



Cabinet (Resources) Panel

24 March 2015

Report title	Revenue Budget Monitoring 2014/15	
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	Finance	
Accountable employee(s)	Mark Taylor	Director of Finance
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Report to be/has been considered by	Strategic Executive Board and Wider Leadership Team	10 March 2015

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of £140,000 from the Efficiency Reserve to fund an invest to save savings proposal 'Transitioning from Local Neighbourhood Partnerships to Community Led Economic Development-Stage 2'.
2. Approve the use of £68,000 from the Regeneration Reserve to fund various regeneration priorities as detailed in Table 7.
3. Approve the use of £20,000 from the Local Strategic Partnership Reserve to fund the set-up of the Wolverhampton Skills Commission, to ensure that Wolverhampton has an appropriately skilled workforce to support the City's economic growth.

4. Approve the establishment of expenditure budgets within the 2014/15 approved budget for grant funding streams obtained within the year (section 4.0).
5. Approve the write off of two sundry debts that individually exceed £5,000, as a result of liquidation and a deceased debtor, as detailed in paragraph Appendix F.
6. Approve two virements totalling £935,000, for a service transfer between service directorates in addition to a budget transfer between directorates, as detailed in Appendix G.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The projected outturn for the General Fund is a net underspend of £9.2 million (-3.72%) against the net budget requirement of £247.6 million. This, combined with the receipt of an additional Business Rates support grant totalling £2.7 million in 2014/15, will result in a contribution of £1.9 million to general balances during the year, rather than drawing down almost £9.9 million of general fund reserves to balance the budget in 2014/15 as originally budgeted for.

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, compared with the Council's approved revenue budgets for 2014/15 and related targets.

2.0 Summary

2.1 A net underspend of £9.2 million (-3.72%) is projected against the General Fund net budget requirement of £247.6 million, as analysed in Table 1 below. This combined with the receipt of an additional Business Rates support grant totalling £2.7 million in 2014/15, will result in a contribution of £1.9 million to general balances during the year, rather than drawing down almost £9.9 million of general fund reserves to balance the budget in 2014/15 as originally budgeted for.

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	%
People	133,569	138,352	4,783	3.58%
Corporate	67,566	54,398	(13,168)	-19.49%
Place	47,020	45,684	(1,336)	-2.84%
Education	(605)	(93)	512	-84.63%
Net Budget Requirement	247,550	238,341	(9,209)	-3.72%
Government Grant (General)	(161,741)	(164,420)	(2,679)	-1.66%
Council Tax	(76,567)	(76,567)	-	0.00%
Collection Fund Deficit	700	700	-	0.00%
Total Resources	(237,608)	(240,287)	(2,679)	-1.13%
Use of General Balances	(9,942)	-	9,942	100.00%
Net Budget (Surplus) / Deficit	-	(1,946)	(1,946)	-0.79%

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. The Budget 2015/16 and Medium Term Financial Strategy 2015/16 to 2018/19 approved by Full Council on 4 March 2015 identified that the Council is now faced with finding further savings totalling £46.3 million over the next four years. It is important to note that the updated projected budget deficit assumes the achievement of prior year savings proposals amounting to £46.0 million over the four year period to 2018/19.

2.3 During the first seven months of 2014/15 significant work was undertaken to identify new savings proposals to achieve the approved budget strategy for 2015/16; identifying £25

million of savings, with the aim of accelerating as many of those savings as possible into 2014/15, to reduce the call on general balances. The budget shown in this report reflects the acceleration of existing and additional 2014/15 savings proposals equating to £1.9 million, approved by Cabinet on 22 October 2014. 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, Cabinet approved in October that expenditure during the remainder of 2014/15 be restricted where possible to generate savings during the year to offset projected overspends in some areas. This therefore may result in a greater underspend than currently forecast.
- 2.5 An update on the General Fund budget risks is provided at section 7. Overall the risk for 2014/15 is currently assessed as amber.
- 2.6 It is important to note that projected redundancy costs of £6.0 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.
- 2.7 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 two virements that require approval during this quarter, as detailed in Appendix G.
- 2.8 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 People

3.1.1 A summary of the projected outturn against the People 2014/15 revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix A.

Table 2 – 2014/15 Revenue Budget Projected Outturn – People

	Controllable Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Older People & Personalisation	31,377	32,313	936	2.98%
Disabilities & Mental Health	48,803	49,339	536	1.10%
Children, Young People & Families	50,883	54,598	3,715	7.30%
Public Health, Parks and Safeguarding	2,299	2,395	96	4.18%
Community Initiatives	207	207	-	0.00%
Use of one off reserves	-	(500)	(500)	0.00%
People Total	133,569	138,352	4,783	3.58%

3.1.2 Overall a net overspend of £4.8 million (3.58%) is projected for the year. The main factors contributing towards the forecast overspend are:

- Older People & Personalisation** - There is a forecast over spend of £1.7 million across care purchasing budgets for older people, which in part has been offset by planned underspends due to staff vacancies across the service directorate and the early achievement of some 2015/16 savings proposals across the service.
- Disabilities & Mental Health** - There is a forecast over spend of £510,000 in care purchasing, due to increase in volume and complexity of young people in transition and adult demographic pressures. This overspend has been offset slightly by staffing vacancies within the service directorate.
- Children, Young People & Families** - There is a forecast net over spend of £3.7 million within the service directorate, which has arisen primarily as a result of a continued high level of Looked After Children placements equating to £3.5 million, in addition to increased costs associated with adoption and guardianship, and fostering allowances totalling £1.6 million. This overspend has been offset in part due to staffing vacancies within the service directorate.

Cabinet received an update in February 2015 detailing that the Council was continuing to undertake detailed analysis in order to identify and predict the likely

number of Looked After Children in future years. As a result of this exercise, Cabinet approved that additional demographic and demand pressures totalling £5.7 million have been incorporated into the 2015/16 budget: £4.5 million due to the increase in Looked After Children numbers during the year with a further £1.2 million for Children’s Social Workers being incorporated into the base budget consistent with the decisions of Cabinet (Resources) Panel in September 2013 and January 2015. In addition to this, it is important to note that that this exercise identified that whilst the approved £6 million saving in this area will be achievable over the medium term, it will take time. Therefore Cabinet also approved a re-profiling of the Looked After Children savings.

3.2 Corporate

3.2.1 A summary of the projected outturn against the Corporate 2014/15 revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix B.

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

	Controllable Budget 2014/15 £000	Projected Outturn £000	Projected Variation	
			Over/(Under) £000	%
Managing Director	223	229	6	2.69%
Finance	11,933	11,772	(161)	-1.35%
Governance	6,865	7,196	331	4.82%
Transformation	11,257	9,665	(1,592)	-14.14%
Corporate Budgets	37,288	25,536	(11,752)	-31.52%
Corporate Total	67,566	54,398	(13,168)	-19.49%

3.2.2 Overall a net underspend of £13.2 million (-19.49%) is projected for the year. The main factors contributing towards the forecast underspend are:

1. **Finance** – There is a forecast net under spend of £161,000 within the service directorate as a result of staffing vacancies and redundancies.
2. **Governance** – There is a forecast net over spend of £331,000 within the service directorate arising primarily from one-off transitional costs following the implementation of Agresso, similarly to the Finance service directorate. The costs will be fully funded within the directorate.
3. **Transformation** – There is a forecast net under spend of £1.6 million within the service directorate due to the reconfiguration of the service area, voluntary redundancies and staffing vacancies.

4. **Corporate Budgets** – There is a forecast net under spend of £ 11.8 million within this area as a result of the revision to the Council’s Minimum Revenue Provision (MRP) Policy.

Councils are required to make prudent provision through the revenue account for the repayment of long-term external borrowing and credit arrangements, referred to as Minimum Revenue Provision (MRP). The straight line method of calculating MRP was adopted by the Council from 1 April 2008, however with the agreement of our External Auditors and the approval of Full Council on 17 December 2014, the approach to calculating MRP was adjusted to an annuity basis from 1 April 2014, resulting in a £4.4 million saving against the in-year budget.

Since making this revision, detailed workings were undertaken to establish how much MRP the Council would have charged to the revenue account had it have adopted the annuity basis from 1 April 2008. This detailed exercise has established that the Council would have charged around £37 million less MRP between 1 April 2008 and 31 March 2014, had it adopted the annuity method during this period.

Following seeking legal advice from Leading Counsel and gaining a view from the Audit Commission and our External Auditors that they are ‘not minded to challenge’ the policy, Full Council approved a revised MRP Policy that incorporates an adjustment for being overly prudent during the period from 1 April 2008 to 31 March 2014. This will result in a zero MRP charge in 2014/15, with this in-year saving against budget removing the requirement to use General Reserves in 2014/15.

3.3 Place

- 3.3.1 A summary of the projected outturn against the Place 2014/15 revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix C.

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

	Controllable Budget 2014/15	Projected Outturn	Projected Variation	
	£000	£000	Over/(Under) £000	%
Directorate	341	341	-	0.00%
City Economy	7,545	7,406	(139)	-1.84%
City Assets	11,644	11,491	(153)	-1.31%
City Environment	27,490	26,446	(1,044)	-3.80%
Place Total	47,020	45,684	(1,336)	-2.84%

- 3.3.2 Overall a net underspend of £1.3 million (-2.84%) is projected for the year. This is largely as a result of a projected underspend within the City Environment service directorate due

to renegotiation of contracts within the Environmental Maintenance service and staffing vacancies, in addition to higher than average levels of salvage within Fleet Services. Staffing vacancies within the City Economy and City Assets service directorates have also contributed towards the overall underspend within the directorate.

3.4 Education

- 3.4.1 A detailed analysis of the projected outturn against the Education 2014/15 revenue budget is provided in Appendix D.
- 3.4.2 Overall a net over spend of £512,000 (-84.63%) is projected for the year. This is largely as a result of overspends within the Education service directorate as a result of savings targets that have not been fully realised within the year.

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 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 5 – Grants

Grant	Description of Expenditure	Awarding Body	Expenditure 2014/15 £000
Place			
Planning Advisory	Part fund a Planning post	Planning Advisory Service (DCLG)	18
Heritage Lottery Fund -Black Art Movement	Black Art Movement - collecting and engagement activities around the acquisition of works by the Black Art Movement	Heritage Lottery fund	4
TOTAL			22

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 6 – Projected Uncommitted General Fund Reserves at 31 March 2015

	£000
Balance as at 1 April 2014	(27,000)
Estimated Underspend	(1,946)
Estimated transfer to the Efficiency Reserve (to fund redundancy costs in 2014/15)	6,000
Estimated transfer to the Efficiency Reserve (to fund redundancy costs in 2015/16)	5,000
Transfer balance above £10m to specific reserves	7,946
Projected Balance as at 31 March 2015	(10,000)

- 5.3 The Council introduced a voluntary redundancy programme during late 2013 in order to identify budget savings. Given the anticipated reduction in staffing numbers arising from the implementation of savings proposals during 2014/15, it is projected that redundancy costs in the region of £6.0 million will be incurred during 2014/15 and £5.0 million will be incurred in 2015/16, as can be seen from the table above. It is worth noting that the redundancy costs are an estimate, and are subject to change dependent upon the number and nature of applications.

- 5.4 The balance in excess of £10 million at 31 March 2015 will be transferred into specific reserves for future invest to save and redundancy costs. The general reserves will therefore be £10 million on 1 April 2015, with emphasis on identifying budget savings to meet the projected budget deficit over the medium term.

5.5 Other Transfers to/from Earmarked Reserves

- 5.5.1 Approval is sought from this meeting for a number of other transfers to/from earmarked reserves, as set out in the following paragraphs.

Efficiency Reserve

- 5.5.2 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.
- 5.5.3 Approval is sought from this meeting for the use of £140,000 from the Efficiency Reserve to fund an invest to save savings proposal 'Transitioning from Local Neighbourhood Partnerships to Community Led Economic Development-Stage 2'. The savings proposal was reported to, and approved by, Cabinet on 23 October 2013.

Regeneration Reserve

5.5.5 The Regeneration Reserve was specifically established to support important regeneration priorities within the city.

5.5.6 Approval is sought from this meeting for the use of £68,000 from the Regeneration Reserve, to fund regeneration expenditure as outlined in Table 7.

Table 7 – Regeneration Reserve

	(Use of/ Addition to Reserve £000	Balance £000
Balance as at 1 April		1,908
<u>Previously Approved</u>		
Cabinet Resources Panel - 29 July 2014		(658)
Cabinet - 23 July 2014 Southside Delivery Strategy		(170)
Cabinet - 11 November 2014		(733)
<u>Approval Sought from this Meeting</u>		
Economic Partnerships and Investments; DTZ Enterprise Zone - To fund advice and to prepare a financial model for the Black Country Enterprise Zone.	(10)	
Economic Partnerships and Investments; Local Growth Fund Project Pipeline - With the aim of accelerating and increasing the move towards a Combined Authority, each Authority has agreed to contribute funding to support the development of pipeline projects. It is hoped that this will improve the ability of the Black Country to secure investment from the Local Growth Fund.	(50)	
Economic Partnerships and Investments; Bantock CCTV Signage - To fund improvements to CCTV and signage at Bantock Park and House to continue to provide an improved customer service.	(8)	
		(68)
Forecast Balance as at 31 March 2015		279

Local Strategic Partnership Reserve

5.5.7 Approval is sought from this meeting for the use of £20,000 from the Local Strategic Partnership Reserve to fund the set-up of the Wolverhampton Skills Commission, to ensure that Wolverhampton has an appropriately skilled workforce to support the City's economic growth.

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, is £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 the end of February 2015.

Table 8 – 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
13,004	6,357	1,989	25	21,375
60.8%	29.8%	9.3%	0.1%	100.0%
No.	No.	No.	No.	No.
95	89	17	4	205

- 6.3 The table indicates that, by value:
- 60.8% of the savings have already been secured (compared with 47.6% at quarter 2 and 11.0% at quarter 1).
 - 90.6% of the savings have already been secured or are highly likely to be secured (compared with 85.6% at quarter 2 and 76.1% at quarter 1).
 - Only 0.1% of the savings targets have been identified as having a low level of confidence or low likelihood of achievement (compared with 0.7% at quarter 2 and 1.5% at quarter 1).
- 6.4 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.
- 6.5 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-D.

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 E.

8.0 Revenue Budget Monitoring – Schools Budgets

- 8.1 The local scheme for financing schools requires that maintained schools provide the Local Authority with budget plans setting out their plans for the use of resources over three financial years. Schools are required to submit original budget plans by 31 May each year and revised plans by 31 October.
- 8.2 Cabinet (Resources) Panel received a report on 9 September 2014, setting out schools balances at the end of the last financial year of £15.9 million. The report also detailed schools original plans for the use of resources and suggested schools projected balances of £8.9 million at the end of the current financial year 2014/15, a reduction of £7.1 million.
- 8.3 Schools have now submitted revised budget plans detailing their estimates of balances at the end of the current financial year. The table below provides an overview of these projections.

Table 9 – Schools Balances

Sector	Total Balances 2013/14 £000	Planned Use £000	Forecast Balance 31 March 2015 £000
Secondary	1,587	1,418	169
Primary	8,994	3,119	5,875
Junior	477	237	240
Infant	586	265	321
Nursery	537	146	391
Special	2,861	1,791	1,070
PRUs	914	882	32
Total	15,956	7,858	8,098

8.4 On 27 February the Local Authority published school budget settlements for 2015/16; schools settlements again reflect 0% increase. When set against pay and price inflation pressures, schools will have a challenging time setting balanced budgets for the planning time frame. Once the final position regarding balances for 2014/15 is known, a further report will be presented to Cabinet.

9.0 General Fund Corporate Income – Write-Offs

9.1 **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.

- 9.2 Overall debt write offs totalling £141,607.76 have been incurred during quarters one to three of 2014/15. Of those there were 2 write offs greater than £5,000, totalling £29,948.08 which require approval by the Panel, as detailed at Appendix F.

10.0 Financial Implications

- 10.1 The financial implications are discussed in the body of the report.
[MH/16032015/A]

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.
[TS/16032015/M]

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 an online survey in order to gain feedback on budget and service priorities.

- 11.5 In determining the budget for 2014/15 considerable focus has been placed on the development of savings proposals. Proposals were considered against the standard corporate process of initial equality screening or via a surgery approach.
- 11.6 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.
- 11.7 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.
- 11.9 The Act does not require the Council to treat everyone in the same way; sometimes different treatment is required, for example, be making reasonable adjustments to meet the needs of disabled people.
- 11.10 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.
- 11.11 The Brown Principles, established as a result of a legal case concerning Post Offices closures in 2008, provide an important checklist that should be considered when making decisions:
- Decision makers must be made aware of their duty to have due regard to the identified goals;

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

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.

13.0 Background Papers

Budget 2015/16 and Medium Term Financial Strategy 2015/16 to 2018/19, report to Full Council, 4 March 2015.

Treasury Management Strategy 2015/16, report to Full Council, 4 March 2015.

Investing To Save: Improving The Quality Of Early Intervention By Social Workers By The Reduction Of Caseloads, report to Cabinet (Resources) Panel, 20 January 2015.

Treasury Management Activity Monitoring – Mid Year Review, report to Full Council, 17 December 2014.

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

School Balances 2013/2014, report to Cabinet (Resources) Panel, 9 September 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 Cabinet, 23 October 2013.

Investing To Save: Improving the Quality of Early Intervention by Social Workers by the Reduction of Caseloads, report to Cabinet (Resources) Panel, September 2013.

Revenue Budget Monitoring – People

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Older People & Personalisation					
Directorate	223	237	14	-	
Assistant Director	144	155	11	4	
Carers Support	1,385	1,276	(109)	(16)	Underspend on care purchasing budgets for carers
ILS, Telecare & Adaptations	2,297	2,350	53	(51)	
Older People Assessment & Care Management	13,979	15,682	1,703	1,647	Overspend across care purchasing budgets for older people, particularly residential and nursing
Older People Provider Management	9,554	9,059	(495)	(432)	Underspends due to staff vacancies across the service
Welfare Rights & Financial	1,732	1,739	7	(17)	
Workforce Development	-	-	-	-	
Housing	1,028	1,027	(1)	(125)	
Community Centres	360	230	(130)	(97)	Underspend on staffing due to vacancies
Libraries	1,675	1,558	(117)	(157)	early achievement of 2015/16 savings target
LDGS	(1,000)	(1,000)	-	-	
Sub Total Older People & Personalisation	31,377	32,313	936	756	

APPENDIX A

Revenue Budget Monitoring – People

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Disabilities & Mental Health					
Assistant Director	130	130	-	(4)	
Children's Disabilities Commissioning	64	65	1	19	
Disabilities In-House Provision	8,682	7,946	(736)	(392)	Underspends due to staff vacancies across the service
Emergency Duty Team	411	412	1	16	
Housing Support & Social Inclusion	4,771	5,638	867	-	Unrealised savings relating to block contracts on supporting people
Mental Health Care Management	6,257	6,285	28	433	Overspend on care purchasing budgets due to increase in volume and complexity of young people in transition and adult demographic pressures
Short Breaks	393	408	15	1	
Children With Disabilities	1,015	1,163	148	63	Overspend on salaries and agency costs
Learning Disabilities Assessment & Care Management	20,463	20,743	280	(183)	Overspend on care purchasing budgets due to increase in volume and complexity of young people in transition and adult demographic pressures
Physical Disabilities Assessment & Care Management	5,998	6,200	202	240	Overspend on care purchasing budgets due to increase in volume and complexity of young people in transition and adult demographic pressures

Revenue Budget Monitoring – People

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Disabilities Commissioning	888	618	(270)	(225)	Higher than budgeted income from other organisations
Families in Focus	-	-	-	-	
SEN	(269)	(269)	-	-	
Sub Total Disabilities & Mental Health	48,803	49,339	536	(32)	
Children, Young People & Families					
Assistant Director	642	460	(182)	(4)	£263,000 savings against voluntary redundancies, partially offset by contribution to Admin review savings of £113,000
Children Centres	5,440	5,094	(346)	-	Underspend against staffing budgets
Children in Need	6,473	7,950	1,477	990	£1.1 million agency expenditure (over and above savings from staffing vacancies). Overpend of £216,000 on volunteer drivers client transport £78,000 all of which are associated with increase caseloads and demand for services
Children Commissioning	820	735	(85)	(29)	

Revenue Budget Monitoring - People

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Looked-After Children	31,344	35,765	4,421	2,426	£316,000 underspend on staffing. Looked after children continued increase in placements £3.5 million, partially offset by additional income. £1.6 million increased costs associated with adoption and guardianship allowances and inter-agency fees, £266,000 increase costs on LAC transitions linked to client allowances and £122,000 increased costs for remand / secure accommodation over and above funding allocated from Youth Justice Board.
Social Inclusion & Play	3,214	1,988	(1,226)	(633)	Underspends due to staff vacancies across the service held pending a restructure
Youth Offenders Team	1,146	985	(161)	(230)	Underspends due to staf vacancies across the service
Business Support	464	460	(4)	(1)	
Youth	1,340	1,161	(179)	(188)	The budgets awere set as provisional pending significant service reduction for 2014/15 with many staff leaving at the end of July 2014, following this, savings may be earmarked to support further service transition and other service provision within the service
Sub Total Children, Young People & Families	50,883	54,598	3,715	2,331	

Revenue Budget Monitoring – People

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Public Health, Parks and Safeguarding					
Public Health	(500)	(500)	-	-	
Public Health - Healthier Places	67	40	(27)	-	
Sport & Leisure Trust			-	-	
Business Continuity & Emergency Planning	130	138	8	-	
Community Safety	437	440	3	(6)	
Safeguarding	2,165	2,277	112	126	Forecast cost pressures of £132,000 arising from agency cover for Deprivation of Liberty Standards Manager (DOLS) and additional DOLS assessments as a result of Supreme Court ruling.
Sub Total Public Health, Parks and Safeguarding	2,299	2,395	96	120	
Community Initiatives	207	207	-	-	
Use of one off reserves	-	(500)	(500)	-	Draw down of one off reserves
Total People Directorate	133,569	138,352	4,783	3,175	

Revenue Budget Monitoring – Corporate

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Managing Director	223	229	6	-	
Finance					
Director of Finance	144	149	5,000	-	
Audit Services	754	585	(169)	-	An underspend is forecast due to a voluntary redundancies and vacant posts
Corporate Financial Management	4,217	4,122	(95)	-	
Corporate Management	850	901	51	-	
Revenues and Benefits	1,804	1,719	(85)	-	
Housing Benefits Payments	(432)	(432)	-	-	
Strategic Finance	1,879	1,874	(5)	-	
The Hub	2,010	2,183	173	-	One off transitional costs following the implementation of Agresso. This cost will be fully funded from within the directorate.
Corporate Procurement	707	671	(36)	-	
Sub Total Finance	11,933	11,772	(161)	-	
Governance					
Corporate Administration	(75)	(75)	-	-	
Democratic Services	1,896	1,948	52	-	
HR Advice	1,973	2,477	504	-	One off transitional costs following the implementation of Agresso. This cost will be fully funded from within the directorate.

Revenue Budget Monitoring – Corporate

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Legal Services	2,494	2,453	(41)	-	
Scrutiny and Information	577	393	(184)	-	There has been a reconfiguration of the service ahead of the savings target deadline for implementation.
Sub Total Governance	6,865	7,196	331	-	
Transformation					
Communications and Marketing	627	452	(175)	-	There has been a reconfiguration of the service ahead of the savings target deadline for implementation.
Customer Services	1,681	1,581	(100)	-	An underspend is forecast due to a voluntary redundancies and vacant posts
ICTS	4,932	4,689	(243)	-	An underspend is forecast due to a voluntary redundancies and vacant posts
Transformation	4,017	2,943	(1,074)	-	There has been a reconfiguration of the service ahead of the savings target deadline for implementation.
Sub Total Transformation	11,257	9,665	(1,592)	-	

Revenue Budget Monitoring – Corporate

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Corporate Budgets					
West Midlands Transport Authority Levy	12,600	12,600	-	-	
Environment Agency Levy	67	67	-	-	
Provision for Bad Debts	375	375	-	-	
Treasury Management Budgets	23,480	11,228	(12,252)	(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. Further to this, a revision to the MRP Policy that incorporates an adjustment for being overly prudent during the period from 1 April 2008 to 31 March 2014, will result in a zero MRP charge in 2014/15. This will reduce the budgeted use of General Balances in year.
Birmingham Airport - Rent	(69)	(69)	-	-	
Contribution from Southside Reserve	(735)	(735)	-	-	

Revenue Budget Monitoring – Corporate

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Central Provision for increased Pension Costs	2,091	2,091	-	-	
Cross-cutting Savings Proposals	(550)	(50)	500	-	Cross cutting saving held corporately which has been met by the underspend against the Treasury Management budgets.
Redundancy Costs	-	6,000	6,000	7,500	Redundancy payments during 2014/15 arising as a result of the Voluntary Redundancy Programme and savings proposals.
Contribution from the Efficiency Reserve	-	(6,000)	(6,000)	(7,500)	Contribution from the Efficiency Reserve to fund the projected redundancy payments during 2014/15.
Other Corporate Budgets	29	29	-	-	
Sub Total Corporate Budgets	37,288	25,536	(11,752)	(4,400)	
Total Corporate	67,566	54,398	(13,168)	(4,400)	

Revenue Budget Monitoring – Place

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Directorate	341	341	-	-	
City Economy					
Assistant Director	146	146	-	-	
Enterprise & Skills	959	959	-	-	
Skills Development	1,420	1,420	-	-	
Neighbourhood Services	2,199	2,199	-	-	
Partnerships Operations and Development	38	38	-	-	
Physical Regeneration	442	414	(28)	-	Vacancies and recharges to capital
Visitor Economy	846	846	-	-	
Adult Education	(90)	(90)	-	-	
Culture, Arts and Heritage	1,585	1,474	(111)	-	Salary underspend
Sub Total City Economy	7,545	7,406	(139)	-	
City Assets					
Assistant Director	147	147	-	-	
Transportation	1,865	1,718	(147)	114	Underspend on surface water management plan due to legislation changes and Interchange Phase 2 underspend.

Revenue Budget Monitoring – Place

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Housing	703	498	(205)	(218)	Vacant posts pending phased restructure arrangements
Performance and Service Support	10	230	220	214	Overspend due to savings target being held on Performance & Service Support but savings delivered elsewhere
Planning	880	880	-	(82)	
Catering Services	(913)	(883)	30	-	-
Cleaning and Caretaking Services	2,007	1,917	(90)	-	
Community Centres	203	203	-	-	
Corporate Asset Management	495	506	11	-	-
Facilities Management	3,081	3,030	(51)	-	
Estates And Valuations	(1,226)	(1,047)	179	-	Lower than anticipated rental income from investment properties
Property Services (Including Utilities)	4,392	4,292	(100)	-	Vacant posts across Property Services
Sub Total City Assets	11,644	11,491	(153)	28	
City Environment					
Assistant Director	136	136	-		
Bereavement Services	(2,261)	(2,141)	120	150	Anticipated reduction in income due to less demand for bereavement services.
Coroners Services	323	323	-	-	
Environmental Maintenance	7,828	7,478	(350)	-	Renegotiation of west area grounds maintenance contract with external contractor and staff vacancies

Revenue Budget Monitoring – Place

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Parks	369	329	(40)	(2)	
Regulatory Services	2,104	1,704	(400)	(340)	Underspend due to vacancies
Fleet Services	(892)	(1,172)	(280)	(150)	An underspend is anticipated due to higher than average levels of salvage.
Highways Maintenance	1,881	1,881	-	-	
Landscape	21	21	-	-	
Leisure Services	2,187	2,187	-	-	
Markets	(560)	(560)	-	-	
Parking Services	(547)	(547)	-	-	
Street Lighting	3,388	3,308	(80)	-	
Waste and Recycling Service	13,513	13,499	(14)	-	
Sub Total City Environment	27,490	26,446	(1,044)	(342)	
Total Place	47,020	45,684	(1,336)	(314)	

Revenue Budget Monitoring – Education

Service	2014/15 Controllable Budget £000	2014/15 Forecast Outturn £000	2014/15 Forecast Variance £000	2014/15 Forecast Variance at Q2 £000	Reason for Variation
Education					
Director of Education	(196)	173	369	197	Restructure implemented in 2014/15 does not deliver full savings target in year due to residual staffing costs. This also includes the costs of interim consultants un-resolved savings target to be realised in 2015/16.
Schools	(5,355)	(5,355)	-		
Standards and Vulnerable Pupils	895	933	38	120	There is a projected under achievement of income for Governors Support Team and residual staff costs outside of restructure
School Planning & Resources	4,051	4,156	105	118	The savings target for Learning Technologies has not been realised however this is partially offset by vacant posts and other SLA income within the service area
Total Education	(605)	(93)	512	435	

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 Equal Pay 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 F

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

Account	Reason	Date written off	Amount of write off £
Sundry Debtors			
Care charges	Debtor deceased	Feb 2015	6,353.08
Highways Service Charges	Bankruptcy & Liquidation	Jan 2015	23,595.00
			29,948.08

APPENDIX G

Virements

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
People	Looked after Children	People	Mental Health Commissioning	589	Transfer of CAHMS service
People	Older People Assessment & Care Management	Corporate	Transformation Team	346	Transfer of OLM budget to Strategic ICT