

Cabinet (Resources) Panel

24 July 2018

Report title	Revenue Budget Monitoring 2018-2019	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Claire Nye, Finance Director	
Originating service	Strategic Finance	
Accountable employee(s)	Alison Shannon	Chief Accountant
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Report to be/has been considered by	Strategic Executive Board	10 July 2018

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of £841,000 from the Regeneration Reserve to fund various development works and schemes as detailed at paragraph 4.2.2.
2. Approve the use of £39,000 from the Schools Arts Service Reserve to support additional projects in schools and other educational establishments as detailed at paragraph 4.2.3.
3. Approve the use of £5,000 from the Art Gallery Touring Exhibitions Reserve to support the costs of Touring Exhibitions as detailed at paragraph 4.2.4.
4. Approve the use of £125,000 from the Future Works Reserves to support Agresso System Development as detailed at paragraph 4.2.5.

5. Approved the use of £10,900 from the Local Strategic Partnership Reserve and £9,100 from the Efficiency reserve to support the costs of a Community Fund for the Crowdfund Wolves as detailed in paragraph 4.2.6.
6. Approve the delegation of decisions about individual allocations to Crowdfund Wolves projects to the Cabinet Member for City Economy in consultation with the Director of Regeneration.
7. Approve the write off of two Council Tax debts totalling £12,827.91 as detailed in Appendix 8.
8. Approve the write off of four sundry debts totalling £42,656.54 as detailed in Appendix 9.
9. Approve ten virements totalling £4.9 million, for transfers within directorates, as detailed in Appendix 7.
10. Approve the introduction of an annual charge of £35 for Garden Waste services and a concessionary charge of £17.50 for eligible residents in receipt of maximum Council Tax reduction as detailed in paragraph 9.1.
11. Approve that authority be jointly delegated to the Cabinet Member for City Environment and the Cabinet Member for Resources, in consultation with the Strategic Director of Place and the Director of Finance to set and implement charges for commercial trade waste services as detailed in paragraph 9.2.
12. Approve the introduction of WV Active Change (Weight management programme) chargeable to Members at £30 and Non-Members at £40 as detailed in paragraph 9.4.
13. Approve the introduction of free access and discounted membership, to WV Active, for Looked after Children and Care Leavers up to the age of 25 in a number of areas as detailed in paragraph 9.5.
14. Approve the use of £500,000 from the Budget Contingency Reserve to fund the academy conversion deficit as detailed at paragraph 6.4.1.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The overall projected outturn for the General Fund for 2018-2019 is forecast to be an overspend in the region of £2.7 million.
2. That at this stage in the financial year it is difficult to forecast redundancy costs. However, based on recent years it is anticipated that the cost of redundancies can be met from reserves.

3. That 734 council tax accounts totalling £257,806.65, as detailed in paragraph 7.4.1, have been approved by for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
4. That 28 Non-Domestic Rates (NDR) debts totalling £30,580.50, as detailed in paragraph 7.4.2, have been approved by for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 52 sundry debt accounts totalling £77,628.26, as detailed in paragraph 7.3, have been approved by for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 16 housing benefit overpayments totalling £3,612.55, as detailed in paragraph 7.7, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That three debts relating to Business Improvement District (BID) totalling £494.51, as detailed in paragraph 7.4.3, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. That a £15.3 million surplus on the Housing Revenue Account (HRA) is projected compared with a budgeted surplus of £15.2 million as shown at Table 9 and in detail at Appendix 6. The projected increased surplus of £157,000 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 2018-2019.
- 1.2 This is the first report of this financial year detailing the likely outturn projection for 2018-2019.

2.0 Background

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

Table 1 – 2018-2019 General Fund Revenue Budget Projected Outturn

	Net Controllable Budget 2018-2019 £000	Projected Outturn 2018-2019 £000	Projected Variation Over/(Under)	
			£000	%
People	119,546	121,463	1,917	1.60%
Corporate	51,763	50,844	(919)	-1.78%
Place	51,335	52,288	953	1.86%
Education	6,496	6,582	86	1.32%
Net Budget Requirement	229,140	231,177	2,037	0.89%
Council Tax (including Adult Social Care Precept)	(96,970)	(96,970)	-	0.00%
Enterprise Zone Business Rates	(1,958)	(1,958)	-	0.00%
Business Rates (net of WMCA growth payment)	(72,356)	(72,356)	-	0.00%
Business Rates Autumn Statement Compensation	(7,847)	(7,153)	694	-8.84%
Government Grant (General)	(48,283)	(48,283)	-	0.00%
Collection Fund Deficit	(1,726)	(1,726)	-	0.00%
Total Resources	(229,140)	(228,446)	694	-0.30%
Net Budget (Surplus) / Deficit	-	2,731	2,731	1.19%

- 2.2 It is currently forecast that the outturn position for 2018-2019 will be an overspend in the region of £2.7 million. This position is not untypical for this point in the financial year. The forecast overspend is largely attributable to demand led services, in particular Looked After Children. 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 2018-2019 and Medium Term Financial Strategy 2018-2019 to 2019-2020 approved by Full Council on 7

March 2018, identified that the Council would be faced with finding further budget reductions totalling £19.5 million for 2019-2020. The high-level budget strategy for 2019-2020, including directorate level budget reduction targets is currently being worked upon. 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 £28.3 million over the two-year period to 2019-2020. Over the last eight financial years the Council has identified budget reductions in excess of £200.0 million. This is the most significant financial challenge that the Council has ever faced.

- 2.4 A report was presented to Cabinet on 11 July 2018, which included a high level strategy for addressing this projected £19.5 million budget deficit for 2019-2020.
- 2.5 An update on the General Fund budget risks is provided at section 5.0. Overall the risk for 2018-2019 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 redundancy costs, including the cost of pension strain, are forecast to be in the region of £3.0 to £4.0 million for 2018-2019. It is anticipated that the use of reserves, 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 at this meeting. There are ten virements that require approval in this report as detailed in Appendix 7.
- 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 3.0.
- 2.9 The forecast outturn position for the Housing Revenue Account is a surplus of £15.3 million, compared to a budgeted surplus of £15.2 million. The projected additional surplus of £157,000 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 2018-2019 revenue budget is provided in Table 2, whilst a detailed analysis is provided in Appendix 1.

Table 2 – 2018-2019 Revenue Budget Projected Outturn - People

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director People including Commissioning	4,686	4,473	(213)	-4.55%
Adults Services	64,517	64,517	-	0.00%
Children & Young People	50,303	52,435	2,132	4.24%
Public Health & Wellbeing	40	38	(2)	-5.00%
People Total	119,546	121,463	1,917	1.60%

3.1.2 Overall a net overspend of £1.9 million (1.6%) is projected for the year. The main factors contributing towards this forecast overspend are:

1. **Strategic Director People including Strategic Commissioning** – There is a projected net underspend of £213,000 against these budgets mainly due to a forecast underspend within Strategic Commissioning totalling £207,000 as a result of a projected underspend on staff and contract costs.
2. **Adult Services** – A balanced budget is forecast which is achieved as a result of various factors including:
 - a. A forecast overspend within Learning Disabilities Care Purchasing totalling £443,000 due to a combination of cost pressures across care purchasing budgets arising as a result of increasing demand for support and challenges associated with the transformation programme.
 - b. A forecast overspend within the Mental Health Assessment and Care Management service totalling £272,000 as a result of new social care packages and joint funded packages with health.
 - c. A forecast overspend within Older People Care Purchasing totalling £250,000 as a result of increasing demand for support.

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

- d. The Carer Support service is projecting an underspend of £384,000 as a result of a one off forecast budget underspend on carer support spot purchasing.
 - e. The Adults Assessment and Care Management service is projecting an underspend of £273,000 as a result of additional income and efficiencies on general budgets.
 - f. The Older People Provider Services is projecting an underspend of £119,000 mainly as a result of one off staff vacancies and a reduction in non pay costs.
3. **Children & Young People** - There is a forecast overspend totalling £2.1 million for this service mainly due to forecast overspends within Looked After Children (LAC) totalling £2.1 million as a result of projected overspend against LAC placements budgets based on latest financial modelling. This is partially offset by efficiencies across staffing budgets and additional income from Home Office for unaccompanied asylum seeking children. Whilst Wolverhampton has seen a modest increase in the number of Looked After Children, we are continuing to buck the national trend, as many Councils continue to see Looked After Children numbers increase significantly. It is important to note that the Director of Children's Service's is confident that robust procedures are in place to ensure that only those children that need to come into care are brought into care.

3.2 Corporate

3.2.1 A summary of the projected outturn against the Corporate 2018-2019 revenue budget is provided in Table 3, whilst a detailed analysis is provided in Appendix 2.

Table 3 – 2018-2019 Revenue Budget Projected Outturn – Corporate

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Corporate Services	14,619	14,451	(168)	-1.15%
Governance	2,667	2,623	(44)	-1.65%
Managing Director including Corporate Business Support	5,454	5,169	(285)	-5.23%
Corporate Budgets	29,023	28,601	(422)	-1.45%
Corporate Total	51,763	50,844	(919)	-1.78%

3.2.2 Overall a net underspend of £919,000 (-1.78%) is projected for the year. The main factors contributing towards the projected underspend are:

1. **Corporate Services** – There is a projected net underspend of £168,000 for this service directorate as a result of underspends mainly within Audit Services totalling £67,000 due to unfilled staff vacancies held across the service and Central Corporate Budgets totalling £60,000 due to a reduction in the external audit fee.
2. **Managing Director** – There is a projected underspend totalling £285,000 mainly due to unfilled staff vacancies within both Corporate Business Support (£154,000) and within Corporate Communications (£109,000).
3. **Corporate Budgets** - Overall there is a projected underspend of approximately £422,000 against this budget as a result of planned net underspend on other corporate and transformational budgets and contingencies. It is important to note that redundancy costs, including the cost of pension strain, are forecast to be in the region of £3.0 to £4.0 million for 2018-2019. It is anticipated that the use of reserves, will offset the cost of redundancies.

3.3 Place

3.3.1 A summary of the projected outturn against the Place 2018-2019 revenue budget is provided in Table 4, whilst a detailed analysis is provided in Appendix 3.

Table 4 – 2018-2019 Revenue Budget Projected Outturn – Place

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director	615	615	-	-0.02%
Land Property Investment Fund	-	-	-	0.00%
Regeneration	5,770	5,988	218	3.78%
Commercial Services	17,673	18,633	960	5.43%
Housing	1,508	1,400	(108)	-7.16%
Public Service Reform	3,727	3,629	(98)	-2.63%
City Environment	22,042	22,023	(19)	-0.09%
Place Total	51,335	52,288	953	1.86%

3.3.2 Overall, a net overspend of £953,000 (1.86%) is projected for the year. The main factors contributing towards this overspend are:

1. **Regeneration** – A £218,0000 overspend is forecast within this service directorate mainly due to a forecast overspend within Visitor Economy arising as a result of reduced income linked to the implementation of a restructure and holding costs associated with the closure of the Civic Halls (£310,000). The overspend is partly offset by underspends from a number of services within the Regeneration service directorate.
2. **Commercial Services** – Overall there is a net forecast overspend totalling £960,000 within this service directorate as a result of:
 - a. A forecast overspend within Catering Services totalling £652,000 due to loss of school business. A service review is currently being undertaken and it will continue to be monitored closely throughout the financial year.
 - b. A forecast overspend within the Capital Programme service totalling £135,000 due to a reduction in external income generation opportunities. An options appraisal of the delivery model for Projects and Works is currently being undertaken and implementation anticipated during the remainder of 2018-2019 financial year.

- c. A forecast overspend is projected within Facilities Management totalling £175,000 as a result of increased repairs to community centres and costs in relation to void properties prior to demolition or development.

3. **City Housing** – Overall there is a net projected underspend totalling £108,000 within this service directorate as a result of a number of unfilled vacant posts.

3.4 Education

3.4.1 A summary of the projected outturn against the Education 2018-2019 revenue budget is provided in Table 5, whilst a detailed analysis is provided in Appendix 4.

Table 5 – 2018-2019 Revenue Budget Projected Outturn - Education

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Education	6,496	6,582	86	1.32%
Education Total	6,496	6,582	86	1.32%

3.4.2 Overall a net overspend of £86,000 (1.32%) is projected for the year. The main factors contributing to this overspend are:

- a. The School Planning and Resources service are forecasting an overspend totalling £49,000 due to reduced income from traded services which is partially offset by reduced staffing levels.
- b. There has been a reduction in forecast income for the Central Education service based on schools converting to academies during 2018-2019.

4.0 Reserves and Balances

4.1.1 The General Fund Balance remains unchanged at £10.0 million.

4.1.2 In addition to the General Fund balance, the Council also holds a number of earmarked reserves. The total earmarked reserves balance including school balances at the end of 2017-2018 was £55.7 million.

4.2 Transfers to/from Earmarked Reserves

4.2.1 Approval is sought for a number of transfers to/from earmarked reserves, as set out in the following paragraphs. In the event that the use of capital receipts replaces previously approved earmarked reserve drawdowns as a result of the new capital receipts

flexibilities announced by central government, an update will be provided to Cabinet and Council.

4.2.2 Regeneration Reserve

Approval is sought from this meeting for the use of £841,000 from the Regeneration Reserve to fund expenditure as shown in Table 6. This would result in an unallocated balance of £671,000 for Regeneration Reserve.

Table 6 – Allocations from Regeneration Reserve

Service	Amount Allocated £	Details
City Development	61,000	Westside/Southside - Completion of Marketing Offer & Planning Guidelines work.
City Development	125,000	Bilston Urban Village (BUV)/Bilston Town Centre - Town Centre Regeneration Framework, Bilston Urban Village (BUV) East Development Strategy, development & holding costs associated wider site & Bankfield acquisition.
City Development	33,000	Bilston Urban Village - Litigation - Expert Witness (Faithful & Gould) & Counsel advice, support from external Project Manager.
City Development	134,000	Eastern Gateway - retention of Project Manager, to co-ordinate various work streams.
Strategic Organisation Development	6,200	European Regional Development Fund (ERDF) Bid Development.
Skills	137,500	Workbox - System Development including reporting tools & web development.
Street Lighting	120,000	Lighting up the City Phase One.
Corporate Asset Management	50,000	Public Service Hub.
Corporate Asset Management	3,600	Health & Social Care Hub Feasibility.
City Development	40,000	Canalside - Strategy & Delivery Framework development.
Transport	61,700	City North (A449) and City East (A454) Gateway Transport schemes - Major Scheme Development.
City Development	3,000	Bilston Public Realm - Feasibility work to investigate case for usage of High Street Link events space.
City Development	16,000	Southside building holding costs.
City Development	50,000	Art Gallery regeneration scheme.

4.2.3 Schools Arts Service Reserve

Approval is sought for the use of £39,000 from the Schools Arts Service Reserve to support additional projects in schools and other educational establishments.

4.2.4 Art Gallery Touring Exhibition reserve

Approval is sought for the use of £5,000 from the Art Gallery Touring Exhibitions reserve to support the costs of Touring Exhibitions.

4.2.5 Future Works Reserve

Approval is sought for the use of £125,000 from the Future Works Reserve to support Agresso System Development.

4.2.6 Local Strategic Partnership and Efficiency Reserve

Approval is sought for the use of £10,900 from the Local Strategic Partnership Reserve and £9,100 from the Efficiency reserve to support the costs of a Community Fund for Crowdfund Wolves. Approval is also sought for delegation of decisions about individual allocations to Crowdfund Wolves projects to the Cabinet Member for City Economy in consultation with the Director of Regeneration.

5.0 General Fund Budget Monitoring – Risk Management

5.1 The overall level of risk associated with the budget 2018-2019 is assessed as Amber, it is important to note, however, that the Council has significant budget reductions to deliver and income to achieve. The main areas of risk are summarised in the table at Appendix 5.

6.0 Revenue Budget Monitoring – Schools' Budgets

6.1 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 £5.0 million to £1.8 million as shown in Table 7.

Table 7 – Projected Movement on Schools’ Balances 2018-2019

Sector	Balances as at 31 March 2018 £m	Forecast Use of Balances in 2018-2019 £m	Forecast Balances as at 31 March 2019 £m
Secondary	(2.1)	0.8	(1.3)
Primary	3.9	(1.3)	2.6
Junior	0.6	(0.5)	0.1
Infant	0.1	(0.1)	-
Nursery	1.1	(1.0)	0.1
Special	1.0	(0.8)	0.2
Pupil Referral Units	2.2	(2.1)	0.1
Total	6.8	(5.0)	1.8

6.2 Schools with Surplus Balances

- 6.2.1 At the end of 2017-2018 maintained schools had balances of £6.8 million. 26 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 are expected to report their intended use of surplus balances for review and challenge, to determine any need for further action. The report is a 2 phased process – the first of which is due before the summer holidays.
- 6.2.2 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. To date, a total of £119,700 has been clawed back from schools holding excess surplus balances. Officers met with schools to challenge the 2016-2017 excess surplus balances, and having considered the cases put forward by individual schools, there were no recommendations for the arbitration panel in March 2018, and no further funds have been clawed back from schools.
- 6.2.3 Following a bidding process in 2017-2018, £60,957 was awarded to support school improvement plans. As no further clawbacks were made in 2017-2018, the use of the remaining balance was considered by Schools Forum at its meeting in July 2018. It was recommended by Schools’ Forum that the remaining funds be utilised to assist Special schools to increase their provisions to avoid the need to send additional children to placements out of city, thus reducing the continued burden on the Out of City Special Educational budget.

6.3 Schools in a deficit balance position.

6.3.1 As part of its overview of schools in deficit, a Schools under Notice of Concern Board (SuNC) chaired by the Director of Education reviews the 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 that had anticipated a deficit position at the end of 2017-2018 is as follows:

Table 8 – Schools with anticipated deficits in 2017-2018

Name	(Deficit)/Surplus Balance at the end of 2016-2017 £	Anticipated balance at end of 2017-2018 £	(Deficit)/Surplus Actual Balance at end of 2017-2018 £	Status
Coppice	(227,736)	(326,578)	(430,249)	School with approved licensed deficit and a plan to recover the deficit within a 3-year time frame. The school converted to an Academy under the sponsored route on 01 June 2018, and final balances are currently being agreed.
St Matthias	(873,043)	(538,009)	(1,243,939)	A deficit recovery plan and application are under discussion with the school.
The King's Church of England	(43,102)	(187,622)	(449,536)	Licensed deficit application has been received and approved. This will continue to be reviewed against progress on a regular basis.
Woodthorne Primary	(210,021)	(79,273)	(78,689)	The school are expected to convert to an Academy in September 2018 under the conversion route. Any remaining deficit at the point of conversion, would transfer to the Academy Trust.
Woodfield Junior	(112,730)	(165,203)	(170,543)	School had an approved licensed deficit and a plan to recover the deficit by March 2017. Following their conversion to Academy status in September 2017,

Name	(Deficit)/Surplus Balance at the end of 2016-2017 £	Anticipated balance at end of 2017-2018 £	(Deficit)/Surplus Actual Balance at end of 2017-2018 £	Status
				their final balance has now been agreed.
Woodfield Infant	(104,006)	(225,703)	(225,781)	Converted to Academy September 2017, and final balance has been agreed.
Claregate Primary	(46,271)	(38,079)	9,270	The school is no longer operating with a deficit balance.
Wodensfield Primary	10,450	(13,005)	14,516	The outturn was better than forecast – remaining with a surplus balance
Westacre Infant	115,061	(31,185)	95,675	The outturn was better than forecast – remaining with a surplus balance

6.4 Deficits Following Sponsored Academy Conversion

6.4.1 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, and at Quarter One, it is anticipated that these costs will be in the region of £500,000 in this financial year. Cabinet (Resources) Panel approval is therefore sought to fund the academy conversion deficit from the Budget Contingency Reserve.

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.

7.0 Debt Write Offs

7.1 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.

7.2 **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.

- 7.3 Overall, 56 debt write offs totalling £120,284.80 have been incurred. All but four valued at £42,656.54 in total, which require the approval of this Panel (see Appendix 9), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 7.4 **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.
- 7.4.1 **Council Tax** – Overall, 736 debt write offs totalling £270,634.56 have been incurred. All but two valued at £12,827.91 in total, which require the approval of Cabinet (Resources) Panel (see Appendix 8), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 7.4.2 **Non-Domestic Rates (NDR)** – Overall, 28 debt write off totalling £30,580.50 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 7.4.3 In addition to this, the Director of Finance has approved the write off 3 debts relating to the Business Improvement District (BID) totalling £494.51, in accordance with the Council's Financial Procedure Rules.
- 7.5 **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.
- 7.6 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.
- 7.7 Overall, 16 overpayments totalling £3,612.55 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 8.0 Housing Revenue Budget Monitoring**
- 8.1 The table below 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 £15.3 million, compared to a budgeted surplus of £15.2 million. The projected additional surplus of £157,000 will be used to redeem debt to comply with the Council's approved HRA Business Plan.

Table 9 – Housing Revenue Account Projected Outturn 2018-2019

	Budget £000	Projected Outturn £000	Projected Variation £000
Total income	(96,452)	(95,600)	852
Total expenditure	70,872	69,624	(1,248)
Net cost of HRA services	(25,580)	(25,976)	(396)
Interest payments etc.	10,394	10,633	239
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(15,186)	(15,343)	(157)
<i>Allocation of (surplus)/deficit</i>	15,186	15,343	157
Provision for redemption of debt			
Balance for the year	-	-	-

8.2 Rental income from dwellings and service charges is forecast to be lower than budgeted by £851,000, due to higher than anticipated right to buy sales.

8.3 The provision for bad debt is forecast to underspend by £1.3 million. This is because the delays to the implementation of Universal Credit have meant that the prudent budget provision of £2.3 million was higher than required.

9.0 Fees and Charges

9.1 On 22 February 2017 Cabinet approved the Review of Waste & Recycling service report which included the introduction of a charge for the garden waste service, this was reaffirmed as part of the Waste & Recycling services report to Cabinet (Resources) Panel on 20 March 2018. Approval is therefore sought to approve the introduction of an annual charge of £35 for Garden Waste services and a concessionary charge of £17.50 for eligible residents in receipt of maximum Council Tax reduction.

9.2 The Waste and Recycling services report to Cabinet (Resources) Panel on 20 March 2018 made reference to the transfer of the trade waste service to the Council from current contractor Amey PLC. The Council will introduce a commercial rate for the tonnage collected by the trade waste service and approval is therefore sought to the joint delegation of authority to the Cabinet Member for City Environment and the Cabinet Member for Resources, in consultation with the Strategic Director of Place and the Director of Finance to set and implement charges for commercial trade waste services.

9.3 Implementation of these charges will align to the introduction of the new Garden Waste and Trade Waste Service and are required in order to achieve the £2.5 million approved budget reductions and income generation targets assumed in the Medium Term Financial Strategy associated with the transformation of the Waste and Recycling service.

- 9.4 Approval is sought to introduce a new charge of £30 for Members and £40 for Non-members for WV Active Change (Weight management programme). Sessions will discuss healthy weight options and engage participants in light activity.
- 9.5 In April 2018, Cabinet approved the Corporate Parenting Strategy 2018 to 2021 for the City of Wolverhampton Council, demonstrating a commitment to raising the expectations, aspirations and understanding of looked after children and care leavers. To complement and further illustrate the Council's commitment to its corporate parenting responsibility the provision of free access, to WV Active, for Looked after Children and Care Leavers up to the age of 25 is proposed. Approval is therefore sought to the introduction of the following;
- a. Free WV Active gold membership for Care Leavers (CL) up to 25 years of age, plus a guest.
 - b. Free lifeguard training for Looked After Children (LAC) and Care Leavers up to the age of 25 to achieve a National Pool Lifeguard Qualification (NPLQ) and any additional relevant training and/or work experience delivered by WV Active.
 - c. Free appropriate membership and activities for Looked After Children.
 - d. Free swimming lessons on a one to one basis for Looked After Children and Care Leavers up to 25 years of age.
 - e. That the role of foster carers and Shared Lives Carers being eligible for a discounted WV Active membership as a corporate customer.
- 9.6 It is considered proposal to offer the free services listed above can be accommodated within existing budgets for WV Active. There are currently 641 Looked after Children, 426 Care leavers up to the age of 25, 202 Foster carers and 25 Shared Lives Carers. The potential maximum annual value of services proposed above is £600 for Looked After Children and £750 for care leavers, however with current service budget capacity it is not anticipated that this will have a negative impact on existing WV Active revenue budgets.

10.0 Evaluation of alternative options

- 10.1 The write-offs, virements and use of reserve requests requiring the approval of Cabinet (Resources) Panel are all considered to be prudent in the opinion of the Director of Finance and the Cabinet Member for Resources.

11.0 Reason for decision(s)

- 11.1 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 Cabinet (Resources) Panel. Contribution to and from reserves also requires the approval from Cabinet (Resources) Panel. The write-offs, virements and use of reserve requests detailed in this report which seek the

approval of Cabinet (Resources) Panel are all considered to be prudent in the opinion of the Director of Finance and the Cabinet Member for Resources.

12.0 Financial Implications

12.1 The financial implications are discussed in the body of the report.
[MH/16072018/Z]

13.0 Legal Implications

13.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.
[TC/13072018/I]

14.0 Equality Implications

14.1 This report provides details of the projected outturn for 2018-2019. The necessary equalities analysis will form part of the 2019-2020 budget setting process.

15.0 Environmental Implications

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

16.0 Background Papers

16.1 2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Cabinet, 20 February 2018.

16.2 Budget 2018-2019 and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Full Council, 7 March 2018.

16.3 Reserves, Provisions and Balances 2017-2018, report to Cabinet, 11 July 2018.

16.4 Revenue Budget Outturn 2017-2018, report to Cabinet, 11 July 2018.

16.5 Waste and Recycling Service, report to Cabinet (Resources) Panel, 20 March 2018.

16.6 Review of Waste and Recycling Service, report to Cabinet, 22 February 2017.

17.0 Appendices

17.1 Appendix 1 – Revenue Budget Monitoring - People

17.2 Appendix 2 – Revenue Budget Monitoring – Corporate

- 17.3 Appendix 3 – Revenue Budget Monitoring – Place
- 17.4 Appendix 4 – Revenue Budget Monitoring – Education
- 17.5 Appendix 5 – General Fund Budget Risks 2018-2019
- 17.6 Appendix 6 – Housing Revenue Account Budget Monitoring
- 17.7 Appendix 7 – General Fund Budget Virements
- 17.8 Appendix 8 – Council Tax Write Offs
- 17.9 Appendix 9 – Sundry Debts Write Offs