



Cabinet (Resources) Panel

29 July 2014

Report title	Revenue Budget Monitoring 2014/15 – Quarter One	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	
	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Simon Warren, Chief Executive Sarah Norman, Community Keith Ireland, Delivery Tim Johnson, Education and Enterprise	
Originating service	Strategic Financial Services	
Accountable employee(s)	Mark Taylor Tel Email	Assistant Director Finance 01902 556609 mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Confident Capable Scrutiny Panel	17 July 2014 10 September 2014

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of up to £18,000 from the Efficiency Reserve to employ a data analyst within the Families in Focus Service for a six month period, to review historical records concerning improvements in families, in order to secure additional payment by results funding.

2. Approve the use of £250,000 from the Looked After Children Transformation Reserve, to fund management and administrative support for the programme to reduce the total cost of Looked-After Children.
3. Approve the use of £2.4 million remaining in the FutureWorks Reserve to fund the programme costs during 2014/15.
4. Approve the use of £658,000 from the Regeneration Reserve to fund various regeneration priorities as detailed in table 10.
5. Approve the delegation of authority to the Cabinet Member for Resources, in consultation with the Chief Accountant, to vary the terms of the loan agreement to YOO Recruit in light of turnover and cash flow, up to the period ending 31 March 2015.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The projected outturn for the General Fund which is a net over spend of £613,000 (0.25%) against the net budget requirement of £247.8 million, after taking account of the projected cost of redundancies which will be funded by calling on general balances.
2. With regard to schools, a significant number of budget plans remain outstanding from schools so it is not possible to provide a comprehensive view on the anticipated use of balances over 2014/15. A further update will be reported to Cabinet (Resources) Panel on schools plans and forecasts for 2014/15 to 2016/17 inclusive.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet with a projection of the likely revenue outturn position, compared with the council's approved revenue budgets for 2014/15 and related targets, as at the end of quarter one of the financial period.

2.0 Summary

- 2.1 Overall a net over spend of £613,000 (0.25%) is projected against the General Fund net budget requirement of £247.8 million, this is analysed in Table 1 below:

Table 1 – 2014/15 General Fund Revenue Budget Projected Outturn

	Budget 2014/15 £000	Projected Outturn £000	Projected Variation Over/(Under)	
			£000	%
Community	144,119	144,215	96	0.07%
Delivery	44,980	44,980	-	0.00%
Education and Enterprise	18,587	19,104	517	2.78%
Office of the Chief Executive	1,833	1,833	-	0.00%
Corporate Budgets	38,232	38,232	-	0.00%
Net Budget Requirement	247,751	248,364	613	0.25%
Government Grant (General)	(161,741)	(161,741)	-	0.00%
Council Tax	(76,567)	(76,567)	-	0.00%
Collection Fund Deficit	700	700	-	0.00%
Total Resources	(237,608)	(237,608)	-	0.00%
Use of General Balances	(10,143)	(10,143)	-	0.00%
Net Budget (Surplus) / Deficit	-	613	613	0.25%

- 2.2 The council is faced with an ever challenging projected financial position over the medium term, and significant savings are required in order to achieve a robust financial position. An update to the Medium Term Financial Strategy presented to Cabinet on 25 June 2014, detailed the work that has taken place during the early part of 2014/15 to identify further savings. A strategy was approved by Cabinet to identify £25 million of savings for 2015/16 by October 2014 in addition to a further £35 million for the medium term period to 2018/19. Acceleration and identification of 2014/15 savings proposals equating to £1.7 million were approved by Cabinet on 25 June therefore a revised budget has been reflected in this budget report. Those savings will reduce the call on general fund reserves this financial year.
- 2.3 With regard to schools, a significant number of budget plans remain outstanding from schools so it is not possible to provide a comprehensive view on the anticipated use of balances over 2014/15. A further update will be reported to Cabinet (Resources) Panel on schools plans and forecasts for 2014/15 to 2016/17 inclusive.

2.4 An update on the General Fund budget risks is provided at section 9. Overall the risk for 2014/15 is currently assessed as Amber.

2.5 It is important to note that the projected redundancy costs of £5.0 million is subject to change dependent upon the actual redundancies approved by year end.

3.0 Revenue Budget Monitoring – General Fund Summary

3.1 A summary of the council's projected outturn against General Fund revenue budgets for 2014/15 as at the end of quarter one is provided in the table below, whilst section 4 provides a detailed explanation of the projected outturn for each directorate.

Table 2 – 2014/15 General Fund Revenue Budget Projected Outturn.

	Budget 2014/15 £000	Projected Outturn £000	Projected Variation Over/(Under)	
			£000	%
Community	144,119	144,215	96	0.07%
Delivery	44,980	44,980	-	0.00%
Education and Enterprise	18,587	19,104	517	2.78%
Office of the Chief Executive	1,833	1,833	-	0.00%
Corporate Budgets	38,232	38,232	-	0.00%
Net Budget Requirement	247,751	248,364	613	0.25%
Government Grant (General)	(161,741)	(161,741)	-	0.00%
Council Tax	(76,567)	(76,567)	-	0.00%
Collection Fund Deficit	700	700	-	0.00%
Total Resources	(237,608)	(237,608)	-	0.00%
Use of General Balances	(10,143)	(10,143)	-	0.00%
Net Budget (Surplus) / Deficit	-	613	613	0.25%

3.2 Overall a net over spend of £613,000 (0.25%) is projected against the General Fund net budget requirement of £247.8 million. It is important to note, projected redundancy costs totalling £5.0 million that will be incurred by the council during the financial year have been included within the forecast, and will be funded from a contribution from the Efficiency Reserve.

3.3 An update to the Medium Term Financial Strategy presented to Cabinet on 25 June 2014, detailed the work that has taken place during the early part of 2014/15 to identify further savings. A strategy was approved by Cabinet to identify £25 million of savings for 2015/16 by October 2014 in addition to a further £35 million for the medium term period to 2018/19. Acceleration and identification of 2014/15 savings proposals equating to £1.7 million were approved by Cabinet on 25 June therefore a revised budget has been reflected in this budget report. Those savings will reduce the call on general fund reserves this financial year.

3.4 In accordance with the council's financial procedures rules, all virements in excess of £50,000 require the approval of this panel. There are no virements that require approval during this quarter.

3.5 The most significant factors contributing towards the projected overspend against the budget are reported on a service-by-service basis in section 4.

4.0 General Fund Revenue Budget Monitoring: Service Analysis

4.1 Community

4.1.1 A summary of the projected outturn against the Community 2014/15 revenue budget, as at the end of quarter one, is provided in the table below, whilst a detailed analysis is provided in Appendix A.

Table 3 – 2014/15 Revenue Budget Projected Outturn – Community

	Budget 2014/15 £000	Projected Outturn £000	Projected Variation	
			Over/(Under) £000	%
Older People & Personalisation	34,101	34,183	82	0.24%
Health, Wellbeing & Disabilities	48,788	49,067	279	0.57%
Children, Young People & Families	56,876	56,679	(197)	-0.35%
Public Health, Parks and Safeguarding	2,382	2,314	(68)	-2.85%
Community Initiatives	1,972	1,972	-	0.00%
Community Total	144,119	144,215	96	0.07%

4.1.2 Overall a net overspend of £96,000 (0.07%) is projected for the year. The main factors contributing towards the forecast overspend are:

1. **Health, Wellbeing & Disabilities** - There is a forecast net over spend of £943,000 in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures, which in part has been offset by higher than budgeted income from other organisations for the Disabilities Commissioning service totalling £474,000, in addition to staffing vacancies within the Assistant Directorate.
2. **Children, Young People & Families** - There is a forecast net under spend of £197,000 within the Assistant Directorate, which has arisen primarily as a result staffing vacancies and other underspends across the Assistant Directorate.

4.1.3 The council has implemented a programme with the aim of reducing the overall cost of looked-after children, the Families r First programme. This is forecast to achieve in-year

savings that will offset the continued growth in the number of looked-after children: this will be kept under review throughout the year. Should the savings ultimately achieved by the programme be less than currently forecast, it is possible that the council could experience a significant budget over spend.

4.2 Delivery

- 4.2.1 A summary of the projected outturn against the Delivery 2014/15 revenue budget, as at the end of quarter one, is provided in the table below, whilst a detailed analysis is provided in Appendix B.

Table 4 – 2014/15 Revenue Budget Projected Outturn – Delivery

	Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Delivery Directorate	257	257	-	0.00%
Resources	132	132	-	0.00%
Financial Services	4,185	4,185	-	0.00%
Human Resources	665	665	-	0.00%
Audit Services	(159)	(159)	-	0.00%
Corporate	16,229	16,229	-	0.00%
Legal Services	(235)	(235)	-	0.00%
Central Services	(4)	(4)	-	0.00%
Environmental Services	23,910	23,910	-	0.00%
Delivery Total	44,980	44,980	-	0.00%

- 4.2.2 There are no significant variances projected for the Directorate at this stage in the financial year. The Directorate will continue to identify all opportunities to deliver in year savings in order to assist with the Council's financial challenge.
- 4.2.3 Cabinet are requested to approve the delegation of authority to the Cabinet Member for Resources, in consultation with the Chief Accountant, to vary the terms of the loan agreement to YOO Recruit in light of turnover and cash flow, up to the period ending 31 March 2015. Any amendments will be reported to Cabinet (Resources) Panel in regular budget monitoring reports.

4.3 Education and Enterprise

- 4.3.1 A summary of the projected outturn against the Education and Enterprise 2014/15 revenue budget, as at the end of quarter one, is provided in the table below, whilst a detailed analysis is provided in Appendix C.

Table 5 – 2014/15 Revenue Budget Projected Outturn – Education and Enterprise

	Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Partnerships, Economy and Culture	6,093	6,093	-	0.00%
Regeneration	7,871	7,781	(90)	-1.14%
Learning & Achievement	4,623	5,230	607	13.13%
Education & Enterprise Total	18,587	19,104	517	2.78%

4.3.2 Overall a net overspend of £517,000 (2.78%) is projected for the Directorate. This is largely as a result of overspends within the Learning and Achievement Assistant Directorate resulting from non-achievement of prior year savings within the Standards & Vulnerable Pupils and School Planning & Resources Services.

4.3.3 Work is in progress to identify compensating savings that can be delivered during the financial year to address this projected overspend.

4.4 Office of the Chief Executive

4.4.1 A summary of the projected outturn against the Office of the Chief Executive 2014/15 revenue budget, as at the end of quarter one, is provided in the table below.

Table 6 – 2014/15 Revenue Budget Projected Outturn – Office of the Chief Executive

	Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Chief Executive	205	205	-	0.00%
Black Country Transport	29	29	-	0.00%
Communications	225	225	-	0.00%
Policy Team	1,262	1,262	-	0.00%
Political Assistants	112	112	-	0.00%
Office of the Chief Executive Total	1,833	1,833	-	0.00%

4.4.2 There are no significant variances forecast for the year. The Directorate will continue to identify all opportunities to deliver in year savings in order to assist with the Council's financial challenge.

4.5 Corporate Budgets

- 4.5.1 A summary of the projected outturn against 2014/15 corporate revenue budgets, as at the end of quarter one, is shown in Appendix E.
- 4.5.2 Overall it is anticipated that the forecast spend will be in line with budget. It is important to note however, that the forecast outturn includes projected redundancy payments that will be incurred during the financial year, funded from the Efficiency Reserve.
- 4.5.3 The Council introduced a voluntary redundancy programme during late 2013 in order to identify budget savings. Given the anticipated reduction in staffing numbers arising from the implementation of savings proposals during 2014/15, it is projected that redundancy costs of £5.0 million will be incurred during the financial year. The total cost of redundancies will be funded by a contribution from the Efficiency Reserve, following a transfer of £5.0 million from General Balances to the Efficiency Reserve as detailed in table 9. Council approved, on 6 November 2013 that the cost of redundancies during 2013/14 and 2014 /15 were to be funded from General Balances.
- 4.5.4 The final numbers are subject to change however, and a provision for those redundancies approved during 2014/15 but not paid until 2015/16 will need to be considered.

5.0 Changes to Grant Funded Expenditure

- 5.1 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.
- 5.2 Approval is sought from the panel to establish expenditure headings within the 2014/15 approved budget as set out in the table below, and in accordance with each individual grant's terms and conditions. This will have no effect on the council's net revenue budget as this is fully funded from grant.

Table 7 – Grants

Grant	Description of Expenditure	Awarding Body	Expenditure 2013/14 £000
Community			
Care Act Implementation Grant	Preparing for the changes in Social Care introduced by the Care Act.	Department of Health	125
Special Educational Needs and Disabilities (SEND) Implementation Grant (New Burdens)	Implementing SEND reforms.	Department for Education	237
TOTAL			362

5.3 Voluntary Sector Community Initiatives Grant Funding 2014/15 and 2015/16 – BME United.

- 5.3.1 Approval to award additional grant funding of £3,005 in 2014/15 to BME United.
- 5.3.2 In the Cabinet Report on 25 February 2014 'Voluntary Sector Community Initiatives Grant funding 2014/15 and 2015/16', approval was given to cease funding to BME United giving them 3 months' notice; thereby reducing their 2014/15 grant allocation to £8,560. The same report awarded the organisation £39,805 from the Innovate to Save grant, taking their total funding for 2014/15 to £48,365. The organisation has raised concerns that the reduced level of funding would mean they fall short of fulfilling their responsibility for maintaining immigration files until 2017. Discussions with the organisations have come to an agreement and approval is now requested to award BME United an additional £3,005 for 2014/15 taking their total allocation to £51,370 (£11,565 mainline funding and £39,805 Innovate to Save) in return for the immigration files being maintained until they expire in 2017. The additional grant of £3,005 can be met from under-spends within the service.

6.0 Voluntary Redundancy Programme

- 6.1 During 2013/14 the Council sought volunteers for redundancy/early retirement in order to identify new savings. Phase 3 of the voluntary redundancy programme closed on 31 March 2014.
- 6.2 The most recent update on the voluntary redundancy programme presented to Cabinet on 25 June 2014, is detailed in the table below.

Table 8 – Voluntary redundancy status

	Phases 1 and 2	Phase 3	Total
Total expressions of interest	944	441	1,385
Approved	403	124	527
Rejected	159	57	216
To be decided	-	78	78
Withdrawn by employee	382	182	564

- 6.3 The estimated annual savings from the 527 approved redundancies are £14.2 million, while the estimated cost of redundancies is £10.8 million.
- 6.4 Given the anticipated reduction in staffing numbers arising from the implementation of savings proposals during 2014/15, it is projected that redundancy costs of £5.0 million will be incurred during the financial year. The final numbers are subject to change however, and a provision for those redundancies approved during 2014/15 but not paid until 2015/16 will need to be considered.

7.0 Reserves and Balances

- 7.1 At the beginning of 2014/15 a balance of £27.0 million was held within the general fund reserve.
- 7.2 The following table sets out the projected level of general fund reserves at 31 March 2015:

Table 9 – Projected Uncommitted General Fund Reserves at 31 March 2015

	£000
Balance as at 1 April 2014	27,000
Budgeted Use of General Balances	(10,143)
Quarter One Projected Overspend	(613)
Transfer to the Efficiency Reserve (to fund redundancy costs)	(5,000)
Projected Balance as at 31 March 2015	11,244

- 7.3 The projected outturn position as at quarter one of 2014/15, would result a closing position of £11.2 million in general fund reserves. The Council will continue to identify potential opportunities to deliver in year savings and therefore reduce the call on general fund reserves.

7.4 Other Transfers to/from Earmarked Reserves

- 7.4.1 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

- 7.4.2 The Efficiency Reserve was established to fund pump priming and investment in new developments and initiatives whose main aim is to generate efficiencies and savings in the future, and may also result in redundancy costs.
- 7.4.3 Approval is sought from this meeting for the use of up to £18,000 to employ a data analyst within the Families in Focus Service for a six month period, to review historical records concerning improvements in families, in order to secure additional payment by results funding. This will only be required in the event that the additional payments by results funding does not exceed £18,000 or there is a timing delay relating to the receipt of the payment by results funding.
- 7.4.4 Council approved, on 6 November 2013 that the cost of redundancies during 2013/14 and 2014 /15 was to be funded from General Balances. Given this approval, a sum of £5.0 million will be transferred from General Balances, as detailed in table 9 above, to the Efficiency Reserve to fund the anticipated cost of redundancy during 2014/15.

Looked After Children Transformation Reserve

- 7.4.5 Approval is sought from this meeting for the use of £250,000 from the Looked After Children Transformation Reserve, to fund management and administrative support for the programme to reduce the total cost of Looked-After Children.

FutureWorks Reserve

- 7.4.6 Approval is sought from this meeting for the use of £2.4 million remaining in the FutureWorks Reserve to fund the programme costs during 2014/15.

Regeneration Reserve

- 7.4.7 The Regeneration Reserve was specifically established to support important regeneration priorities within the city. Approval is sought from this meeting for the use of £658,000 from the Regeneration Reserve, to fund regeneration expenditure as outlined in the table below.

Table 10 – Regeneration Reserve

	(Use of)/ Addition to Reserve £000	Balance £000
Balance as at 1 April		1,908
<u>Approval Sought from this Meeting</u>		
Funding to undertake desk top study and site investigation works on sites identified for Primary Expansion.	(100)	
Independent challenge and validation of pupil projections to support bids for additional funding.	(10)	
Development work on Growth Fund Bid for Civic Halls Improvement.	(170)	
To support the exploration of financial models/options and feasibility/viability of specific schemes relating to delivery of the General Fund Element of the housing programme.	(65)	
Contract Management support during Advance Work programme for the Regeneration of Bilston Centre.	(50)	
Design work for Westside Regeneration scheme to facilitate discussion with developers and financial viability assessment on preferred development	(65)	
Feasibility Work on developments to the Canalside Quarter.	(41)	
Feasibility work on 5 priority transport schemes.	(75)	
Staff training and consultancy support for green book appraisals.	(29)	
Feasibility work on the location and design of the cafés at the Art Gallery and Bantock House.	(35)	
To provide support for the development of a Business Improvement District for Bilston Town Centre.	(18)	
		(658)
Forecast Balance as at 31 March 2015		1,250

8.0 General Fund Transformation Programme

- 8.1 The total savings target value for the 205 individual proposals included in the 2014/15 budget, which was approved by Council on 5 March, is £66.7 million. The table below provides an overview of the Council's forecast performance against these savings targets as at the end of June 2014.

Table 11 – 2014/15 Savings Targets – Likelihood of Achievement

Savings Already “Banked”	Savings With a Higher Level of Confidence	Savings With a Medium Level of Confidence	Savings With a Lower Level of Confidence	Total Savings Target
£000	£000	£000	£000	£000
7,343	43,443	14,955	994	66,735
11.0%	65.1%	22.4%	1.5%	100.0%
No.	No.	No.	No.	No.
55	126	21	3	205
26.8%	61.5%	10.2%	1.5%	100.0%

8.2 It is important to note that the monetary totals included in each column do not reflect an end of year forecast. They represent the total value of individual savings targets that have been assessed as falling within each column.

8.3 The detail behind the assessment is reflected in the budget forecasts included in this report. Where these give rise to variations greater than £100,000, they are separately disclosed in Appendices A-E.

9.0 General Fund Budget Monitoring – Risk Management

9.1 The overall level of risk associated with the budget 2014/15 is assessed as Amber. The six main areas of risk are summarised in the table at Appendix F.

10.0 Revenue Budget Monitoring – Schools Budgets

10.1 In Spring 2012 the government announced their plans to introduce a national funding formula for schools at some point in the next parliament, 2014/15 is the second year of a transitional period as schools move towards the introduction of a new national funding formula.

10.2 In March 2014 the Department for Education announced that the national formula that was due to be introduced in 2015/15 would be postponed for two years.

10.3 Schools funding settlements for 2014/15 have been produced on the basis of the significant reforms introduced and consulted on in 2013/14. These reforms involved:

- Local authorities use simpler formulae to allocate funding to schools.
- Schools must fund the £6,000 of the costs of additional support for Special Educational Needs pupils from their own delegated budgets before approaching the Local authority.
- Minimum Funding Guarantee (MFG) to prevent any setting from losing more than 1.5% per pupil.

- 10.4 2014/15 will continue to be a challenging one particularly for those schools that will again lose funding as a result of funding reform, although the most significant losses in schools for 2014/15 have been as a result of pupil number reductions.
- 10.5 For 2014/15 the overall schools budget as funded by the Dedicated Schools Grant (DSG) will continue to be protected at “cash flat per pupil”, meaning that every local authority has received the same per pupil amount of schools grants as it did in 2013/14 whilst funding for our high needs pupils will be funded at the same cash sum. However in real terms, given current levels of inflation this represents a reduction in real terms for schools.
- 10.6 In addition to the schools budget, funding continues to be available to schools in England through the Pupil Premium. In 2014/15 this will fund schools at:

£

Primary (FSM eligible pupil)	1,300
Secondary (FSM eligible pupil)	935
Service Child	300
Looked after Child	1,900

- 10.7 Indicative allocations for the city suggest the Local Authority will attract £16.9 million for 2014/15 an increase of £4.3 million on 2013/14.
- 10.8 Schools have the freedom to spend the Premium, which is in addition to the underlying schools budget, in a way that they think will best support the raising of attainment for the most vulnerable pupils. From September 2012 the DfE requires schools to publish online information about how they have used the Premium.
- 10.9 Funding for 16-19 provision, is channelled through The Education Funding Agency. Government plans to allocate over £7.2 billion to fund an increased number of places as the raising of the participation age is rolled forward, with transitional protection to assist schools and colleges continuing for 2014/15. Locally it is expected that there will be an overall reduction in funding for the 2014/15 financial year compared to 2013/14.
- 10.10 Schools started the 2014/15 financial year with revenue balances of circa £15.9 million, with only six schools in a deficit position.
- 10.11 Although schools have, to date, been largely protected from the cuts other public services have and continue to face, they and their governing bodies are mindful of the following pressures that they will face whilst working within the constraints of the “cash flat per pupil” increase for the next two years:
- General inflation for supplies and services - the latest Consumer Price Index (CPI) indicates an underlying increase of circa 1.8%

- New energy contracts for schools are likely to see significant increases, with energy costs representing a material element of schools' non staffing expenditure.
- Full effect of Single status costs to be borne by schools in 2014. For many schools this is likely to be material in the long term)
- The large reduction in capital grants has meant that schools will need to make greater contributions to repair and maintenance costs from revenue resources.
- Future pay increases following the current public sector pay freeze.
- Building Schools for the Future (BSF) Programme – affordability and sustainability of the annual Facilities Management (FM)/Life-cycle and ICT Managed Services and PFI Unitary Charge Payment to schools' budgets.

10.12 At the time of writing a significant number of budget plans remain outstanding from schools so it is not possible to provide a comprehensive view on the anticipated use of balances over 2014/15. A further update will be reported to Cabinet (Resources) Panel on schools plans and forecasts for 2014/15 to 2016/17 inclusive.

11.0 Financial Implications

11.1 The financial implications are discussed in the body of the report.
[MH/21072014/S]

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.
[AS/21072014/R]

13.0 Equality Implications

13.1 Under the Equality Act 2010, the council has a statutory duty to pay due regard to the impact of how it carries out its business on different groups of people. This is designed to help the council identify the particular needs of different groups and reduce the likelihood of discrimination on the nine protected characteristics covered in the legislation are:

- Age;
- Disability;
- Gender reassignment;
- Marriage and Civil Partnership;
- Pregnancy and Maternity;
- Race;
- Religion or Belief;
- Sex;
- Sexual Orientation.

13.2 In relation to determining the overall revenue budget for the council there is always a difficult balance to be struck in deciding the levels at which to invest, reduce expenditure and raise income set against the often competing needs of different groups within the Wolverhampton community.

- 13.3 In order to address these complex issues the council operates an open and consultative approach to budget and council tax determination. Year-on-year and medium term spending forecasts are provided to every household and business ratepayer within the city as part of the documentation which accompanies the council tax demand.
- 13.4 Budget consultation meetings have been held with the education community, the business community, the voluntary sector, communities of interest and trade unions. The council's budget consultation approach has also included online surveys and a telephone hotline in order to gain feedback on budget and service priorities.
- 13.5 In determining the budget for 2014/15 considerable focus has been placed on the development of savings proposals. All of these proposals have been subject to an equality analysis screening and where necessary a full equality analysis has been conducted.
- 13.6 The Council is facing a particularly challenging short and medium term financial environment in which savings must be generated and a tight control on spending maintained. This means that a greater focus than ever is necessary to ensure that core equalities commitments are met. In determining the 2014/15 budget particular attention has been given to attempts to lessen any adverse impact of proposals on individuals and communities in most need.
- 13.7 In summary the council's annual budget and medium term financial strategy supports a range of services designed to meet key equalities objectives. A cumulative equalities analysis has been conducted on the overall budget proposals, including the overall impact of job losses. This can be found on the Council's website via the following link: <http://www.wolverhampton.gov.uk/budgetsavings>
- 13.8 Councillors should also be aware that under the Equality Act 2010, they must comply with the Public Sector Equality Duty (PSED) when making budget decisions. What this means in practice is that Councillors must consciously think about the three aims of the public sector equality duty as part of the decision making process, the three aims are to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation;
 - Advance equality of opportunity by removing or minimising disadvantages, meet differing needs and encouraging participation, and
 - Foster good relations between people from different groups.
- 13.9 The Act does not require the council to treat everyone in the same way; sometimes different treatment is required, for example, by making reasonable adjustments to meet the needs of disabled people.
- 13.10 Consideration of equality issues must influence the decisions reached by public bodies including:
- How they act as employers;

- How they develop, evaluate and review policy;
- How they design, deliver and evaluate services, and
- How they commission and procure from others.

13.11 The Brown Principles, established as a result of a legal case concerning Post Offices closures in 2008, provide an important checklist that should be considered when making decisions:

- Decision makers must be made aware of their duty to have due regard to the identified goals;
- Due regard must be fulfilled before and at the time that a particular decision is being considered, not afterwards;
- The duty must be exercised in substance, with rigour and with an open mind. It is not a question of ticking boxes;
- The duty is cannot be delegated; it must be fulfilled by the organisation in question rather than through the use of an external body to do it to the organisation;
- The duty is a continuing one, and
- It is good practice to keep an adequate record showing that it has considered the identified needs.

14.0 Environmental Implications

14.1 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.

15.0 Background Papers

Treasury Management – Annual Report 2013/14 and Activity Monitoring Quarter One 2014/15, report to Cabinet, 23 July 2014.

Managing the Budget Cuts – The Next Phase, report to Cabinet, 25 June 2014.

Voluntary Sector Community Initiatives Grant funding 2014/15 and 2015/16, report to Cabinet, 25 February 2014.

5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, report to Full Council, 6 November 2013.

APPENDIX A

Revenue Budget Monitoring Quarter One - Community

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Older People & Personalisation				
Directorate	47	47	-	
Assistant Director	322	422	100	
Carers Support	1,390	1,290	(100)	
ILS, Telecare & Adaptations	2,335	2,268	(67)	
Older People Assessment & Care	14,158	14,898	740	Overspend across care purchasing budgets,
Older People Provider Management	9,876	9,767	(109)	Forecast under spend on staffing due to
Welfare Rights & Financial Assessment	1,968	1,770	(198)	Forecast under spend on staffing due to vacancies.
Workforce Development	-	-	-	
Housing	1,129	1,004	(125)	Under spend due to revised formula for apportioning costs of services shared by the General Fund and HRA.
Community Centres	807	707	(100)	
Libraries	2,069	2,010	(59)	
Sub Total Older People & Personalisation	34,101	34,183	82	

APPENDIX A

Revenue Budget Monitoring Quarter One – Community

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Health, Wellbeing & Disabilities				
Assistant Director	176	176	-	
Children's Disabilities Commissioning	118	83	(35)	
Disabilities In-House Provision	10,527	10,393	(134)	Forecast under spend on staffing due to vacancies.
Emergency Duty Team	95	111	16	
Housing Support & Social Inclusion	4,876	4,876	-	
Mental Health Care Management	5,297	5,183	(114)	Forecast under spend on staffing due to vacancies.
Short Breaks	543	543	-	
Children With Disabilities	905	982	77	
Learning Disabilities Assessment & Care Management	19,174	19,893	719	Over spend in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures.
Physical Disabilities Assessment & Care Management	6,081	6,305	224	Over spend in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures.
Disabilities Commissioning	1,091	617	(474)	Higher than budgeted income from other organisations.
Families in Focus	-	-	-	
SEN	(95)	(95)	-	
Sub Total Health, Wellbeing & Disabilities	48,788	49,067	279	

APPENDIX A

Revenue Budget Monitoring Quarter One – Community

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Children, Young People & Families				
Assistant Director	1,728	1,728	-	
Children Centres	5,651	5,651	-	
Children in Need	6,960	7,160	200	Higher than budgeted spend forecast across a range of headings, in particular agency staffing and legal fees.
Children Commissioning	468	468	-	
Looked-After Children	29,833	29,833	-	The Families r First programme is forecast to achieve in-year savings that will offset growth in the number of Looked-After Children: this will be kept under review throughout the year.
Social Inclusion & Play	3,709	3,709	-	
Youth Offenders Team	1,344	1,194	(150)	Forecast under spend on staffing due to vacancies.
Business Support	5,395	5,221	(174)	Individual variations below £100,000.
Youth	1,788	1,715	(73)	
Sub Total Children, Young People & Families	56,876	56,679	(197)	

APPENDIX A

Revenue Budget Monitoring Quarter One - Community

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Public Health, Parks and Safeguarding				
Public Health Management	3,738	3,738	-	
Public Health Contracts	15,558	15,558	-	
Public Health Grant	(19,296)	(19,296)	-	
Sport & Leisure Trust	-	-	-	
Parks	393	374	(19)	
Safeguarding	1,989	1,940	(49)	
Sub Total Public Health, Parks and Safeguarding	2,382	2,314	(68)	
Community Initiatives	1,972	1,972	-	
Total Community Directorate	144,119	144,215	96	

APPENDIX B

Revenue Budget Monitoring Quarter One – Delivery

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Delivery Directorate	257	257	-	
Resources				
Assistant Director (Resources)	132	132	-	
Financial Services				
Assistant Director (Finance)	144	144	-	
Corporate Programmes	169	169	-	
Corporate Procurement	229	229	-	
Strategic Financial Services	(206)	(206)	-	
Operational Finance	16	16	-	
Payroll Services	82	82	-	
Risk Management & Insurance	(159)	(159)	-	
Future Work Saving	(805)	(805)	-	
Revenues & Benefits	4,715	4,715	-	
Sub Total Financial Services	4,185	4,185	-	

APPENDIX B

Revenue Budget Monitoring Quarter One – Delivery

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Human Resources	665	665	-	
Audit Services	(159)	(159)	-	
Corporate				
Other Accounts	16,229	16,229	-	
Contribution to Reserve	-			
Sub Total Corporate	16,229	16,229	-	
Legal Services				
Legal Services	(187)	(187)	-	
Local Land Charges	(48)	(48)	-	
Sub Total Legal Services	(235)	(235)	-	
Central Services				
Assistant Director	(9)	(9)	-	
Health & Safety	276	276	-	
Emergency Planning	180	180	-	
Civic & Other Catering	31	31	-	

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APPENDIX B

Revenue Budget Monitoring Quarter One – Delivery

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Schools & Welfare Catering	(868)	(868)	-	
Cleaning of Buildings	49	49	-	
Corporate Landlord	(2,110)	(2,110)	-	
Public Conveniences	372	372	-	
Wholly Owned Company	-	-	-	
ICTS	(2,946)	(2,946)	-	
Multi Functional Devices	200	200	-	
Multi Functional Devices	-	-	-	
Customer Services	125	125	-	
Democratic Services	428	428	-	
Elections	646	646	-	
Members Expenses	3,429	3,429	-	
Mayoral	193	193	-	
Sub Total Central Services	(4)	(4)	-	

APPENDIX B

Revenue Budget Monitoring Quarter One – Delivery

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Environmental Services				
Highways Maintenance	6,313	6,313	-	
School Crossing Patrols	-	-	-	
Grounds Maintenance and Street Scene	8,400	8,400	-	
Landscape & Ecology	29	29	-	
Fleet Services	(2,721)	(2,721)	-	
Passenger Transport	(707)	(707)	-	
Bereavement Services	(1,841)	(1,841)	-	
Parking Services	(990)	(990)	-	
Markets	(817)	(817)	-	
Waste Services	13,991	13,991	-	
Leisure Services	2,253	2,253	-	
Sub Total Environmental Services	23,910	23,910	-	
Total Delivery	44,980	44,980	-	

APPENDIX C

Revenue Budget Monitoring Quarter One – Education and Enterprise

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Partnerships, Economy and				
Assistant Director	244	244	-	
Economic Partnerships and Investment	1,125	1,125	-	
Neighbourhood Services	1,423	1,423	-	
Partnerships Operations and	69	69	-	
Community Safety	471	471	-	
Entertainments and Events	962	962	-	
Culture, Arts and Heritage	1,799	1,799	-	
Sub Total Partnerships, Economy & Culture	6,093	6,093	-	
Regeneration				
Assistant Director	244	244	-	
Transportation	2,611	2,625	14	
Physical Regeneration	(914)	(860)	54	
Housing	938	834	(104)	Acceleration of 2015/16 restructure savings.
Performance and Service Support	819	1,041	222	Administrative restructure will deliver significant savings but not meet full target.

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APPENDIX C

Revenue Budget Monitoring Quarter One – Education and Enterprise

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Planning	1,190	1,100	(90)	Acceleration of 2015/16 restructure savings.
Regulatory Services	2,984	2,798	(186)	Acceleration of 2015/16 restructure savings.
Sub Total Regeneration	7,871	7,781	(90)	
Learning & Achievement				
Assistant Director	247	239	(8)	
Standards & Vulnerable Pupils	1,091	1,528	437	Restructure will deliver savings in 15/16 but residual staffing costs will lead to non-achievement of prior year savings. Home to School Transport Review should reduce the overspend by year end.
School Planning and Resources	5,899	6,164	265	Restructure will deliver savings in 15/16 but residual staffing costs will lead to non-achievement of prior year savings. Home to School Transport Review should reduce the overspend by year end.
Employability Skills and Adult Learning	2,740	2,653	(87)	Staff vacancies.
Net Schools Budgets	(5,354)	(5,354)	-	
Sub Total Schools Skills and Learning	4,623	5,230	607	
Total Education and Enterprise	18,587	19,104	517	Report Pages Page 30 of 34

APPENDIX D

Revenue Budget Monitoring Quarter One – Office of the Chief Executive

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
Office of the Chief Executive				
Chief Executive	205	205	-	
Black Country Transport	29	29	-	
Communications	225	225	-	
Policy Team	1,262	1,262	-	
Political Assistants	112	112	-	
Total Office of the Chief Executive	1,833	1,833	-	

APPENDIX E

Revenue Budget Monitoring Quarter One – Corporate Budgets

Service	2014/15 Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	Reason for Variation
West Midlands Transport Authority Levy	12,600	12,600	-	
Environment Agency Levy	67	67	-	
Looked After Children Budgeted Contingency	2,500	2,500	-	
Provision for Bad Debts	375	375	-	
Interest Payable	10,921	10,921	-	The Treasury Management report presented to Cabinet on 23 July did not reflect savings proposals. They have been reflected in this report, and prudential indicators are currently being reviewed to identify further in-year savings.
Provision for the Redemption of Debt	12,646	12,646	-	
Treasury Management Fees	101	101	-	
Dividends and Interest Receivable	(188)	(188)	-	
Birmingham Airport - Rent	(78)	(78)	-	
Contribution from Southside Reserve	(735)	(735)	-	
Central Provision for increased Pension Costs	2,091	2,091	-	
Cross-cutting Savings Proposals	(2,050)	(2,050)	-	
Redundancy Costs	-	5,000	5,000	Redundancy payments during 2014/15 arising as a result of the Voluntary Redundancy Programme and savings proposals.
Contribution from the Efficiency Reserve	-	(5,000)	(5,000)	Contribution from the Efficiency Reserve to fund the projected redundancy payments during 2014/15.
Other Corporate Budgets	(18)	(18)	-	
Total Corporate Budgets	38,232	38,232	-	

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APPENDIX F

General Fund Budget Risks 2014/15

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 single status and budget management failure.	Amber
Transformation Programme	Risks that might materialise as a result of not identifying savings, not delivering the savings incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering savings and downsizing the workforce.	Amber
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.	Amber
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 during the year e.g. changes in VAT	Amber