



Cabinet (Resources) Panel

25 July 2017

Report title	Revenue Budget Monitoring 2017-2018		
Decision designation	AMBER		
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources		
Key decision	Yes		
In forward plan	Yes		
Wards affected	All		
Accountable director	Keith Ireland, Managing Director		
Originating service	Strategic Finance		
Accountable employee(s)	Claire Nye	Director of Finance	
	Tel	01902 550478	
	Email	claire.nye@wolverhampton.gov.uk	
Report to be/has been considered by	Strategic Executive Board Confident Capable Council	17 July 2017 27 September 2017	

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of £28,000 from the Regeneration Reserve to fund various development works and schemes as detailed at paragraph 5.2.2.
2. Approve the use of £103,000 from the Library Equipment Reserve to support the Libraries transformation improvements following the consultation exercise as detailed at paragraph 5.2.3.
3. Approve the use of £351,000 from the Transformation Reserve to fund various development works and schemes as detailed at paragraph 5.2.4.
4. Approve the use of £1.7 million from the Budget Contingency Reserve to fund budget pressures within Contracts service in Public Health and Wellbeing as detailed at paragraph 5.2.5.

5. Approve the write off of two Non-Domestic Rates (NDR) debts totalling £12,252.96 as detailed in Appendix F.
6. Approve the write off of two housing benefit overpayments totalling £15,465.29 as detailed in Appendix G.
7. Approve the write off of three sundry debts totalling £37,393.22 as detailed in Appendix H.
8. Approve thirteen virements totalling £5.5 million, for transfers within directorates, as detailed in Appendix I.
9. Approve setting up of expenditure budgets within the 2017-2018 approved budget as detailed in paragraph 4.2 for grant funded expenditure.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. That the overall projected outturn for the General Fund for 2017-2018 is an overspend in the region of £2.1 million. All services will be asked to deliver further in year savings in order to address the projected overspend.
2. That projected redundancy costs, including the cost of pension strain, totalling £2.9 million are included in the forecast outturn. The projected costs are subject to change dependent upon the actual redundancies approved by year end. It is anticipated that Capital Receipts flexibility announced by the Secretary of State, will offset the cost of redundancies.
3. That 958 council tax accounts totalling £242,023.55 have been approved by for write off by Director of Finance in accordance with the Council's Financial Procedure Rules.
4. That 53 Non-Domestic Rates (NDR) debts totalling £469,803.06 have been approved by for write off by Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 58 sundry debt accounts totalling £62,890.87 have been approved by for write off by Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 34 housing benefit overpayments totalling £9,354.30 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That a £17.3 million surplus on the Housing Revenue Account (HRA) is projected compared with a budgeted surplus of £16.8 million as shown at Table 9 and in detail at Appendix J. The projected increased surplus of £458,000 will be used to redeem debt in line with the HRA Business Plan.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet (Resources) Panel with a projection of the likely revenue outturn position for the General Fund and Housing Revenue Accounts, compared with the Council's approved revenue budgets for 2017-2018.

2.0 Summary

- 2.1 Overall, the General Fund projected outturn is currently forecast to overspend against the net budget, as analysed in Table 1.

Table 1 – 2017-2018 General Fund Revenue Budget Projected Outturn

	Net Controllable Budget 2017-2018 £000	Projected Outturn 2017-2018 £000	Projected Variation Over/(Under)	
			£000	%
People	118,712	120,531	1,819	1.53%
Corporate	62,010	58,908	(3,102)	-5.00%
Place	39,071	40,944	1,873	4.79%
Education	2,788	4,962	2,174	77.95%
Net Budget Requirement	222,582	225,345	2,763	1.24%
Government Grant (General)	(59,378)	(60,010)	(632)	1.06%
Enterprise Zone Business Rates	(1,790)	(1,790)	-	0.00%
Council Tax	(90,937)	(90,937)	-	0.00%
Business Rates	(70,459)	(70,459)	-	0.00%
Collection Fund Deficit	2,886	2,886	-	0.00%
Business Rates Equalisation Reserves	(2,904)	(2,904)	-	0.00%
Total Resources	(222,582)	(223,214)	(632)	0.28%
Net Budget (Surplus) / Deficit	0	2,131	2,131	0.96%

- 2.2 It is currently forecast that the outturn position for 2017-2018 will be an overspend in the region of £2.1 million. Whilst there are variations across the directorates the forecast overspend primarily has arisen as a result of budget pressures on the Waste and Recycling service budget totalling £1.7 million. It is important to note that it is early in the financial year, and all services will be asked to deliver further in year savings in order to address the projected overspend.
- 2.3 The Council continues to be faced with a challenging projected financial position over the medium term, and significant budget reduction and income generation proposals are required in order to achieve a robust financial position. The Budget 2017-2018 and Medium Term Financial Strategy 2017-2018 to 2019-2020 approved by Full Council on 1 March 2017, identified that the Council would be faced with finding further budget reduction and income generation proposals totalling £20.5 million (£14.8 million for 2018-

2019) over the two year period to 2019-2020. It is important to note that the updated projected budget deficit assumes the achievement of prior year budget reduction and income generation proposals amounting to £33.8 million over the three-year period to 2019-2020.

- 2.4 A report was presented to Cabinet on 19 July 2017, which detailed the outcome of work that has been in progress across all areas of the Council to identify budget reduction and income generation targets to deliver the strategy of identifying £14.8 million for 2018-2019.
- 2.5 An update on the General Fund budget risks is provided at section 6. Overall the risk for 2017-2018 is currently assessed as Amber as the Council has significant budget reductions to deliver and income to achieve.
- 2.6 It is important to note that projected redundancy costs, including the cost of pension strain, totalling £2.9 million are included in the forecast outturn. It is anticipated that Capital Receipts flexibility announced by the Secretary of State, will offset the cost of redundancies.
- 2.7 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of this panel. There are thirteen virements that require approval in this report as detailed in Appendix I.
- 2.8 The most significant factors contributing towards the projected net overspend against the budget are reported on a service-by-service basis in section 3.
- 2.9 The forecast outturn position for the Housing Revenue Account is a surplus of £17.3 million, compared to a budgeted surplus of £16.8 million. The projected additional surplus of £458,000, which is mainly due to a forecast underspend on interest payable, will be used to redeem debt to comply with the Council's approved HRA Business Plan.

3.0 General Fund Revenue Budget Monitoring: Service Analysis

3.1 People

- 3.1.1 A summary of the projected outturn against the People 2017-2018 revenue budget is provided in Table 2, whilst a detailed analysis is provided in Appendix A.

Table 2 – 2017-2018 Revenue Budget Projected Outturn - People

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director including Safeguarding and Strategic Commissioning	7,678	7,623	(55)	-0.71%
Adults Services	63,714	64,555	841	1.32%
Children & Young People	47,291	47,948	657	1.39%
Public Health & Wellbeing	29	405	376	1296.07%
People Total	118,712	120,531	1,819	1.53%

- 3.1.2 Overall a net overspend of £1.8 million (1.53%) is projected for the year. The main factors contributing towards this forecast overspend are:

1. **Strategic Director including Safeguarding and Strategic Commissioning –**
There is a projected net underspend of £55,000 for this service directorate mainly due to a forecast underspend within Strategic Commissioning totalling £300,000 as a result of this service generating efficiencies across contracts. The underspend is offset by a forecast overspend within the Safeguarding service totalling £229,000 as a result of forecast overspends on staffing budgets along with cost pressures on Deprivation of Liberty Safeguards.
2. **Adult Services** - There is a net forecast overspend of £841,000 for Adult Services resulting from various factors including:
 - a. Forecast overspend within Learning Disabilities Care Purchasing totalling £904,000 as a result of cost pressures across care purchasing budgets due to increased demand for support. The forecast assumes that demographic growth funding will be received under a Section 75 agreement.
 - b. Forecast overspend within Physical Disabilities Care Purchasing as a result of cost pressures across care purchasing budgets due to increased demand for support (£538,000).

- c. Forecast overspend on care purchasing budgets due to increased demand for support for Older People Care Purchasing (£366,000). The forecast assumes that demographic growth funding will be received under a Section 75 agreement.

These forecast overspends are offset by projected underspends with the following three services:

- d. The Carer Support service is projecting an underspend of £434,000 as a result of support packages being coded against the individual rather than the carer, therefore the cost will be within other services across Adults, however still meets carers needs.
 - e. The Learning Disability Provider is projecting an underspend due to the restructure of Outreach Service which is offset in part by cost pressures across the service (£123,000).
 - f. The Assessment and Care Management service is projecting an underspend of £398,000 due to unfilled staff vacancies within the service as well as receiving additional income.
3. **Children & Young People** - There is a forecast overspend totalling £657,000 for this service directorate mainly due to forecast overspends within the following services:
- a. Looked After Children is forecasting an overspend on placement budgets totalling £852,000 based on the latest financial modelling, which is partially offset by efficiencies across staffing budgets. Looked After Children numbers are not currently reducing at the rate required to deliver the savings target, however, work is underway to rectify the situation by year end with the aim of delivering a balanced budget. However, due to the extremely challenging nature of this work, there is a sizeable risk that there will be an overspend at year end.
 - b. The Child Protection service is forecasting an overspend totalling £181,000 which is due to increased Section 17 expenditure including No Recourse to Public Funds (NRPF), after taking into account reduction in general expenditure for items such as car allowances and short breaks within the Child Protection service.

The forecast overspends are offset by projected underspends due to one off savings projected on staffing costs within the Early Intervention service due to delays in recruitment (£105,000) and within the Specialist Support service (£118,000) after taking into account a forecast overspend in alternative provision.

4. **Public Health & Wellbeing** - There is a forecast overspend of £376,000 for this service directorate mainly due to a forecast overspend within the Contracts service totalling £376,000 as a result of pressures across contracts arising from slippage on budget reduction targets and reduction in grant allocations. The overspend of £376,000 includes the application of £1.7 million from the Budget Contingency Reserve, which has been created in part from previous underspends in public health, for which approval is sought at this meeting.
- 3.1.3 As stated in paragraph 2.2 all services across the Council will be asked to deliver further in year savings in order to address the forecast overspend.

3.2 Corporate

- 3.2.1 A summary of the projected outturn against the Corporate 2017-2018 revenue budget is provided in Table 3, whilst a detailed analysis is provided in Appendix B.

Table 3 – 2017-2018 Revenue Budget Projected Outturn - Corporate

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Managing Director including Corporate Business Support	1,840	1,592	(248)	-13.50%
Corporate Services	24,731	24,677	(54)	-0.22%
Governance	7,387	7,310	(77)	-1.04%
Corporate Budgets	28,051	25,329	(2,722)	-9.70%
Corporate Total	62,010	58,908	(3,102)	-5.00%

- 3.2.2 Overall a net underspend of £3.1 million (-5.00%) is projected for the year. The main factors contributing towards the projected underspend are:

1. **Managing Director** – There is a projected underspend totalling £248,000 due to unfilled staff vacancies held across the Corporate Business Support service.
2. **Corporate Services** – There is a projected underspend of £54,000 for this service directorate. A managed underspend is projected for Central Corporate Budgets totalling £223,000 to offset a forecast overspend particularly in Commercial Services totalling £222,000 which has arisen as a result of additional resources required to improve contract efficiency and commercialisation. It is anticipated that contract efficiencies will be obtained across the Council.
3. **Governance** – There is a net underspend of £77,000 projected against this service directorate primarily due to a projected underspend on Democratic

Services totalling £131,000. This is due to a combination of factors, including savings generated from the restructure of the Register Office, receipt of government grant and 2017-2018 being a fallow local election year.

4. **Corporate Budgets** - Overall there is a projected underspend of £2.7 million against this budget. There is a projected net underspend of £810,000 against the Treasury Management budget primarily due to changes in interest rates. Projected redundancy costs, including the cost of pension strain, totalling £2.9 million are included in the forecast outturn. It is anticipated that Capital Receipts flexibility announced by the Secretary of State, will offset the cost of redundancies.
- 3.2.3 As stated in paragraph 2.2 all services across the Council will be asked to deliver further in year savings in order to address the forecast overspend.

3.3 Place

- 3.3.1 A summary of the projected outturn against the Place 2017-2018 revenue budget is provided in Table 4, whilst a detailed analysis is provided in Appendix C.

Table 4 – 2017-2018 Revenue Budget Projected Outturn – Place

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director	271	271	-	0.04%
City Economy	8,199	8,362	163	1.99%
Corporate Landlord	7,549	7,484	(65)	-0.86%
Housing	1,673	1,644	(29)	-1.74%
City Environment	21,379	23,183	1,804	8.44%
Place Total	39,071	40,944	1,873	4.79%

- 3.3.2 Overall a net overspend of £1.9 million (4.79%) is projected for the year. The main factors contributing towards this overspend are:

1. **City Economy** – A £163,000 overspend is forecast within this service directorate mainly due to a forecast overspend within Visitor Economy due to reduced income as a result of the Civic Halls closure for refurbishment (£214,000).
2. **Corporate Landlord** – A £65,000 underspend is projected within this service directorate as a result of projected underspends within:

- a. Estates and Valuations totalling £500,000 because of generation of additional rental income.
- b. Corporate Asset Management totalling £257,000 due to reduced expenditure anticipated on utilities.

These underspends are offset by a forecast overspend within the Catering service totalling £590,000 due to slippage in the delivery of budget reduction proposals and reduced income due to the loss of schools catering business (£590,000). The Capital Programmes service is forecasting an overspend due to the budget reflecting budget reduction proposals to be achieved across the Corporate Landlord directorate (£103,000).

3. **City Environment** – A £1.8 million overspend is forecast within this service directorate as a result of forecast overspends within:
 - a. Waste & Recycling Services totalling £1.7 million as a result of budget pressures relating to the delayed transformation of the service and as a result of ongoing contractual dispute with Amey which the Council has not been able to resolve by negotiation and therefore legal proceedings have been issued by the Council in the High Court.
 - b. The Fleet service due to the slippage in the delivery of budget reduction proposals. The overspend pressures are anticipated to be partly offset by planned underspends amounting to £500,000 across the City Environment service directorate.

- 3.3.3 As stated in paragraph 2.2 all services across the Council will be asked to deliver further in year savings in order to address the forecast overspend.

3.4 Education

- 3.4.1 A summary of the projected outturn against the Education 2017-2018 revenue budget is provided in Table 5, whilst a detailed analysis is provided in Appendix D.

Table 5 – 2017-2018 Revenue Budget Projected Outturn - Education

	2017-2018 Controllable Budget £000	2017-2018 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Education	2,788	4,962	2,174	77.95%
Education Total	2,788	4,962	2,174	77.95%

- 3.4.2 Overall a net overspend of £2.2 million (77.95%) is projected for the year. This is largely due to a forecast overspend on the Standards and Vulnerable Pupils service totalling £1.6 million as a result of SEN Out of City educational costs increasing due to additional demand on the provision. Work will be undertaken during this financial year to review the provision and potential funding sources to mitigate the pressure on this service. The School Planning and Resources service is also forecasting an overspend of £586,000 due to an increase in the demand on Special Schools Home to School Transport budget for high need pupils.
- 3.4.3 As stated in paragraph 2.2 all services across the Council will be asked to deliver further in year savings in order to address the forecast overspend.

4.0 Changes to Grant Funded Expenditure

- 4.1 It is not always possible to reflect all grant-funded expenditure in the budget approved by Full Council prior to the start of the financial year. This is due to late notification from grant awarding bodies of grant amounts, and proactive grant applications during the year.
- 4.2 Approval is sought from the Panel to establish expenditure budgets within the 2017-2018 approved budget as set out in the table below, and in accordance with the grant's terms and conditions. This will have no effect on the Council's net revenue budget as the expenditure is fully funded from grant.

Table 6 – Grant Approval Sought from this Panel

Grant Name	Description of the Activities this Grant will Fund	Awarding body	Expenditure 2017-2018 £000
ACE Celebrating Age	Programme of visual arts activities, exhibitions and events to improve engagement with older people.	Arts Council England	91

5.0 Reserves and Balances

- 5.1.1 Overall a net underspend of £266,000 (-0.12%) was achieved against the General Fund net budget requirement of £217.4 million for 2016-2017, after meeting the net cost of redundancy and pension strain, after the use of capital receipt flexibility, and contributions to essential specific reserves. In the Reserves, Provisions and Balances 2016-2017 report presented to Cabinet on 19 July 2017, Cabinet approval is sought to make a contribution of £266,000 to Efficiency Reserve as a result of the General Fund net underspend. The General Fund Balance remains unchanged at £10.0 million.
- 5.1.2 In addition to the General Fund balance, the Council also holds a number of Specific Reserves. The total specific reserves balance at the end of 2016-2017 was £54.6 million which was a reduction of £7.3 million from the balance held at the end of 2015-2016.

5.2 Transfers to/from Specific Reserves

5.2.1 Approval is sought from this meeting for a number of transfers to/from specific reserves, as set out in the following paragraphs. In the event that the use of capital receipts replaces previously approved specific reserve drawdowns as a result of the new capital receipts flexibilities announced by central government, an update will be provided to Cabinet and Council.

5.2.2 Regeneration Reserve

Approval is sought from this meeting for the use of £28,000 from the Regeneration Reserve to fund:

1. A review of City Centre Broadband Infrastructure (£13,000);
2. The costs of a feasibility study in relation to the location of Bilston Library and Craft Gallery as part of the Libraries Transformation Programme (£15,000).

5.2.3 Library Equipment Reserve

Approval is sought from this meeting for the use of £103,000 from the Library Equipment Reserve to support the Libraries transformation improvements following the consultation exercise.

5.2.4 Transformation Reserve

Approval is sought from this meeting for the use of £351,000 from the Transformation Reserve to fund:

1. A Digital Development Officer (What's on Where Website) for 12 Months for Customer Services (£45,000);
2. Business Analyst roles supporting the Corporate Admin Review (£150,000);
3. Assets and Facilities Management Business Analyst for a period of three months for Corporate Business Support (£30,000).
4. Two posts to carry out a C3 project covering new ways of working for Corporate Business Support. The posts will co-ordinate, facilitate and drive the delivery of agile working transformation and culture change within the Council (£98,000).
5. The extension of Post 16 Managers post until the end of July 2017 for Enterprise Service (£28,000).

In the event that the use of capital receipts replaces previously approved specific reserve drawdowns as a result of the new capital receipts flexibilities announced by central government, an update will be provided to Cabinet and Council.

5.2.5 Budget Contingency Reserve

Approval is sought from this meeting to use £1.7 million from the Budget Contingency Reserve to fund budget pressures within Contracts service in Public Health and Wellbeing.

6.0 General Fund Budget Monitoring – Risk Management

- 6.1 The overall level of risk associated with the budget 2017-2018 is assessed as Amber, it is important to note, however, that the Council has significant budget reductions to deliver and income to achieve. The six main areas of risk are summarised in the table at Appendix E.

7.0 Revenue Budget Monitoring – Schools' Budgets

- 7.1 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year 31 May and 31 October. Returns submitted on 31 May estimated that overall balances would reduce by £6.2 million to £2.3 million as shown in Table 7 below.

Table 7 – Projected Movement on Schools' Balances 2017-2018

Sector	Balances as at 31 March 2016 £m	Use of Balances in 2017-2018 £m	Balances as at 31 March 2017 £m
Secondary	(1.1)	0.1	(1.0)
Primary	4.7	(2.6)	2.1
Junior	0.4	(0.3)	0.1
Infant	0.3	(0.3)	-
Nursery	0.8	(0.5)	0.3
Special	1.3	(1.0)	0.3
Pupil Referral Units	2.1	(1.6)	0.5
Total	8.5	(6.2)	2.3

7.2 Schools with Surplus Balances

- 7.2.1 At the end of 2016-2017 maintained schools had balances of £8.5 million. 38 schools were identified as having balances above recognised thresholds detailed in the local scheme (5% for secondary schools and 8% for primary, special and nursery schools). Schools will be reporting their intended use of surplus balances over the coming months and this will be updated at Q3 reporting.
- 7.2.2 The Scheme for Financing Schools establishes an arbitration process to review the Authority's decision and determine if, and to what level, any excess balances should be recovered. This process was invoked to review 2014-2015 surplus balances and 8 schools were subject to review with £85,000 being recovered from one school in 2016-

2017. The panel met again in March 2017 to review the position of a further 4 schools, and the decision was made to recover 50% of the excess balance from a single primary school. Based on the school's outturn, the recovery in respect of 2016-2017 was £26,000.

7.3 Schools in a deficit balance position.

- 7.3.1 As part of its overview of schools in deficit, a Schools under Notice of Concern Board (SuNC) chaired by the Director of Education has been established to review monthly financial information from schools in deficit to evaluate the financial position of the schools. The chair of Schools Forum is also a member of the board. The position currently on schools with anticipated deficits in 2017-2018 is as follows:

Table 7 – Schools with anticipated deficits in 2017-2018

Name	Balance at the end of 2016-2017 £	Anticipated balance at end of 2017-2018 £	Status
Woodfield Junior	104,826	106,904	School with approved licensed deficit and a plan to recover the deficit by March 2017. Expected to convert to Academy in September 2017.
Coppice	207,491	304,968	School with approved licensed deficit and a plan to recover the deficit within a 3 year time frame.
St Matthias	861,280	1,132,101	A deficit recovery plan and application are under discussion with the school.
Woodthorne	203,521	127,740	A licenced deficit budget has been approved.
Castlecroft Primary	(16,933)	66,958	Will require a licensed deficit application if outturn remains as planned.
Claregate Primary	37,571	32,487	Application for licensed deficit in progress.
Long Knowle Primary	(80,155)	23,549	Will require a licensed deficit application if outturn remains as planned.
Merridale Primary	(6,498)	9,760	Licensed deficit will not be required provided the forecast deficit remains below £10,000.
Wodensfield Primary	(10,450)	13,005	Will require a licensed deficit application if outturn remains as planned.

Name	Balance at the end of 2016-2017 £	Anticipated balance at end of 2017-2018 £	Status
Westacre Infant	(121,901)	31,185	Will require a licensed deficit application if outturn remains as planned.
Woodfield Infant	96,469	106,930	Expected to convert to Academy in September 2017.
Penn Hall Special School	(233,096)	54,587	Will require a licensed deficit application if outturn remains as planned.

7.4 Deficits Following Sponsored Academy Conversion

- 7.4.1 The schools surplus or deficit balance on conversion to academy status usually transfers at the same time. However, where the conversion is directed by Department for Education (DfE) through a sponsorship arrangement any deficit remains with the local authority. Such costs must be met from the Authority's General Fund.

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

8.0 Debt Write Offs

- 8.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.
- 8.2 **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.
- 8.3 Overall, 61 debt write offs totalling £100,284.09 have been incurred. All but three valued at £37,393.22 in total, which require the approval of this Panel (see Appendix H), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 8.4 **The Collection Fund** - The City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the receipt of council tax and business rates (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.

- 8.4.1 **Council Tax** – Overall, 958 debt write offs totalling £242,023.55 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 8.4.2 **Non-Domestic Rates (NDR)** – Overall, 55 debt write off totalling £482,056.02 have been incurred. All but two valued at £12,252.96 in total, which require the approval of this Panel (see Appendix F), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 8.5 **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.
- 8.6 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.
- 8.7 Overall, 36 overpayments totalling £24,819.59 have been incurred. All but two valued at £15,465.29 in total, which require the approval of this Panel (see Appendix G), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

9.0 Housing Revenue Budget Monitoring

- 9.1 Table 9 shows the latest forecast revenue outturn against budget for the Housing Revenue account (HRA). The forecast outturn position for the year is a surplus of £17.3 million, compared to a budgeted surplus of £16.8 million. The projected additional surplus of £458,000 will be used to redeem debt to comply with the Council's approved HRA Business Plan.

Table 9 – Housing Revenue Account Projected Outturn 2017-2018

	Budget	Projected	Projected
	£000	£000	£000
Total income	(97,840)	(97,357)	483
Total expenditure	70,074	69,465	(609)
Net cost of HRA services	(27,766)	(27,892)	(126)
Interest payments etc.	10,938	10,606	(332)
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(16,828)	(17,286)	(458)
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	16,828	17,286	458
Balance for the year	-	-	-

- 9.2 Rental income from dwellings is forecast to be lower than budgeted by £500,000, due to higher than anticipated right to buy sales. This is offset by forecast underspends on Repairs and Maintenance (£300,000) and Supervision and Management (£300,000).
- 9.3 Financing costs are forecast to underspend by £300,000, due to the reprofiling of capital schemes resulting in a reduced interest charge.

10.0 Financial Implications

- 10.1 The financial implications are discussed in the body of the report.
[MH/17072017/U]

11.0 Legal Implications

- 11.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.
[RB/14072017/B]

12.0 Equality Implications

- 12.1 This report provides details of the projected outturn for 2017-2018. The necessary equalities analyses were carried out as part of the preparations for setting the 2017-2018 budgets, and will similarly form part of the requisite pre-work for 2018-2019.

13.0 Environmental Implications

- 13.1 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.

14.0 Background Papers

Reserves, Provisions and Balances 2016-2017, report to Cabinet, 19 July 2017.

Revenue Budget Outturn 2016-2017, report to Cabinet, 19 July 2017.

2017-2018 Budget and Medium Term Financial Strategy 2017-2018 to 2019-2020, report to Cabinet, 22 February 2017.

Draft Budget and Medium Term Financial Strategy 2017-2018 to 2019-2020, report to Cabinet, 19 October 2016.

Budget 2016-2017 and Medium Term Financial Strategy 2016-2017 to 2019-2020, report to Full Council, 2 March 2016.

APPENDIX A

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Strategic Director People including Safeguarding			-	
Strategic Director People	274	290	16	
Safeguarding	2,169	2,398	229	An overspend is forecast mainly due to cost pressures on staffing budgets of approximately £170,000 along with cost pressures on Deprivation of Liberty Safeguards (DoLS) totalling £60,000.
Strategic Commissioning	5,235	4,935	(300)	An underspend is forecast as a result of generating efficiencies across contracts
Total Strategic Director People including Safeguarding	7,678	7,623	(55)	

APPENDIX A

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Adult Services			-	
Better Care Fund	-	-	-	
Business Support	40	40	-	
Carer Support	1,247	813	(434)	The Carer Support service is projecting an underspend of £434,000 as a result of support packages being coded against the individual rather than the carer, therefore the cost will be within other services across Adults, however still meets carers needs.
Emergency Duty Team	412	458	46	
Welfare Rights & Financial Assessment	1,602	1,566	(36)	
Community Support	901	895	(6)	
Learning Disability Provider	5,078	4,955	(123)	A projected underspend of £200,000 is due to the restructure of Outreach Service which is offset in part by cost pressures across the service totalling £60,000.
Older People Provider Services	4,077	4,049	(28)	
Independent Living Service	2,899	2,887	(12)	
Quality Assurance and Policies	359	342	(17)	
Assessment and Care Management	1,465	1,067	(398)	A one-off underspend is projected due to unfilled staff vacancies within this service as well as receiving additional income.
Mental Health Assessment & Care Management	3,927	3,921	(6)	
Older People Care Purchasing	19,187	19,553	366	An overspend is forecast as a result of cost pressures across care purchasing budgets due to increased demand for support. The forecast assumes that Demographic growth funding will be received under a Section 75 agreement.
Learning Disabilities Care Purchasing	15,851	16,755	904	An overspend is forecast as a result of cost pressures across care purchasing budgets due to slippage on budget reduction targets. The forecast assumes that Demographic growth funding will be received under a Section 75 agreement.
Physical Disabilities Care Purchasing	4,396	4,934	538	An overspend is forecast as a result of cost pressures across care purchasing budgets due to increased demand for support.
Service Director Adults	2,273	2,320	47	
Total Adult Services	63,714	64,555	841	

APPENDIX A

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Children & Young People				
Service Director Children & Young People	972	920	(52)	Savings against external contracts budget of £103,000.
Child Protection	9,232	9,413	181	An overspend is forecast as a result of budget pressures due to increased Section 17 expenditure including No Recourse to Public Funds (NRPF) totalling £252,000. The forecast overspends are partially offset by reduction in general expenditure for items such as car allowances and short breaks.
Early Intervention	4,317	4,212	(105)	An underspend is projected mainly as a result of one-off savings on staffing costs due to delays in recruitment totalling £102,000.
Early Years	524	524	-	
Inclusion Support	578	554	(24)	
Looked After Children	27,630	28,482	852	Projected overspend against Looked After Children placement budget based on latest financial modelling, partially offset by efficiencies across staffing budgets. Looked After Children numbers are not currently reducing at the rate required to deliver the savings target, however, work is underway to rectify the budget situation by year end with the aim of delivering a balanced budget. However, due to extremely challenging nature of this work, there is a sizeable risk that there will be an overspend at year end.
Specialist Support	2,794	2,676	(118)	An underspend is projected as a result of one-off savings on staffing costs totalling £194,000. This underspend is offset by a forecast overspend within Alternative Provision totalling £80,000.
Youth Offending	1,244	1,167	(77)	
Total Children & Young People	47,291	47,948	657	

APPENDIX A

Revenue Budget Monitoring – People

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Public Health & Wellbeing				
Service Director Public Health & Wellbeing	-		-	
Business Continuity & Emergency Planning	6	6	0	
Commissioning	-		-	
Community Safety	23	23	(0)	
Contracts	-	376	376	The overspend is forecast as a result of pressures across this service arising from slippage on budget reduction targets and due to reduction in grant allocation. The forecast overspend takes into account the application of £1.7 million from the Budget Contingency Reserve, which has been created in part from previous underspends in public health, for which approval is being sought from this meeting.
Health Protection & NHS Facing	-		-	
Healthier Places Service	-		-	
Intelligence & Evidence	-		-	
Management and Administration	-		-	
Sports Development	-		-	
Transformation - Public Health	-		-	
Total Public Health & Well Being	29	405	376	
Total People Directorate	118,712	120,531	1,819	

APPENDIX B

Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Managing Director				
Managing Director	209	209	(0)	
Corporate Business Support	1,631	1,383	(248)	The underspend is forecast due to unfilled staff vacancies held across the service.
Total Managing Director	1,840	1,592	(248)	

APPENDIX B

Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Corporate Services				
Finance Director	155	155	(0)	
Audit Services	2,012	1,957	(55)	
Central Corporate Budgets	4,713	4,490	(223)	A managed underspend is projected to offset forecast overspends within the Directorate.
Commercial Services	651	873	222	The forecast overspend within this service has arisen as a result of additional resources required to improve contract efficiency and commercialisation. It is anticipated that contract efficiencies will be obtained across the Council.
Corporate Communications	1,812	1,813	1	
Customer Services	3,025	3,025	0	
ICTS	4,915	4,915	(0)	The ICTS forecast includes revenue expenditure for the Digital Transformation Programme. It is anticipated that this expenditure will be capitalised under the capital receipt flexibility announced by the Secretary of State. The service is also seeking to generate additional income from recharges to external bodies.
Leisure Services	1,165	1,165	(0)	Early indications have shown that there is a potential pressure within this area, but it will be monitored closely throughout the financial year.
Revenues & Benefits	2,266	2,266	0	
Service Improvement	87	87	0	
Strategic Finance	2,384	2,384	0	
The Hub	1,547	1,547	0	
Total Corporate Services	24,731	24,677	(54)	

APPENDIX B

Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Governance				
Democratic Services	2,470	2,339	(131)	The underspend projected is due to a combination of factors, including savings generated from the restructure of the Register Office, receipt of government grant and 2017-2018 being a fallow local election year.
Director of Governance	201	201	0	
Governance Services	530	518	(12)	
Human Resources	3,094	3,094	0	
Legal Services	2,208	2,208	0	
Licensing	(423)	(423)	(0)	
Markets	(692)	(627)	65	
Total Governance	7,387	7,310	(77)	

APPENDIX B

Revenue Budget Monitoring – Corporate

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Corporate Budgets				
Treasury Management Budgets	16,337	15,527	(810)	The underspend is projected due to change in interest rates.
Central Provision for Auto-enrolment and Pay Award Costs	2,759	2,759	-	
West Midlands Transport Levy	10,912	10,912	-	
Environment Agency Levy	71	71	-	
Provision for Bad Debts	-	-	-	
Birmingham Airport - Rent	(69)	(69)	-	
Gross Redundancy Costs	-	2,900	2,900	Projected redundancy payment due in 2017-2018 arising as a result of the voluntary redundancy programme.
Capital Receipts Flexibility - Redundancy Costs	-	(2,900)	(2,900)	In December 2015, the Secretary of State announced that from 1 April 2016 capital receipts may be used for revenue transformational projects. It is currently anticipated that capital receipts totalling £2.9 million will be used to offset reorganisation costs.
Apprenticeship Levy	800	800	-	
Other Corporate / Transformation Budgets and Contingencies	2,953	1,041	(1,912)	The underspend against this budget will help to offset overspends within other directorates.
Cross-cutting savings proposals	(2,601)	(2,601)	-	
Corporate Adjustments	439	439	-	
Contribution from the Budget Contingency Reserve re special dividend from Birmingham Airport	(3,550)	(3,550)	-	
Total Corporate Budgets	28,051	25,329	(2,722)	
Total Corporate Directorate	62,010	58,908	(3,102)	

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Strategic Director Place				
Strategic Director Place	271	271	-	
Total Strategic Director Place	271	271	-	

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
City Economy				
Adult Education	(145)	(145)	0	
City Development	635	635	0	
Enterprise	858	858	0	
Library Services	1,685	1,662	(23)	
Planning	922	907	(15)	
Service Director City Economy	135	135	0	
Skills	2,837	2,824	(13)	
Visitor Economy	1,272	1,486	214	An overspend is forecast as it reflects reduced income as a result of Civic Halls closure for refurbishment.
Total City Economy	8,199	8,362	163	

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Corporate Landlord				
Capital Programme	(86)	17	103	An overspend is forecast due to the budget reflecting budget reduction proposals to be achieved across Corporate Landlord.
Catering	(1,522)	(932)	590	An overspend is forecast due to the slippage in the delivery of budget reduction proposals and reduced income due to the loss of schools catering business.
Cleaning	939	939	-	
Corporate Asset Management	8,103	7,846	(257)	An underspend is projected due to the reduced expenditure anticipated on utilities.
Corporate Landlord Support	519	519	-	
Estates and Valuations	(3,063)	(3,563)	(500)	An underspend is projected as it is reflecting the generation of additional rental income.
Facilities Management	884	884	-	
Head of Corporate Landlord	107	107	-	
Maintenance Programme	1,667	1,667	-	
Total Corporate Landlord	7,549	7,484	(65)	

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
City Housing				
Housing	1,673	1,644	(29)	
Total City Housing	1,673	1,644	(29)	

APPENDIX C

Revenue Budget Monitoring – Place

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
City Environment				
Service Director City Environment	171	171	-	
Bereavement Services	(2,487)	(2,438)	49	
Environmental Maintenance	6,531	6,531	-	
Fleet Services	(901)	(468)	433	An overspend is forecast due to the slippage in the delivery of budget reduction proposals.
Highways Maintenance	2,035	2,035	-	
Landscape	26	26	-	
Operation & Maintenance of Existing Network	1,014	1,014	-	
Parking Services	(2,918)	(2,837)	81	
Public Protection	1,998	1,998	-	
Street Lighting	2,722	2,722	-	
Transportation	645	645	-	
Waste and Recycling Service	12,542	14,284	1,742	An overspend is forecast due to budget pressures relating to the delayed transformation of the service as a result of ongoing contractual dispute with Amey which the Council has not been able to resolve by negotiation and therefore legal proceedings have been issued by the Council in the High Court.
City Environment	-	(500)	(500)	Planned underspends to offset pressures in City Environment.
Total City Environment	21,379	23,183	1,804	
Total Place Directorate	39,071	40,944	1,873	

APPENDIX D

Revenue Budget Monitoring – Education

Service/Budget	2017-2018 Controllable Budget £000	2017-2018 Controllable Forecast £000	2017-2018 Forecast Variance £000 Q1	Reason For Variance
Director of Education	-			
Director of Education	240	240	-	
School Planning & Resources	3,395	3,981	586	An overspend is forecast due to an increase in demand on Special Schools Home to School Transport budget for high need pupils.
Schools	(1,630)	(1,630)	-	
Standards and Vulnerable Pupils	784	2,371	1,587	An overspend is forecast for SEN Out of City educational costs due to additional demand on the provision. Work will be undertaken during this financial year to review the provision and potential funding sources to mitigate the pressure on this service.
Total Director of Education	2,788	4,962	2,174	

APPENDIX E

General Fund Budget Risks 2017-2018

Risk	Description	Level of Risk
Medium Term Forecasting	Risks that might materialise as a result of the impact of non-pay inflation and pay awards, uptake of pension auto enrolment, Equal Pay.	Amber
Budget Management	Risks that might materialise as a result of loss of key personnel or loss of ICTS facilities	Green
Transformation Programme	Risks that might materialise as a result of not identifying budget reductions, not delivering the reductions incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering budget reductions and downsizing the workforce.	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. The risk of successful appeals against business rates.	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 including changes in VAT and taxation rules and, in particular, from the Care Bill.	Red

APPENDIX F

NDR Write offs to be approved by Cabinet (Resources) Panel

Account number	Reason for write-off	Total
5109537	No Trace	£6,668.00
5111996	No Trace	£5,584.96
	Total	£12,252.96

APPENDIX G

Housing Benefit Write offs to be approved by Cabinet (Resources) Panel

Account Number	Write off reason	Amount
47244	Deceased (no estate)	£ 9,925.32
85175	Deceased (no estate)	£ 5,539.97
	Total	£ 15,465.29

APPENDIX H

Sundry Write offs to be approved by Cabinet (Resources) Panel

Account Number	Write off reason	Amount
16025290	Write off - Debtor deceased	£5,992.70
16015470	Write off - Final Settlement	£11,400.47
16038993	Write off - Uneconomic to pursue	£20,000.05
	Total	£37,393.22

APPENDIX I

General Fund Budget Virements

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
Adults	Service Director Adults	Adults	Older People Care Purchasing	1,768	Allocation of additional Adults Social Care monies
Adults	Service Director Adults	Adults	Learning Disabilities Care Purchasing	2,300	Allocation of additional Adults Social Care monies
Corporate	Governance Services	Corporate	Corporate Business Support	88	Transfer of posts between services.
Corporate	The Hub	Corporate	Customer Services	402	Transfer of posts to support Customer Services Transformation.
Corporate	Corporate Communications	Corporate	ICTS	203	Transfer of software budget and associated post.
Corporate	Corporate Communications	Corporate	Corporate Communications	16	Transfer of part of corporate marketing budget to support employee structure change.
Place	Bereavement Services	Corporate	Democratic Services	223	Transfer of part of Coroners budgets.
People	Service Director Adults	Corporate	Customer Services	92	Reallocation of Customer Services transformation programme savings target.
People	Service Director Children & Young People	Corporate	Customer Services	68	Reallocation of Customer Services transformation programme savings target.
Place	Strategic Director Place	Corporate	Customer Services	167	Reallocation of Customer Services transformation programme savings target.
Corporate	Central Corporate Budgets	Corporate	Customer Services	166	Reallocation of Customer Services transformation programme savings target.
People	Service Director - Children & Young People	Corporate	HR Advice	21	Transfer from non staffing (professional fees) budget to staffing budget to fund 18.5hours Recruitment and Retention Officer for Children's Social Care.
People	Children with Disabilities	People	Children with Disabilities	14	Transfer from non staffing (professional fees) budget to staffing budget to part fund Senior Practitioner post.
			Total	5,528	

APPENDIX J

Housing Revenue Account Budget Monitoring

	2017-2018 Budget £000	2017-2018 Forecast Outturn £000	2017-2018 Forecast Variance £000
Income			
Gross rents – dwellings	(91,261)	(90,918)	343
Gross rents – non dwellings	(923)	(911)	12
Charges to tenants for services and facilities	(5,656)	(5,528)	128
Total income	(97,840)	(97,357)	483
Expenditure			
Repairs and maintenance	26,104	25,773	(331)
Supervision and management	19,172	18,894	(278)
Rents, rates and taxes	435	435	-
Increase in provision for bad debts	2,250	2,250	-
Depreciation of fixed assets	22,113	22,113	-
Total expenditure	70,074	69,465	(609)
Net cost of HRA services	(27,766)	(27,892)	(126)
Interest payable	11,095	10,737	(358)
Interest and investment income	(37)	(11)	26
Adjustment for premiums and discounts	(120)	(120)	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(16,828)	(17,286)	(458)
Allocation of (surplus)/deficit			
Provision for redemption of debt	16,828	17,286	(458)
Balance for the year	-	-	-