Net Controllable Outturn 2015/16	Variance 2015/16	Element Relating to Transfer to/(from) Earmarked Reserves	Further Planned Transfer to/(from) Earmarked Reserves	Revised Net Controllable Outturn 2015/16	Revised Variance 2015/16
		£000	£000	£000	£000	£000	£000	£000
<b>Directorate</b>								
Strategic Director	Planned use of reserves not undertaken	382	526	144	-	(135)	391	9
<b>Total Directorate</b>		<b>382</b>	<b>526</b>	<b>144</b>	<b>-</b>	<b>(135)</b>	<b>391</b>	<b>9</b>
<b>City Economy</b>								
Service Director		128	104	(24)	-	-	104	(24)
Adult Education		(245)	(245)	-	-	-	(245)	-
City Development	Staff vacancies pending restructure	497	360	(137)	-	(37)	323	(174)
Culture Arts & Heritage	Staff vacancies pending restructure	1,081	859	(222)	-	(10)	849	(232)
Enterprise & Skills	Staff vacancies pending restructure and additional grants secured	1,787	1,576	(211)	-	-	1,576	(211)
Inclusion & Employment		1,315	1,258	(57)	-	-	1,258	(57)
Service Development		218	141	(77)	-	(4)	137	(81)
Visitor Economy	Delay in implementing staff restructure following temporary closure of civic halls	658	960	302	-	-	960	302
<b>Total City Economy</b>		<b>5,439</b>	<b>5,013</b>	<b>(426)</b>	<b>-</b>	<b>(51)</b>	<b>4,962</b>	<b>(477)</b>

**APPENDIX B**

**Revenue Budget Outturn 2015/16 – Place**

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16	Net Controllable Outturn 2015/16	Variance 2015/16	Element Relating to Transfer to/(from) Earmarked Reserves	Further Planned Transfer to/(from) Earmarked Reserves	Revised Net Controllable Outturn 2015/16	Revised Variance 2015/16
		£000	£000	£000	£000	£000	£000	£000
<b>City Assets</b>								
Service Director	Costs of interim staff supporting corporate landlord restructure	122	222	100	-	-	222	100
Transportation	Capitalisation of salary costs and general efficiency savings	664	422	(242)	-	-	422	(242)
Planning		771	715	(56)	-	-	715	(56)
Catering Services		(1,017)	(1,106)	(89)	-	-	(1,106)	(89)
Cleaning and Caretaking Services	Additional income from schools and staff vacancies	1,710	1,277	(433)	-	-	1,277	(433)
Community Centres		216	254	38	-	-	254	38
Corporate Asset Management (including rates)	NNDR savings and capitalisation of work	4,423	4,194	(229)	-	(15)	4,179	(244)
Engineering & Civic Centre	Overspend on management of vacant properties and additional statutory R&M	2,538	2,898	360	-	-	2,898	360
Estates And Valuations	Increased income from former HRA shops transferred to GF	(1,420)	(1,830)	(410)	-	-	(1,830)	(410)
Property Services (Including Utilities)	Additional earned income and savings on energy	4,003	3,664	(339)	-	158	3,822	(181)
<b>Total City Assets</b>		<b>12,010</b>	<b>10,710</b>	<b>(1,300)</b>	<b>-</b>	<b>143</b>	<b>10,853</b>	<b>(1,157)</b>
<b>Strategic Director Housing</b>								
Housing		1,964	1,904	(60)	-	-	1,904	(60)
<b>Total Strategic Director Housing</b>		<b>1,964</b>	<b>1,904</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>1,904</b>	<b>(60)</b>

**APPENDIX B**

**Revenue Budget Outturn 2015/16 – Place**

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16	Net Controllable Outturn 2015/16	Variance 2015/16	Element Relating to Transfer to/(from) Earmarked Reserves	Further Planned Transfer to/(from) Earmarked Reserves	Revised Net Controllable Outturn 2015/16	Revised Variance 2015/16
		£000	£000	£000	£000	£000	£000	£000
<b>City Environment</b>								
Service Director		125	178	53	-	-	178	53
Bereavement Services	Efficiency savings and additional crematoria income	(2,124)	(2,398)	(274)	-	(70)	(2,468)	(344)
Environmental Maintenance	Contract and efficiency savings resulting in operational budget reductions	7,416	6,902	(514)	400	-	6,902	(514)
Fleet Services	A review of the recharge basis resulting in a reduced income received from Passenger Transport and Education services compared to budget	(1,184)	(961)	223	-	-	(961)	223
Highways Maintenance	Winter maintenance budget underspends due to mild winter	1,989	1,729	(260)	-	-	1,729	(260)
Landscape		(1)	(95)	(94)	-	-	(95)	(94)
Leisure Services		1,365	1,350	(15)	-	-	1,350	(15)
Markets		(1,004)	(948)	56	24	-	(948)	56
Operation & Maintenance of Existing Network	Capitalisation of traffic signal upgrade and general efficiency savings	1,045	696	(349)	-	-	696	(349)
Parking Services	Delay in implementing employee car parking scheme partly offset by additional income elsewhere	(1,468)	(1,261)	207	891	-	(1,261)	207
Regulatory Services	Staff vacancy savings and additional enforcement income	1,602	1,313	(289)	-	(43)	1,270	(332)
Street Lighting	Capitalisation of surface dressing expenditure and energy savings	3,652	2,638	(1,014)	-	-	2,638	(1,014)
Waste and Recycling Service	Delay in implementing depot rationalisation budget reductions	13,097	13,275	178	-	-	13,275	178
<b>Total City Environment</b>		<b>24,510</b>	<b>22,418</b>	<b>(2,092)</b>	<b>1,315</b>	<b>(113)</b>	<b>22,305</b>	<b>(2,205)</b>
<b>Total Place</b>		<b>44,305</b>	<b>40,571</b>	<b>(3,734)</b>	<b>1,315</b>	<b>(156)</b>	<b>40,415</b>	<b>(3,890)</b>

**APPENDIX C**

This report is PUBLIC  
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### Revenue Budget Outturn 2015/16 – Corporate

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Directorate</b>								
Managing Director		370	357	(13)	-	-	357	(13)
<b>Total Directorate</b>		<b>370</b>	<b>357</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>357</b>	<b>(13)</b>
<b>Finance</b>								
Director of Finance		166	165	(1)	-	-	165	(1)
Audit Services	The underspend has arisen as a result of vacancies within Audit Services, in addition to underspends against the Lone Worker budget within the Health & Safety team.	1,962	1,534	(428)	(388)	-	1,534	(428)
Corporate Financial Management	The underspend has arisen as a result of lower External Audit Fees and a lower than anticipated number of pensions gratuities payments.	3,507	3,149	(358)	(97)	-	3,149	(358)
Corporate Management		843	820	(23)	-	-	820	(23)
Revenues and Benefits	The overspend within the service has arisen as a result of agency fees that have not been funded by reserve drawdowns, due to the positive overall General Fund underspend.	2,000	2,199	199	-	(92)	2,107	107
Housing Benefits Payments		(452)	(761)	(309)	-	-	(761)	(309)
Strategic Finance	The overspend within the service has arisen as a result of one-off transitional costs following the implementation of Agresso. It was anticipated that a call would be made on reserves to support transition, however due to the positive outturn position the additional cost has been addressed through managed underspends.	1,333	1,611	278	-	-	1,611	278
The Hub		1,325	1,907	582	(965)	-	1,907	582
Corporate Procurement	The overspend within the service has arisen as a result of agency fees that have not been funded by reserve drawdowns due to the positive overall General Fund underspend.	640	832	192	-	(100)	732	92
<b>Total Finance</b>		<b>11,324</b>	<b>11,456</b>	<b>132</b>	<b>(1,450)</b>	<b>(192)</b>	<b>11,264</b>	<b>(60)</b>

Revenue Budget Outturn 2015/16 – Corporate

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Governance</b>								
Director of Governance		165	166	1	-	-	166	1
Corporate Administration	The underspend has arisen as a result of holding a dual election, which is more cost effective, in addition to staffing vacancies within the service.	723	620	(103)	-	-	620	(103)
Democracy		1,790	1,758	(32)	-	-	1,758	(32)
HR Advice		1,207	1,294	87	(61)	(75)	1,219	12
Legal Services	The underspend within Legal Services is primarily as a result of underspends against the centralised External Legal Fees budget; work is commissioned in-house by the Council's legal team in the first instance.	2,124	1,753	(371)	-	-	1,753	(371)
<b>Total Governance</b>		<b>6,009</b>	<b>5,591</b>	<b>(418)</b>	<b>(61)</b>	<b>(75)</b>	<b>5,516</b>	<b>(493)</b>

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### Revenue Budget Outturn 2015/16 – Corporate

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Transformation</b>								
Communications and Marketing		565	531	(34)	-	-	531	(34)
Customer Services		2,180	2,100	(80)	-	-	2,100	(80)
ICTS	The overspend has arisen as a result of absorbing prior year expenditure due to the centralisation of previously delegated IT costs. It is important to note that the ongoing budget is not affected.	4,578	4,902	324	-	-	4,902	324
Transformation	The underspend has arisen primarily as a result of the management of vacant posts; this supports existing and future budget reduction proposals.	3,365	2,590	(775)	72	(363)	2,227	(1,138)
<b>Total Transformation</b>		<b>10,688</b>	<b>10,123</b>	<b>(565)</b>	<b>72</b>	<b>(363)</b>	<b>9,760</b>	<b>(928)</b>

Revenue Budget Outturn 2015/16 – Corporate

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/(from) Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000
<b>Corporate Budgets</b>								
West Midlands Transport Authority Levy		11,877	11,877	-	-			(11,877)
Environment Agency Levy		67	68	1	-			(67)
Provision for Bad Debts	Provision for bad debts was greater than originally budgeted for.	200	366	166	-			(200)
Treasury Management Budgets	Significant underspends against budget have arisen as a result of re-phasing in the capital programme, transfer of financing and prudent management of treasury budgets.	13,614	9,483	(4,131)	-			(13,614)
Central Provision for Pension Auto-Enrolment	Underspend against budget for Auto-Enrolment as provision not needed in 2015/16. Budget provision will, however, be needed in future years.	1,643	-	(1,643)				
Birmingham Airport - Rent		(69)	(83)	(14)	-			69
Contribution to the HRA Homelessness Reserve		-	167	167	167			-
Special Dividend from Birmingham Airport	The receipt of a £3.6 million special dividend from Birmingham Airport in March 2016	-	(3,569)	(3,569)	(3,569)			-
Central Provision for increased Pension Costs	This budget contributed towards the cost of pension strain arising from redundancies during the year.	1,591	-	(1,591)	-			(1,591)
Redundancy Costs	Redundancy payments during 2015/16 arose primarily as a result of the Voluntary Redundancy Programme.	-	7,841	7,841	-			-
Cross-cutting Savings Proposals	Cross cutting saving held corporately have been delivered through underspends against other Corporate Accounts budgets.	(500)	-	500	-			500

Revenue Budget Outturn 2015/16 – Corporate

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16 £000	Net Controllable Outturn 2015/16 £000	Variance 2015/16 £000	Element Relating to Transfer to/(from) Earmarked Reserves £000	Further Planned Transfer to/from Earmarked Reserves £000	Revised Net Controllable Outturn 2015/16 £000	Revised Variance 2015/16 £000	
Other Corporate Budgets	Underspends arising against other corporate budgets	1,578	(158)	(1,736)	-			(1,578)	
								-	
<i>Reserve adjustments:</i>								-	
Contribution from the Efficiency Reserve		-	(78)	(78)	(78)			-	
Contribution to the Budget Strategy Reserve			3,569	3,569	3,569			-	
Contribution to the Budget Contingency Reserve			750	750	750			-	
Contribution to the Business Rates Equalisation Reserve	Reallocation of the positive General Fund underspend to Earmarked Reserves to ensure sufficient funds are available for future projects.		2,000	2,000	2,000			-	
Contribution to the Treasury Management Equalisation Reserve			1,456	1,456	1,456			-	
Contribution to the FutureWorks Reserve				500	500	500			-
Contribution to the Transformation Reserve				500	500	500			-
Contribution to the Regeneration Reserve				750	750	750			-
<b>Total Corporate Budgets</b>		<b>30,001</b>	<b>35,439</b>	<b>5,438</b>	<b>6,045</b>	<b>-</b>	<b>-</b>	<b>(30,001)</b>	
<b>Total Corporate</b>		<b>58,392</b>	<b>62,966</b>	<b>4,574</b>	<b>4,606</b>	<b>(630)</b>	<b>26,897</b>	<b>(31,495)</b>	

Revenue Budget Outturn 2015/16 – Education

Service/Budget	Reason for Variation/Comments	Net Controllable Budget 2015/16	Net Controllable Outturn 2015/16	Variance 2015/16	Element Relating to Transfer to/(from) Earmarked Reserves	Further Planned Transfer to/(from) Earmarked Reserves	Revised Net Controllable Outturn 2015/16	Revised Variance 2015/16
		£000	£000	£000	£000	£000	£000	£000
<b>Education</b>								
Director of Education	There have been delays in delivering the savings targets for education for 2015/16. These have now been reprofiled as part of the 2016/17 budget process.	(269)	256	525	-	-	256	525
Schools	lower grant than anticipated	(3,904)	(3,804)	100	-	-	(3,804)	100
Standards and Vulnerable Pupils		885	884	(1)	-	-	884	(1)
School Planning & Resources	During 2015/16 there has been a significant pressure on school transport (SEN) due to additional pupils needing provision out of city. In addition the service has been required to meet legal costs for academy conversions where there had been no budget. There were also some income shortfall on traded services.	3,807	4,316	509	-	-	4,316	509
<b>Total Education</b>		<b>519</b>	<b>1,652</b>	<b>1,133</b>	<b>-</b>	<b>-</b>	<b>1,652</b>	<b>1,133</b>

## APPENDIX E

### Outturn on Schools' Budgets

#### Overview

Schools that remain in local authority control started the 2015/16 financial year with accumulated reserves of £14.2 million. At the end of the year revenue balances for these schools were £12.9 million, a reduction of £1.3 million. This represents 10.9% of the funding and income available to schools during 2015/16.

Schools budget plans collected assumed balances of £7.1 million for 2015/16 therefore actual balances are £5.8 million greater than forecast.

The table below illustrates the in-year movement by school type

**Table 7 - Analysis of Schools Balances 2015/16**

	Balance at 1 April 2015	Use of Balances in 2015/16	Balance at 31 March 2016
	£000	£000	£000
Infant	(489)	0	(489)
Junior	(544)	(35)	(579)
Primary	(8,306)	770	(7,536)
Secondary	(552)	376	(176)
Special	(1,660)	300	(1,360)
Nursery	(1,508)	81	(1,427)
PRU	(1,135)	(190)	(1,325)
<b>Total</b>	<b>(14,194)</b>	<b>1,302</b>	<b>(12,892)</b>

Within the City, nine schools have now had a balance of over fifteen per cent of their income for five years meaning that the Local Authority is liable to further challenge from the Department for Education with regard to these schools. During 2015/16 the Local Authority met with head teachers and chairs of governors of schools to agree plans for the use of balances to ensure that they were being used effectively. In July 2016 an arbitration panel will meet with eight schools with high levels of balances to consider a recovery of some level of surplus which would be used on school improvement priorities agreed by the school forum.

Schools may be maintaining balances for:

- a) Future cost increases in pension and other pay related costs, whilst they are aware that there will be no increases in funding per pupil for the foreseeable future.

## APPENDIX E

- b) The impact of a national funding formula that has been announced for 2017/18. It is expected that this will bring significant turbulence in the school funding system and to schools funding settlements.

It is important to note that, as any variances against schools' delegated budgets are transferred either to or from schools' accumulated reserves, their outturn position is financially neutral to the Council's General Fund.

### Schools in a Deficit Position

The table below shows that the total number of schools in deficit has increased by three.

**Table 8 – Number of Schools in a Deficit Position**

<b>Sector</b>	<b>2014/15</b>	<b>2015/16</b>
Primary	2	3
Secondary	2	3
Special	1	0
Pupil Referral Unit	1	3
<b>Total</b>	<b>6</b>	<b>9</b>

Where schools end the financial year in a deficit position they are required to seek the approval of the Local Authority, to operate with a deficit balance. A further report on these will be brought to Cabinet (Resources) Panel in September 2016.

**APPENDIX F**

**Housing Revenue Account Revenue Outturn 2015/16**

	<b>2015/16 Budget £000</b>	<b>2015/16 Outturn £000</b>	<b>2015/16 Forecast Variance £000</b>
<b>Income</b>			
Gross rents – dwellings	(93,683)	(94,097)	(414)
Gross rents – non dwellings	(711)	(852)	(141)
Charges to tenants for services and facilities	(5,148)	(5,115)	33
<b>Total income</b>	<b>(99,542)</b>	<b>(100,064)</b>	<b>(522)</b>
<b>Expenditure</b>			
Repairs and maintenance	26,103	25,695	(408)
Supervision and management	19,077	19,069	(8)
Rents, rates and taxes	460	298	(162)
Increase in provision for bad debts	2,240	596	(1,644)
Depreciation of fixed assets	21,807	22,152	345
<b>Total expenditure</b>	<b>69,687</b>	<b>67,810</b>	<b>(1,877)</b>
<b>Net cost of HRA services</b>	<b>(29,855)</b>	<b>(32,254)</b>	<b>(2,399)</b>
Interest payable	14,411	13,008	(1,403)
Interest and investment income	(1)	(58)	(57)
Adjustment for premiums and discounts	(293)	(293)	-
<b>(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt</b>	<b>(15,738)</b>	<b>(19,597)</b>	<b>(3,859)</b>
<b>Allocation of (surplus)/deficit</b>			
Provision for redemption of debt	15,738	19,597	3,859
<b>Balance for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>