



# Cabinet (Resources) Panel

## 11 November 2014

<b>Report title</b>	Revenue Budget Monitoring 2014/15 – Quarter Two	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Roger Lawrence Leader of the Council	Councillor Andrew Johnson Resources
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Managing Director Sarah Norman, Community Tim Johnson, Education and Enterprise	
<b>Originating service</b>	Strategic Financial Services	
<b>Accountable employee(s)</b>	Mark Taylor Tel Email	Assistant Director Finance 01902 556609 <a href="mailto:mark.taylor@wolverhampton.gov.uk">mark.taylor@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Strategic Executive Board	23 October 2014

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### Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of £100,000 from the Efficiency Reserve to fund: the final costs associated with the creation of the temporary staffing agency (£25,000), and to undertake a review of empty homes (£25,000).
2. Approve the use of £733,000 from the Regeneration Reserve to fund various regeneration priorities as detailed in table 9.

3. Approval is sought for the use of £400,000 from the Transformation Reserve to help achieve the reduction in the subsidy to Leisure Services. The initial priority areas for revenue investment include: external signage for all sites using the new brand image, internal directional signage for all facilities, staff uniforms using the new brand image and repairs and maintenance.
4. Approve the establishment of expenditure headings within the 2014/15 approved budget for grant funding streams obtained within the year (paragraphs 4.0 to 4.2).
5. Approve the write off of one Housing Benefit overpayment that exceeds £5,000, as detailed in paragraph 9.1.
6. Approve virements totalling £30,000 as detailed in paragraph 3.1.3.

**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 £3.3 million (1.32%) 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. That schools have submitted budget plans, approved by governing bodies, for the current financial year which forecast that they will use £7.1 million of reserves and that in total they will end the year with balances of approximately £8.9 million.

## 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 two of the financial period.

## 2.0 Summary

- 2.1 Overall a net over spend of £3.3 million (1.32%) 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**

	Net Controllable Budget 2014/15 £000	Projected Outturn 2014/15 £000	Projected Variation Over/(Under)	
			£000	%
Community	136,458	139,637	3,179	2.33%
Delivery	59,728	59,698	(30)	-0.05%
Education and Enterprise	13,106	13,229	123	0.94%
Office of the Chief Executive	2,594	2,594	-	0.00%
Corporate Budgets	35,865	31,465	(4,400)	-12.27%
<b>Net Budget Requirement</b>	<b>247,751</b>	<b>246,623</b>	<b>(1,128)</b>	<b>-0.46%</b>
Government Grant (General)	(161,741)	(161,741)	-	0.00%
Council Tax	(76,567)	(76,567)	-	0.00%
Collection Fund Deficit	700	700	-	0.00%
<b>Total Resources</b>	<b>(237,608)</b>	<b>(237,608)</b>	<b>-</b>	<b>0.00%</b>
<b>Use of General Balances</b>	<b>(10,143)</b>	<b>(5,743)</b>	4,400	43.38%
<b>Net Budget (Surplus) / Deficit</b>	<b>-</b>	<b>3,272</b>	<b>3,272</b>	<b>1.32%</b>

- 2.2 The Council continues to be faced with a 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 22 October 2014, detailed the current projections and the remaining projected budget deficit, after savings identified to date, of £37 million. This projection was based upon the outturn position forecast in the Quarter One Revenue Budget Monitoring Report adjusted for the £2.5 million additional redundancy cost shown above in Corporate Budgets.
- 2.3 The budget shown in this report reflects the acceleration of existing and additional 2014/15 savings proposals equating to £1.7 million approved by Cabinet on 25 June. These savings will reduce the call on general fund reserves this financial year.

- 2.4 In order to support the savings programme in rebuilding general reserves it is proposed that expenditure during the remainder of 2014/15 be restricted to that which is essential to enable the Council to undertake its planned level of services.
- 2.5 Schools have submitted budget plans, approved by governing bodies, for the current financial year which show a reduction in end of year balances. They forecast that schools will use £7.1 million of reserves and that they will end the year with balances of approximately £8.9 million. Plans are currently being revised and an update will be reported to a future meeting of Cabinet (Resources) Panel.
- 2.6 An update on the General Fund budget risks is provided at section 9. Overall the risk for 2014/15 is currently assessed as amber.
- 2.7 It is important to note that projected redundancy costs of £7.5 million are included in the forecast outturn, and will be funded by a contribution from the Efficiency Reserve. The projected costs are subject to change dependent upon the actual redundancies approved by year end.
- 2.8 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 is one virement that requires approval during this quarter, as detailed in paragraph 3.1.3.
- 2.9 The most significant factors contributing towards the projected overspend against the budget are reported on a service-by-service basis in section 3.

### 3.0 General Fund Revenue Budget Monitoring: Service Analysis

#### 3.1 Community

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

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

	Controllable Budget 2014/15  £000	Projected Outturn  £000	Projected Variation	
			Over/(Under) £000	%
Older People & Personalisation	32,723	33,479	756	2.31%
Health, Wellbeing & Disabilities	48,136	48,104	(32)	-0.07%
Children, Young People & Families	51,857	54,188	2,331	4.50%
Public Health, Parks and Safeguarding	2,302	2,426	124	5.39%
Community Initiatives	1,440	1,440	-	0.00%
<b>Community Total</b>	<b>136,458</b>	<b>139,637</b>	<b>3,179</b>	<b>2.33%</b>

- 3.1.2 Overall a net overspend of £3.2 million (2.33%) is projected for the year. The main factors contributing towards the forecast overspend are:

- Older People & Personalisation** - There is a forecast overspend of £1.6 million across care purchasing budgets for older people, which in part has been offset by underspends due to staff vacancies across the assistant directorate.
- Health, Wellbeing & Disabilities** - There is a forecast overspend of £490,000 in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures. This overspend has been offset by staffing vacancies within the assistant directorate.

Work is continuing to develop and implement the Promoting Independence programme, which will reduce total expenditure on care packages and thereby offset the forecast over spend in both Older People and Health, Wellbeing and Disabilities.

- Children, Young People & Families** - There is a forecast net over spend of £2.3 million within the assistant directorate, which has arisen primarily as a result of a continued increase in the number of Looked After Children

placements equating to £3.0 million, in addition to increased costs associated with adoption and guardianship, and fostering allowances totalling £738,000. Additional income from the Clinical Commissioning Group and the Special Educational Needs service has helped to partly offset the overspend.

Families R First continues to make progress. The number of Looked After Children has held steady since March with recent weeks showing more children leaving than entering care. Once this trend is clearer it will be possible to determine what the final overspend will be this year and what savings are achievable in 15/16, and therefore whether the current target needs to be revised.

- 3.1.3 In accordance with the Council's financial procedure 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. The panel are requested to approve a transfer of £30,000 to an Employee budget from an Other Controllable Expenditure heading within the Special Educational Needs (SEN) service. This virement will enable recruitment to a full-time SEN Officer post rather than the part-time SEN Officer post, which is currently held vacant in the establishment.

## 3.2 Delivery

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

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

	Controllable Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Delivery Directorate	351	226	(125)	-35.61%
Audit Services	940	940	-	0.00%
Central Services	9,149	9,149	-	0.00%
Corporate Landlord	9,392	9,487	95	1.01%
Corporate Procurement Unit	707	707	-	0.00%
Environmental Services	22,846	22,846	-	0.00%
Financial Services	9,856	9,856	-	0.00%
Human Resources	3,993	3,993	-	0.00%
Legal Services	2,494	2,494	-	0.00%
<b>Delivery Total</b>	<b>59,728</b>	<b>59,698</b>	<b>(30)</b>	<b>-0.05%</b>

3.2.2 Overall a net underspend of £30,000 (-0.05%) is projected for the year. This is largely as a result of a projected underspend within the Delivery directorate due to a voluntary redundancy that has taken place. This underspend however, has partly been offset by an overspend within Corporate Landlord. The directorate will continue to identify all opportunities to deliver in year savings in order to assist with the Council's financial challenge.

### 3.3 Education and Enterprise

3.3.1 A summary of the projected outturn against the Education and Enterprise 2014/15 revenue budget, as at the end of quarter two, 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**

	Controllable Budget 2014/15  £000	Projected Outturn  £000	Projected Variation	
			Over/(Under) £000	%
Directorate	290	290	-	0.00%
Partnerships, Economy and Culture	6,882	6,882	-	0.00%
Regeneration	6,039	5,727	(312)	-5.17%
Learning & Achievement	(105)	330	435	-414.29%
<b>Education &amp; Enterprise Total</b>	<b>13,106</b>	<b>13,229</b>	<b>123</b>	<b>0.94%</b>

3.3.2 Overall a net overspend of £123,000 (0.94%) is projected for the directorate which is a reduction from the overspend of £517,000 projected at Quarter One. 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 School Planning & Resources service and the assistant directorate, in addition to the under achievement of income for the Standards & Vulnerable Pupils service. This overspend has in part been offset by underspends within Regeneration arising from vacant posts pending phased restructure arrangements.

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

### 3.4 Office of the Chief Executive

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

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

	Controllable Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Chief Executive	202	202	-	0.00%
Black Country Transport	29	29	-	0.00%
Communications and Marketing	874	874	-	0.00%
Corporate Policy	1,489	1,489	-	0.00%
<b>Office of the Chief Executive Total</b>	<b>2,594</b>	<b>2,594</b>	<b>-</b>	<b>0.00%</b>

- 3.4.2 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.

### 3.5 Corporate Budgets

- 3.5.1 A summary of the projected outturn against 2014/15 corporate revenue budgets, as at the end of quarter two, is shown in Appendix E.
- 3.5.2 Overall it is anticipated that the forecast spend will be in line with budget, with the exception of redundancy costs to be funded from general balances. 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 £7.5 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 £7.5 million from General Balances to the Efficiency Reserve as detailed in table 8.
- 3.5.3 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.



#### 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 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 2014/15 £000
<b>Community</b>			
Care Act Implemenation	To support the implemenation of the Care Act	Department of Health	125
<b>Education and Enterprise</b>			
European Regional Development Fund - Black Country Broadband Plan	Business support packages to enable Small/Medium Enterprises to capitalise on superfast broadband opportunities available to them.	Department for Communities and Local Government	250
Heritage Lottery Fund - Jewish Burial Sites	Securing Wolverhampton's Jewish Burial Site and establishing a trust for the ongoing maintenance of the site.	Heritage Lottery Fund	10
Heritage Lottery Fund - Townscape Heritage Initiative	Development of the full business case for a City Centre Townscape Heritage Initiative	Heritage Lottery Fund	40
<b>TOTAL</b>			<b>425</b>

#### 5.0 Reserves and Balances

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

**Table 8 – Projected Uncommitted General Fund Reserves at 31 March 2015**

	£000
<b>Balance as at 1 April 2014</b>	<b>27,000</b>
Budgeted Use of General Balances	(10,143)
In year Minimum Revenue Provision saving transferred into General Balances	4,400
Quarter Two Projected Overspend	(3,272)
Transfer to the Efficiency Reserve (to fund redundancy costs)	(7,500)
<b>Projected Balance as at 31 March 2015</b>	<b>10,485</b>

- 5.3 The projected outturn position as at quarter two of 2014/15 would result a closing position of £10.5 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.
- 5.4 **Other Transfers to/from Earmarked Reserves**
- 5.4.1 Approval is sought from this meeting for a number of other transfers to/from earmarked reserves, as set out in the following paragraphs.
- 5.4.2 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.
- 5.4.3 Approval is sought from this meeting for the use of £25,000 from the Efficiency Reserve to fund the final costs associated with the creation of the temporary staffing agency.
- 5.4.4 Approval is also sought for the use of £75,000 from the Efficiency Reserve to undertake a review of empty homes to secure additional New Homes Bonus.
- 5.4.5 The Regeneration Reserve was specifically established to support important regeneration priorities within the city. Approval is sought from this meeting for the use of £733,000 from the Regeneration Reserve, to fund regeneration expenditure as outlined in the table 9 overleaf.

**Table 9 – Regeneration Reserve**

	(Use of/ Addition to Reserve £000	Balance £000
<b>Balance as at 1 April</b>		<b>1,908</b>
<u>Previously Approved</u>		
Cabinet Resources Panel - 29 July 2014		(658)
Cabinet - 23 July 2014 Southside Delivery Strategy		(170)
<u>Approval Sought from this Meeting</u>		
Match funding required to leverage £40,000 HLF funding for the development of bid to secure additional external funding.	(10)	
State aid and due diligence reports to assist businesses to apply for grant funding.	(30)	
Options for relocating Bilston Craft Gallery.	(10)	
Invest Black Country - To fund the Council's contribution towards the Invest Black Country project, whereby all 4 Black Country Councils are investing in joint inward investment programme.	(45)	
Regional Growth Fund (Growing Priorities Sectors) Contribution - Contribution towards administration and set up costs for Sandwell's Black Country wide bid for £11.0 million from the Regional Growth Fund.	(10)	
Civic Halls & Lighthouse Media Centre - support in advance of Improvement Programme.	(175)	
To fund i54 Western Extension Feasibility Study works.	(150)	
To support the cost of professional advice in relation to the Casino appraisal process.	(28)	
To support the re-decoration of the Grand Theatre.	(50)	
Westside Masterplanning and support for initial phase of development.	(225)	
		(733)
<b>Forecast Balance as at 31 March 2015</b>		<b>347</b>

5.4.6 The Transformation Reserve was specifically established to progress the Confident Capable Council Transformation Strategy and deliver efficiencies.

5.4.7 A fundamental business review of Leisure Services has been undertaken which has covered operational performance and identified opportunities for increases in the generation of income. This will significantly reduce the current level of subsidy of £2 million. The new business approach has a focus on introducing a strong commercial

model in order to maximise the income potential of the business. To help achieve the reduction in subsidy capital and revenue investment will be required.

- 5.4.8 Approval is sought for the use of £400,000 from the Transformation Reserve to help achieve the reduction in the subsidy to Leisure Services. The initial priority areas for revenue investment include: external signage for all sites using the new brand image, internal directional signage for all facilities, staff uniforms using the new brand image and repairs and maintenance.

## 6.0 General Fund Transformation Programme

- 6.1 The total savings target value for the 205 individual proposals included in the 2014/15 to 2018/19 Medium Term Financial Strategy, which was approved by Council on 5 March 2014, was £66.7 million. Of this, £21.3 million is deliverable in the 2014/15 financial year, with the balance of £45.4 million falling due in the period 2015/16 to 2018/19.
- 6.2 The table below provides an overview of the Council's forecast performance against the current year's savings targets as at mid October 2014.

**Table 10 – 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
10,171	8,127	2,927	150	21,375
47.6%	38.0%	13.7%	0.7%	100.0%
No.	No.	No.	No.	No.
87	94	19	5	205

- 6.3 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.
- 6.4 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.

## **7.0 General Fund Budget Monitoring – Risk Management**

- 7.1 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.

## **8.0 Revenue Budget Monitoring – Schools Budgets**

- 8.1 Cabinet (Resources) Panel received a report on 9 September 2014 detailing the level of Schools Balances.
- 8.2 At the end of the 2013/14 financial year schools' revenue balances stood at £15.9 million. This is a reduction of £1.5 million on the previous year's position. However £1.3 million of this reduction relates to the transfer of reserves to schools that converted to academy status during 2013/14.
- 8.3 Cabinet (Resources) Panel received a report on the schools licenced deficit scheme on 21 October 2014. Schools have submitted budget plans, approved by governing bodies, for the current financial year which show a reduction in end of year balances. They forecast that schools will use £7.1 million of reserves and that they will end the year with balances of approximately £8.9 million. Plans are currently being revised and an update will be reported to a future meeting of Cabinet (Resources) Panel.

## **9.0 General Fund Corporate Income – Write-Offs**

- 9.1 In accordance with the financial procedure rules, approval from Cabinet (Resources) Panel is required in relation to any write offs of overpaid benefit in excess of £5,000. During the period from April to mid-October, one case has been identified with a value of £5,018.44, and requires approval by this panel for write-off. Full details are provided at Appendix G. In general, overpaid benefit is written off in cases of hardship caused either by medical, personal or financial circumstances, where the debtor has died or where the debtor cannot be traced.
- 9.2 In addition, £1,116 of overpaid benefit debts have been approved for write-off by the Assistant Director Finance from April to mid-October (made up of individual debts not exceeding £5,000).

## **10.0 Financial Implications**

- 10.1 The financial implications are discussed in the body of the report.  
[MH/16102014/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 balance budget and monitor the financial position throughout the year.  
[RB/30102014/I]

## **12.0 Equality Implications**

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 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.
- 12.5 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.
- 12.6 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.

- 12.7 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>
- 12.8 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.
- 12.9 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.
- 12.10 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.
- 12.11 The Brown Principles, established as a result of a legal case concerning Post Office 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.

### **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**

2015/16 Budget and Medium Term Financial Strategy 2015/16 – 2018/19, report to Cabinet, 22 October 2014.

Schools Balances 2013/14, report to Cabinet (Resources) Panel, 9 September 2014.

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

5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, report to Full Council, 5 March 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 Two – Community

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Older People &amp; Personalisation</b>					
Directorate	99	99	-	-	
Assistant Director	146	150	4	100	
Carers Support	1,385	1,369	(16)	(100)	
ILS, Telecare & Adaptations	2,297	2,246	(51)	(67)	
Older People Assessment & Care Management	14,284	15,931	1,647	740	Overspend across care purchasing budgets for older people. Work is continuing to develop and implement the Promoting Independence programme, which will reduce total expenditure on care packages and thereby offset the forecast over spend in this area.
Older People Provider Management	9,462	9,030	(432)	(109)	Underspends due to staff vacancies across the service
Welfare Rights & Financial Assessment	1,728	1,711	(17)	(198)	
Housing	1,128	1,003	(125)	(125)	Underspend due to revised formula for apportioning costs of services shared by the General Fund and HRA
Community Centres	523	426	(97)	(100)	Underspend on staffing due to vacancies
Libraries	1,671	1,514	(157)	(59)	Early Achievement of 2015/16 savings target
<b>Sub Total Older People &amp; Personalisation</b>	<b>32,723</b>	<b>33,479</b>	<b>756</b>	<b>82</b>	

## APPENDIX A

### Revenue Budget Monitoring Quarter Two – Community

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Health, Wellbeing &amp; Disabilities</b>					
Assistant Director	133	129	(4)	-	
Children's Disabilities Commissioning	64	83	19	(35)	
Disabilities In-House Provision	9,968	9,576	(392)	(134)	Underspends due to staff vacancies across the service
Emergency Duty Team	411	427	16	16	
Housing Support & Social Inclusion	4,771	4,771	-	-	
Mental Health Care Management	5,670	6,103	433	(114)	Over spend in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures. Work is continuing to develop and implement the Promoting Independence programme, which will reduce total expenditure on care packages and thereby offset the forecast over spend in this area.
Short Breaks	412	413	1	-	
Children With Disabilities	996	1,059	63	77	
Learning Disabilities Assessment & Care Management	19,174	18,991	(183)	719	Underspends on care purchasing budgets

## APPENDIX A

### Revenue Budget Monitoring Quarter Two – Community

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
Physical Disabilities Assessment & Care Management	6,015	6,255	240	224	Over spend in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures. Work is continuing to develop and implement the Promoting Independence programme, which will reduce total expenditure on care packages and thereby offset the forecast over spend in this area.
Disabilities Commissioning	791	566	(225)	(474)	Higher than budgeted income from other organisations.
SEN	(269)	(269)	-	-	
<b>Sub Total Health, Wellbeing &amp; Disabilities</b>	<b>48,136</b>	<b>48,104</b>	<b>(32)</b>	<b>279</b>	
<b>Children, Young People &amp; Families</b>					
Assistant Director	537	533	(4)	-	
Children Centres	5,440	5,440	-	-	
Children in Need	6,533	7,523	990	200	£820,000 agency expenditure (over and above savings from staffing vacancies). Section 17 payments £120,000, Contact £30,000 and Volunteer Drivers £20,000 all of which are associated with increased caseloads and demands for services.
Children Commissioning	448	419	(29)	-	

## APPENDIX A

### Revenue Budget Monitoring Quarter Two - Community

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
Looked-After Children	31,932	34,358	2,426	-	£43,000 underspend on staffing. Looked-After Children continued increase in placements £3.0 million. £602,000 increased costs associated with adoption and guardianship allowances and increased costs of £136,000 on fostering allowances. Additional external income from the CCG £77,00 and £50,000 from Special Education Needs budget to offset increased costs of Looked after Children. Forecast variance of £150,000 arising from new 'Staying Put' arrangements.
Social Inclusion & Play	3,238	2,605	(633)	-	Underspends due to staff vacancies across the service held pending a restructure.
Youth Offenders Team	1,270	1,040	(230)	(150)	Underspends due to staff vacancies across the service.
Business Support	1,119	1,118	(1)	(174)	
Youth	1,340	1,152	(188)	(73)	The budgets were set as provisional pending significant service reduction for 2014/15 with many staff leaving at the end of July 2014, following this saving may be earmarked to support further service transition and other service provision within the service.
<b>Sub Total Children, Young People &amp; Families</b>	<b>51,857</b>	<b>54,188</b>	<b>2,331</b>	<b>(197)</b>	

## APPENDIX A

### Revenue Budget Monitoring Quarter Two – Community

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Public Health, Parks and Safeguarding</b>					
Public Health Management	-	-	-	-	
Public Health Contracts	-	-	-	-	
Public Health Grant	-	-	-	-	
Sport & Leisure Trust			-	-	
Parks	362	360	(2)	(19)	
Safeguarding	1,940	2,066	126	(49)	Forecast cost pressure of £45,000 arising from additional DOLS assessments as a result of Supreme Court ruling, partially offset by use of £25,000 budget previously identified for consultancy costs. £106,000 pressure arising from the use of agency expenditure (over and above savings from staffing vacancies).
<b>Sub Total Public Health, Parks and Safeguarding</b>	<b>2,302</b>	<b>2,426</b>	<b>124</b>	<b>(68)</b>	
Community Initiatives	1,440	1,440	-	-	
<b>Total Community Directorate</b>	<b>136,458</b>	<b>139,637</b>	<b>3,179</b>	<b>96</b>	

## APPENDIX B

### Revenue Budget Monitoring Quarter Two – Delivery

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
Delivery Directorate	351	226	(125)	-	An underspend is forecast due to a voluntary redundancy
Audit Services	940	940	-	-	
<b>Central Services</b>					
Assistant Director - Central Services	136	136	-	-	
Buisness Continuity & Emergency	130	130	-	-	
City Direct	1,404	1,404	-	-	
Democratic Services	1,898	1,898	-	-	
Health & Safety	290	290	-	-	
ICTS	5,291	5,291	-	-	
<b>Corporate Landlord</b>					
Catering	(913)	(913)	-	-	
Cleaning & Caretaking Service	7,288	7,288	-	-	
Community Centres (Corporate Landlord)	41	41	-	-	
Corporate Asset Management	327	382	55	-	
Engineering & Civic Centre	3,226	3,226	-	-	
Estates and Valuations	(1,231)	(1,191)	40	-	
Property Services	654	654	-	-	

## APPENDIX B

### Revenue Budget Monitoring Quarter Two – Delivery

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Corporate Procurement Unit</b>	<b>707</b>	<b>707</b>	<b>-</b>	<b>-</b>	
<b>Environmental Services</b>					
Bereavement Services	(2,351)	(2,201)	150	-	Anticipated reduction in income due to less demand for bereavement services.
Coroners Services	323	323	-	-	
Environmental Maintenance	7,979	7,979	-	-	
Fleet Services	(983)	(1,133)	(150)	-	An underspend is anticipated due to higher than average levels of salvage.
Highways Maintenance	1,906	1,906	-	-	
Landscape	21	21	-	-	
Leisure Services	2,187	2,187	-	-	
Markets	(732)	(732)	-	-	
Parking Services	(555)	(555)	-	-	
Registration Services	(125)	(125)	-	-	
Street Lighting	1,663	1,663	-	-	
Waste and Recycling Service	13,513	13,513	-	-	

## APPENDIX B

### Revenue Budget Monitoring Quarter Two – Delivery

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Financial Services</b>					
Corporate Financial Management	4,708	4,708	-	-	
Corporate Management	850	850	-	-	
Financial Services	(186)	(186)	-	-	
Housing Benefit Payments	(432)	(432)	-	-	
Revenues & Benefits	1,804	1,804	-	-	
Strategic Financial Services	2,122	2,122	-	-	
The Hub	990	990	-	-	
<b>Human Resources</b>	3,993	3,993	-	-	
<b>Legal Services</b>	2,494	2,494	-	-	
<b>Total Delivery</b>	<b>59,728</b>	<b>59,698</b>	<b>(30)</b>	<b>-</b>	



## APPENDIX C

### Revenue Budget Monitoring Quarter Two – Education and Enterprise

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Directorate</b>	<b>290</b>	290	-	-	
<b>Partnerships, Economy and</b>					
Assistant Director	<b>147</b>	147	-	-	
Economic Partnerships and Investment	<b>903</b>	903	-	-	
Skills Development	<b>1,420</b>	1,420	-	-	
Neighbourhood Services	<b>1,664</b>	1,664	-	-	
Partnerships Operations and Development	<b>38</b>	38	-	-	
Community Safety	<b>437</b>	437	-	-	
Entertainments and Events	<b>799</b>	799	-	-	
Adult Education	<b>(90)</b>	(90)	-	-	
Culture, Arts and Heritage	<b>1,564</b>	1,564	-	-	
<b>Sub Total Partnerships, Economy &amp; Culture</b>	<b>6,882</b>	<b>6,882</b>	-	-	
<b>Regeneration</b>					
Assistant Director	<b>147</b>	147	-	-	
Transportation	<b>1,886</b>	2,000	114	14	Temporary reduction in planned income
Physical Regeneration	<b>442</b>	442	-	54	
Housing	<b>540</b>	322	(218)	(104)	Vacant posts pending phased restructure arrangements

## APPENDIX C

### Revenue Budget Monitoring Quarter Two – Education and Enterprise

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
Performance and Service Support	10	224	214	222	Delay in Education & Enterprise administrative savings
Planning	880	798	(82)	(90)	Vacant posts pending phased restructure arrangements
Regulatory Services	2,134	1,794	(340)	(186)	Vacant posts pending phased restructure arrangements
<b>Sub Total Regeneration</b>	<b>6,039</b>	<b>5,727</b>	<b>(312)</b>	<b>(90)</b>	
<b>Learning &amp; Achievement</b>					
Assistant Director	(197)	-	197	(8)	Restructure does deliver savings in 15/16 but residual staffing costs will lead to non-achievement of prior years savings
Standards & Vulnerable Pupils	838	958	120	437	Projected under achievement of income for Governors Support Team and residual staff costs outside of restructure
School Planning and Resources	4,350	4,468	118	265	Prior year saving for Learning Technologies has been partially offset by vacant posts and other SLA income within the service area
Employability Skills (Apprenticeship scheme)	248	248	-	(87)	
Net Schools Budgets	(5,344)	(5,344)	-	-	
<b>Sub Total Learning &amp; Achievement</b>	<b>(105)</b>	<b>330</b>	<b>435</b>	<b>607</b>	
<b>Total Education and Enterprise</b>	<b>13,106</b>	<b>13,229</b>	<b>123</b>	<b>517</b>	

## APPENDIX D

### Revenue Budget Monitoring Quarter Two – Office of the Chief Executive

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
<b>Office of the Chief Executive</b>					
Chief Executive	202	202	-	-	
Black Country Transport	29	29	-	-	
Communications and Marketing	874	874	-	-	
Corporate Policy	1,489	1,489	-	-	
<b>Total Office of the Chief Executive</b>	<b>2,594</b>	<b>2,594</b>	-	-	

## APPENDIX E

### Revenue Budget Monitoring Quarter Two – Corporate Budgets

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
West Midlands Transport Authority Levy	12,600	12,600	-	-	
Environment Agency Levy	67	67	-	-	
Looked After Children Budgeted Contingency	-	-	-	-	
Provision for Bad Debts	375	375	-	-	
Interest Payable	10,921	10,921	-	-	
Provision for the Redemption of Debt	12,646	8,246	(4,400)	-	A change in the basis of calculating the Council's Minimum Revenue Provision (MRP) for the redemption of debt from straight line to annuity method, as approved by Cabinet on 22 October 2014, will result in savings in the short term. This will reduce the budgeted use of General Balances in year.
Treasury Management Fees	101	101	-	-	
Dividends and Interest Receivable	(188)	(188)	-	-	

## APPENDIX E

### Revenue Budget Monitoring Quarter Two – Corporate Budgets

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q1 £000	Reason for Variation
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	-	7,500	7,500	5,000	Redundancy payments during 2014/15 arising as a result of the Voluntary Redundancy Programme and savings proposals.
Contribution from the Efficiency Reserve	-	(7,500)	(7,500)	(5,000)	Contribution from the Efficiency Reserve to fund the projected redundancy payments during 2014/15.
Other Corporate Budgets	115	115	-	-	
<b>Total Corporate Budgets</b>	<b>35,865</b>	<b>31,465</b>	<b>(4,400)</b>	<b>-</b>	

## 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

## APPENDIX G

### Corporate Income – Write-offs in excess of £5,000

Reference	Reason	Date Written Off	Amount
108003	Overpayment of benefit occurred as a result of claimant failing to declare changes in entitlement to tax credits between June 2012 and February 2014. The claimant's husband was diagnosed in 2012 with Prion's disease (a form of Creutzfeldt-Jakob disease) and passed away in May 2014. The failure to declare the changes were an omission caused by exceptional family stress at the time and permission is sought to waive recovery.	May 2014	£5,018.44