

Report title	Budget Outturn 2020-2021	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee(s)	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	20 May 2021

Recommendations for decision:

Cabinet is recommended to:

1. Approve the write-off of; three non-domestic rates totalling £40,561.68 and three sundry debts totalling £24,289.91 as detailed in Appendices 4 and 5 respectively.
2. Approve six virements totalling £39.3 million, for transfer within directorates, as detailed in Appendix 6.

Recommendations for noting:

The Cabinet is asked to note:

1. The Council has once again managed its money well and delivered within budget - despite hugely challenging circumstances. Overall, the revenue outturn position for 2020-2021 is a net contribution to the General Fund balance of £651,000, after meeting

the net cost of redundancy and pension strain and contributions to essential earmarked reserves.

2. That the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £11.9 million, compared to a budgeted surplus of £10.8 million.
3. That the capital programme has achieved an outturn position of £72.7 million for the General Fund and £46.8 million for the Housing Revenue Account (HRA). A summary of the outturn is detailed in section 10. A full detailed report on the Capital Outturn 2020-2021 including Quarter One Capital Monitoring 2021-2022 will be reported to Cabinet on 7 July 2021.
4. That 28 non-domestic rates accounts totalling £172,842.85 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 807 council tax accounts totalling £166,958.14 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 48 sundry debt accounts totalling £28,170.43 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That 15 housing benefit debt accounts totalling £5,769.48 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the Council's outturn position for 2020-2021 compared with approved budgets and targets.

2.0 Executive Summary

- 2.1 On 4 March 2020, the Council approved the net budget requirement for 2020-2021 of £248.2 million for General Fund services. This report details the outturn position against this net budget requirement.
- 2.2 It is important to note that the 2020-2021 budget was prepared in advance of the start of the Covid-19 pandemic and, at the time of reporting to Council in March 2020, the full impact of the pandemic was not anticipated. Clearly, the impact on both council finances and its operating environment could not have been foreseen. What is now clear, however, is that the pandemic has significantly distorted the council's financial position and that there will be a 'covid cost' beyond the short-medium term.
- 2.3 The Council has responded to the unprecedented impact of the Covid-19 global pandemic. This has meant refocusing the efforts of the organisation on supporting those in the city that need us most – especially the most vulnerable, supporting our NHS colleagues, helping struggling city businesses to survive and adapt to the constantly changing operating restrictions, supporting our schools and young people and maintaining core, essential council services.
- 2.4 Despite all of this uncertainty and 'distortion', the Council has once again managed its money well and delivered within budget. Overall, the General Fund, after the cost of redundancy and pension strain and contributions to essential earmarked reserves, is a net balance to be contributed to the General Fund balance of £651,000.
- 2.5 The City of Wolverhampton Council has built up a strong track record over many years of managing its finances well. Our approach to strategic financial management, to aligning budget to service priorities and improving services and investing in transformation priorities, continues to put us in a strong financial position. Despite significant budget pressures as a result of Government grant funding reductions, the Council has maintained good services and continues to be a high performing organisation.
- 2.6 We prudently plan, maintain our reserves and consistently deliver a balanced budget. That's despite significant financial challenges and budget reductions in excess of £235 million over the last ten financial years.
- 2.7 The Covid-19 pandemic has significantly distorted the Council's financial position and medium-term financial strategy (MTFS). Whilst the Government has made good on its commitment to fund councils to "to do whatever it takes" to address the emergency, the economy and social effects of the pandemic will be felt for years to come. We have no information from Government as to how they will fund councils to be able to manage this.

- 2.8 In the short-term, the distortion of Covid-19 has meant we haven't had to draw on certain reserves in 2020-2021, which will help us in 2021-2022.
- 2.9 Recovering from the pandemic will mean the Council will need to invest, on a huge scale, in our city and its people - to help them recover and thrive. Investment is needed in supporting vulnerable residents and struggling families; in opportunities for our children and young people; in job and employment opportunities for our young adults hit disproportionately by unemployment; in support for city businesses; in closing the digital divide and in the big switch to a greener economy. Our prudent financial management to date will enable us to move forward with this short-term targeted investment.
- 2.10 On 3 March 2021, the Council reported that it is faced with finding further projected budget reductions estimated at £25.4 million in 2022-2023, rising to £29.6 million over the period to 2023-2024, when taking into account the impact of the pandemic
- 2.11 In the Reserves, Provisions and Balances 2020-2021 report to be considered at this meeting it will be seen that the overall total of general and earmarked reserves, for which the Council has flexibility to allocate, has been prudently maintained.
- 2.12 The Reserves, Provisions and Balances 2020-2021 report will provide detail on the movements on all reserves.
- 2.13 Schools remaining in control of the local authority have contributed a net £6.9 million reserves during 2020-2021 after adjusting for balances attributable to academies, taking the total accumulated reserves to £13.2 million at 31 March 2021. This is set out against schools' projection of balances of £5.6 million at the end of 2020-2021. The Director of Children's Services and Finance will continue to challenge those schools who hold significant surplus balances and those with deficits, aiming to gain an understanding of plans in place and whether they are appropriate.
- 2.14 The Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £11.9 million, compared to a budgeted surplus of £10.8 million. The in-year surplus is used to provide for redemption of debt.
- 2.15 The Capital Programme has achieved an outturn position of £72.7 million for the General Fund and £46.8 million for the HRA. A summary of the outturn position is detailed in section 10. A full detailed report on the Capital Outturn 2020-2021 including Quarter One Capital Monitoring 2021-2022 will be reported to Cabinet on 7 July 2021.
- 2.16 The Director of Finance has approved the write off of 898 debt accounts totalling £373,740.90 in value.

3.0 Revenue Budget Outturn – General Fund Summary

- 3.1 An analysis of the Council's outturn position against General Fund revenue budgets for 2020-2021 is detailed in the table below. Further detailed analysis for each Division can be found in Appendix 1.

Table 1 – 2020-2021 Revenue Budget Outturn Summary

	Net Controllable Budget 2020- 2021 £000	Net Controllable Outturn 2020-2021 £000	Projected Variation Over/(Under)	
			£000	%
Adult Services	68,204	69,212	1,008	1.48%
Children's Services and Education	53,546	50,249	(3,297)	(6.16%)
Public Health and Wellbeing	957	937	(20)	(2.09%)
City Environment	28,964	28,081	(883)	(3.05%)
City Assets and Housing	9,678	9,286	(392)	(4.05%)
Regeneration	6,229	6,013	(216)	(3.47%)
Finance	13,927	13,508	(419)	(3.01%)
Governance	9,824	9,297	(527)	(5.36%)
Strategy	8,552	6,984	(1,568)	(18.33%)
Chief Executive	184	184	-	-
Communications and External Relations	966	856	(110)	(11.39%)
Deputy Chief Executive	450	392	(58)	(12.89%)
Corporate Budgets	46,742	47,166	424	0.91%
Transfer to reserve to support Future Years Budget Strategy	-	5,114	5,114	-
Net Budget Requirement	248,223	247,279	(944)	(0.38%)
Council Tax (including Adult Social Care Precept)	(108,843)	(108,843)	-	-
Enterprise Zone Business Rates	(2,700)	(2,232)	468	17.3%
Top Up Grant	(26,578)	(26,578)	-	-
Business Rates (net of WMCA growth payment and Collection Fund deficit)	(73,769)	(73,775)	(6)	-
New Homes Bonus	(1,614)	(1,614)	-	-
Section 31 Grant - Business Rates Support	(11,703)	(11,867)	(164)	(1.40%)
Improved Better Care Fund	(14,323)	(14,328)	(5)	-
			-	-
Social Care Grant (Children's and Adults)	(8,693)	(8,693)		
Total Resources	(248,223)	(247,930)	293	0.12%
Net Budget (Surplus) / Deficit	-	(651)	(651)	

General Fund Revenue Budget Outturn: Service Analysis

Adult Services

- 4.1 A summary of the 2020-2021 outturn against Adult Services net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 2 – 2020-2021 Revenue Budget Outturn – Adult Services

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Adult Services	68,204	69,212	1,008	1.48%

- 4.2 Overall there is a net overspend of £1.0 million (1.48%) within Adult Services. Whilst there continues to be an increase in demand for packages for under-65's care, there have been an in-year reduction in the demand for over 65 care packages. In part, this is due to the fact that certain cohort, including those discharged from hospital, have been directed through health funded pathways. This is unlikely to be the case in 2021-2022. There has also been a reduction in demand for long term residential and nursing care due to the effects of Covid-19, and at this stage there is a great deal of uncertainty over the medium term effects of the pandemic. Work is being undertaken to understand the demand across Adult Services, especially in light of the pandemic. It is proposed that funds from across Adult Social Care and Corporate Budgets are contributed to the Adult Social Care reserve to support the service transformation. Over the next two years Adult Services Transformation Programme will be refreshed and will prioritise a number of key projects. In the first 12 months this will include a redesign of the operating model, associated structures and review of the practice model to ensure services have sufficient resources to meet the needs of our residents. Further work will be undertaken to analyse projected demand for Adult Social Care, and through working in partnership with health and care providers, create a health and social care market that meets need and is of high quality. The main factors contributing towards this overspend are:

1. An overspend within Learning Disabilities Care Purchasing totalling £1.4 million as a result of additional demand for care packages. A project-managed programme to manage future demand in this area has been set up and is being overseen by the Transforming Adult Social Care Programme Board.
2. An overspend within Mental Health Assessment and Care Management and Physical Disabilities Care Purchasing totalling £680,000 and £132,000 due to additional demand for care packages.

These overspends are partially offset by underspends achieved in the following services:

3. An underspend within the Adult Safeguarding service totalling £341,000, in part due to the delay in the introduction of a new Deprivation of Liberty Safeguards legislation (Liberty Protection Safeguards), which will require the forecast staffing costs to be met the new statutory duties required of the local authority, when it comes in in 2022. Additionally, the reduction in the number of face to face visits during the pandemic has significantly reduced the use of advocacy services.
4. An underspend within Community Financial Support totalling £144,000 mainly as a result of one-off unfilled staffing vacancies and additional income. Vacancies have now been filled.
5. An underspend within the Independent Living Service totalling £212,000 mainly as a result of one-off staffing vacancies, additional income and fewer minor adaptations completed during the pandemic.
6. An underspend within the Quality Assurance and Polices service totalling £135,000 due to one-off unfilled staffing vacancies which have now been filled.
7. An underspend within Commissioning totalling £127,000 due to unfilled staffing vacancies held pending a restructure of the business area.

Children's Services and Education

- 4.3 A summary of the 2020-2021 outturn against the Children's Services and Education net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 3 – 2020-2021 Revenue Budget Outturn – Children's Services and Education

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Children's Services and Education	53,546	50,249	(3,297)	(6.16%)

- 4.4 Overall a net underspend of £3.3 million (-6.16%) was achieved against Children's Services and Education. This position is due to strong financial management and work is ongoing to identify ongoing savings. Work is also underway to model the longer-term financial effects of the pandemic on this service. Children's Services have been on a significant transformation journey over the last five years, overseen by the Transforming

Children's Services programme. During this time a number of programmes and projects have been delivered that have achieved significant and positive changes for children and young people living and learning in Wolverhampton. Successes have included more efficient and effective processes and systems, improvements to the quality of practice of front-line work, efficiencies leading to savings or cost avoidance and ultimately improved outcomes for our most vulnerable children and young people. The continued underspend across Children's Services is a direct impact of this transformation work, whilst ensuring the right support is offered to children and families at the right time. The main factors contributing towards this underspend are:

1. An underspend against Children and Young People in Care totalling £1.1 million, which has been achieved as a result of reductions against placement budgets as a result of robust oversight and management of demand across the service.
2. An underspend against Safeguarding totalling £135,000 mainly as a result of staff vacancies and in year reduction in other staffing costs associated with remote working.
3. An underspend against the Strengthening Families service totalling £1.5 million as a result of one-off staffing vacancies partially offset by agency costs. A review of the support offer from Strengthening Families Hubs has been undertaken and as a result vacancies are currently being filled. Additional one-off underspends relating to Section 17, service user costs such as outings and activities and No Recourse to Public Funds associated with lockdown restrictions. Budget efficiencies against this service have been built into the MTFS for this service in 2021-2022.
4. An underspend against the Youth Offending service totalling £157,000 as a result of one-off in year staffing vacancies.
5. An underspend against Commissioning totalling £127,000 as a result of one-off staffing vacancies held pending a restructure of the business area.
6. An underspend against School Improvement totalling £142,000 due to one-off in year staffing vacancies.

Public Health and Wellbeing

- 4.5 A summary of the 2020-2021 outturn against the Public Health and Wellbeing net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 4 – 2020-2021 Revenue Budget Outturn – Public Health and Wellbeing

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Public Health & Wellbeing	957	937	(20)	(2.09%)

- 4.6 Overall the net underspend of £20,000 (-2.09%) has been achieved against Public Health and Wellbeing. The income received for WV Active has been significantly reduced in 2020-2021 as centres have been unable to open and the re-opening phased in line with Government guidelines. This loss of income has been funded from Covid-19 general grants.

Regeneration

- 4.7 A summary of the 2020-2021 outturn against the Regeneration net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 5 – 2020-2021 Revenue Budget Outturn – Regeneration

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Regeneration	6,229	6,013	(216)	(3.47%)

- 4.8 Overall a net underspend of £216,000 (-3.47%) has been achieved against Regeneration Services. The main factors contributing towards this underspend are:
1. An underspend against the Local Economy service totalling £356,000 as a result of one-off staffing vacancies. A senior post has now been recruited to, and the remaining vacancies will be recruited throughout 2021-2022.
 2. An underspend against the Visitor Economy service totalling £325,000 which reflects the early achievement of an efficiency target built into the 2021-2022 budget. The underspend also represents in year efficiencies against general expenditure budgets including repairs and maintenance, and marketing.

3. An underspend within Skills service totalling £130,000, due to a senior vacancy within the service for the duration of financial year 2020-2021. This post has now been recruited to for the financial year 2021-2022.

These underspends are partially offset by overspends within the following service:

4. An overspend against City Development totalling £494,000 which has been realised due to a conscious decision not to drawdown from reserves as a consequence of the underspends realised elsewhere within the Regeneration directorate.

City Assets and Housing

- 4.9 A summary of the 2020-2021 outturn against the City Assets and Housing net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 6 – 2020-2021 Revenue Budget Outturn – City Assets and Housing

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
City Assets and Housing	9,678	9,286	(392)	(4.05%)

- 4.10 Overall a net underspend of £392,000 (-4.05%) has been achieved against City Assets and Housing. The main factors contributing towards this underspend are:
 1. An underspend within Cleaning services totalling £259,000 which reflects additional income generated as previously projected.
 2. An underspend within Corporate Asset Management totalling £150,000 reflecting efficiencies generated from the ongoing asset rationalisation and proactive management of business rates costs, particularly those relating to disposals and eligible exemptions as previously projected. Due to underspends across City Assets, a transfer to reserve is proposed to fund future asset development and transformation work supporting the Our Assets programme. It should be noted that whilst City Assets benefit from reduced costs as a result of the proactive management of business rates, this will also impact on the level of income collected corporately due to the Councils 99% retention of all business rates collected.

These underspends are partially offset by net overspends within the following service:

3. An overspend within the Estates and Valuation service totalling £103,000 reflects reduced income relating to ground leases and vacant commercial rental units as previously projected.

City Environment

- 4.11 A summary of the 2020-2021 outturn against the City Environment net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 7 – 2020-2021 Revenue Budget Outturn – City Environment

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
City Environment	28,964	28,081	(883)	(3.05%)

- 4.12 Overall a net underspend £883,000 (-3.05%) has been achieved against City Environment. The main factors contributing towards this underspend are:
1. An underspend within Environmental Services totalling £418,000 mainly due to one-off staff vacancies, reduction in costs for materials, waste charges and ground maintenance. A recruitment campaign is currently ongoing and near completion.
 2. An underspend within Fleet Services totalling £382,000 mainly due to one-off staff vacancies, efficiencies across vehicle hire charges and related costs and additional income.
 3. An underspend within Operation & Maintenance of Existing Networks totalling £443,000 mainly due to staff vacancies held pending a restructure and additional income from permitting.
 4. An underspend within Street Lighting totalling £245,000 mainly due to efficiencies across maintenance of street lighting and signage. This has been offset in part by an increase in energy costs.
 5. An underspend within Public Protection totalling £234,000 mainly due to staff vacancies being held vacant pending a restructure and a reduction in contracted services. This has been offset in part by a reduction in income.

These underspends are partially offset by net overspends within the following services:

6. An overspend within Coroners Service totalling £177,000 mainly due to demand on pathology costs.
7. An overspend within Highways Maintenance totalling £359,000 against winter maintenance, offset in part by an underspend on patching budgets.
8. An overspend within Markets totalling £261,000 mainly due to additional security costs, skip hire and repair and maintenance costs. The 2021-2022 budget has been adjusted to reflect the additional ongoing security costs.

Finance

- 4.13 A summary of the 2020-2021 outturn against the Finance net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 8 – 2020-2021 Revenue Budget Outturn – Finance

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Finance	13,927	13,508	(419)	(3.01%)

- 4.14 Overall a net underspend of £419,000 (-3.01%) has been achieved within Finance. The main factors contributing towards this underspend are as a result of:
1. An underspend within Audit Services totalling £133,000 as a result of unfilled staff vacancies held across Audit and Insurance Teams. Two posts have been transferred over into two new apprenticeship posts, which have recently been recruited to. One employee is currently on secondment. In the short term work has been re-assessed and re-arranged, with the focus on Covid related and high risk areas, until these posts are filled. Audit Committee has been provided with regular updates on the internal audit workplan.
 2. An underspend within Central Corporate Budgets totalling £618,000 due to significant reductions in enhanced pension costs and bank charges, combined with other underspends against a range of corporate budgets. The 2021-2022 budget incorporates savings to recognise these on-going efficiencies.
 3. An underspend within Revenues and Benefits totalling £240,000 due to budget efficiencies across the service including printing and postage costs.

4. An underspend within The Hub totalling £302,000 as a result of unfilled staff vacancies held across Payroll Services and the Banking and Payments Teams due to being unsuccessful in recruiting to vacancies in the last year. Recruitment to vacant positions is now being prioritised with a view to bringing the team up to capacity in 2021-2022.

The underspends are partially offset by an overspend within the following service:

5. An overspend within Housing Benefits and Payment Subsidy totalling £887,000 as a result of increased demand for homelessness provision. Growth has been included in the 2021-2022 budget to take account of this cost pressure.

Governance

- 4.15 A summary of the 2020-2021 outturn against the Governance net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 9 – 2020-2021 Revenue Budget Outturn – Governance

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Governance	9,824	9,297	(527)	(5.36%)

- 4.16 Overall a net underspend of £527,000 (-5.36%) has been achieved during the year for Governance. The main factors contributing towards this underspend are:
 1. An underspend within Legal Services totalling £245,000 due to external income being significantly more than predicted. It is proposed that these greater levels of income will be used to fund additional resource to ensure the Council delivers on the Fairness and Inclusion agenda, including additional project management on a number of matters including Rainbow City.
 2. An underspend within Governance Services totalling £183,000 due to additional income and budget efficiencies across a number of areas.

Strategy

- 4.17 A summary of the 2020-2021 outturn against the Strategy net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 10 – 2020-2021 Revenue Budget Outturn – Strategy

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Strategy	8,552	6,984	(1,568)	(18.33%)

4.18 Overall a net underspend of £1.6 million (-18.33%) has been achieved during the year within Strategy. The main factors contributing towards this underspend are:

1. An underspend against ICTS totalling £1.1 million as a result of unfilled staff vacancies in year pending a restructure which will be completed in 2021-2022, the alignment of licencing contracts costs to the year in which they relate, and additional income generated as a result of print services.
2. An underspend against Policy and Strategy Service totalling £138,000 reflecting one-off efficiencies due to unfilled vacancies which are currently being recruited to, as previously projected.
3. An underspend within Service Development totalling £140,000 reflecting additional telecommunications income, received as a result of rental agreement still subject to review.
4. An underspend within Organisation Development totalling £140,000, reflecting a reduction in training associated costs as a result of a digital offer whilst homeworking, along with additional income relating to Social Work Training and Workforce Reform.

Chief Executive

4.19 A summary of the 2020-2021 outturn against the Chief Executive net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 11 – 2020-2021 Revenue Budget Outturn – Chief Executive

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Chief Executive	184	184	-	-

- 4.20 Overall a breakeven position has been achieved for the year against the Chief Executive budget.

Communications and External Relations

- 4.21 A summary of the 2020-2021 outturn against the Communications and External Relations net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 12 – 2020-2021 Revenue Budget Outturn – Communications and External Relations

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Communications and External Relations	966	856	(110)	(11.39%)

- 4.22 Overall a net underspend of £110,000 (-11.39%) has been achieved for the year against Communications and External Relations mainly as a result of unfilled vacancies and reduced campaign expenditure due to the primary focus of the team on Covid-19 related emergency response communications.

Deputy Chief Executive

- 4.23 A summary of the 2020-2021 outturn against the Deputy Chief Executive net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 13 – 2020-2021 Revenue Budget Outturn – Deputy Chief Executive

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Deputy Chief Executive	450	392	(58)	(12.89%)

- 4.24 Overall a net underspend of £58,000 (-12.89%) has been achieved within the Deputy Chief Executive.

Corporate Budgets

- 4.25 A summary of the 2020-2021 outturn against the Corporate Budgets net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix 1.

Table 14 – 2020-2021 Revenue Budget Outturn – Corporate Budgets

Service	Net Controllable Budget 2020-2021 £000	Net Controllable Outturn 2020-2021 £000	Total Variation Over/(Under)	
			£000	%
Corporate Budgets	46,742	52,280	5,538	11.85%

- 4.26 Overall a net overspend of £5.5 million (11.85%) has been achieved within Corporate Budgets after the transfer of £5.1 million to reserves to support the 2021-2022 budget strategy, as approved by Full Council on 3 March 2021. The main factors contributing towards this are:
1. An underspend totalling £2.3 million against the Treasury Management budget due to a reduced borrowing need in-year arising as a result of rephasing of the capital programme and lower interest rates forecast on borrowing due to the impact on the economy of Covid-19. This is offset by a reduction in treasury income receivable.
 2. As forecast throughout the financial year, there was an underspend against the Central Provision for Auto-enrolment and Pay Award costs totalling £1.1 million. This corporate budget efficiency was identified in the 2021-2022 Budget and MTFS 2021-2022 to 2023-2024 report which was presented to Cabinet on 17 February 2021. In that report it was proposed that the net underspend in 2020-2021 be transferred into a specific reserve to support the 2021-2022 budget strategy, whilst the ongoing efficiency be removed from the from the 2021-2022 budget.
 3. In the 2020-2021 Budget and MTFS 2020-2021 to 2023-2024 report presented to Cabinet on 19 February 2020 and Full Council on 4 March 2020, it was recognised that during the 2020-2021 budget setting process, a number of emerging pressures had been identified and continue to be kept under review. In order to be prudent and recognise these budget pressures, a Corporate Contingency budget for growth in 2020-2021 was established. Throughout 2020-2021, Cabinet were informed that due to the pandemic the operation of the Council had been disrupted and similarly the budget. As a result of this, the Corporate Contingency budget for growth, which includes £3.0 million for Corporate Landlord, has not been required in full. There is an underspend against Corporate Budgets and Adjustments totalling £5.4 million as a result of

budget efficiencies against corporate contingencies, which also includes the provision for business rates expenditure increases for Council buildings.

4. The Budget Report approved by Cabinet on 19 February 2020 and Full Council on 4 March 2020, stated that any efficiencies identified against budgets held in the Corporate Contingency for Budget Growth, if not required, would be used to reduce the level of capital receipts flexibility utilised in 2020-2021. Therefore, the underspends identified have mitigated the need to use the capital receipt flexibility used for revenue transformational activity in 2020-2021 by £5.0 million.
5. Corporately held redundancy costs during 2020-2021 were in the region of £1.0 million. Budget efficiencies identified have enabled the Council to meet this cost without calling on reserves.
6. In accordance with the 2021-2022 budget strategy approved by Full Council on 3 March 2021, as a result of the forecast corporate budget efficiencies, reduction in the use of corporate contingencies and one-off forecast underspends across other Directorates, £5.1 million has been transferred into a specific reserve to support the 2021-2022 budget strategy.
7. As a result of the overall outturn position, there has been no call on the Future Years Budget Strategy and Job Evaluation reserves. These reserve will be available to support the MTFS going forward.

5.0 Covid-19 Pandemic

- 5.1 Since the 2020-2021 budget was set in March 2020, the World Health Organisation categorised Covid-19 as a global pandemic. At the time of reporting to Council on 4 March 2020, the full impact of the pandemic was not anticipated and the impact on both the council's finances and operating environment could not have been foreseen. What is clear, however, is that the pandemic has significantly distorted the council's financial position and that there will be a 'covid cost' for beyond the short – medium term.
- 5.2 By swiftly and decisively responding to the pandemic, the Council played a pivotal role in leading the city through an unprecedented national public health emergency. This included many vital, short-term policy initiatives to protect the city's most vulnerable residents - including support for care home residents and staff, support for the NHS response, support for city schools and young people and much needed help for struggling city businesses. In addition to these important short-term initiatives, some services had to be suspended in line with Government restrictions. As an understandable result, the Council's income streams were adversely affected from the loss of fees and charges; this included revenue normally gained from leisure centre membership and use and from parking charges. Responding to the pandemic, also meant that, in some instances, budget reduction targets were not delivered because resources that would have been focused on transformation programmes, were redirected to the Council's pandemic response priorities.

- 5.3 All of these short-term new initiatives required additional investment and have been funded to-date by the grants received from Central Government. The Council has also re-deployed existing resources to help deliver these vital services.
- 5.4 The Council has played a proactive, leading role in responding to the Covid-19 emergency. Some of the new initiatives implemented to support the City' residents and businesses may continue to require ongoing financial support. As the situation evolves and restrictions continue to ease, some of the new initiatives will cease entirely, ease or will transition into different services which will require continued financial support to ensure recovery.
- 5.5 The Council has been awarded a number of one-off grants to support the cost of the pandemic, including £25.5 million of Covid-19 General Emergency Grant. The council also applied for funding to part fund the loss of non-commercial sales, fees and charges income. The Council has received £4.3 million to date, for the period of April to November 2020. Grant funding for December 2020 to March 2021 is subject to a grant claim but is estimated to be in the region of £1.4 million. In addition, a number of one-off grants have been awarded to support specific activities such as supporting rough sleepers, additional enforcement, support for children and families, provision of emergency food and essentials supplies for vulnerable groups and funding to support test and trace and to help contain the outbreak. A full list of grants awarded to the Council to-date are listed below:

Table 15 – Covid-19 one-off Grants

Grant	Allocation £000
General Grants	
Covid-19 Emergency Grant (2020-2021 allocation)	25,457
Sales, Fees and Charges (first and second claim)	4,274
Total General Grants	29,731
Grants with conditions / criteria	
Contained Outbreak Management Fund (2020-2021 allocation)	7,412
Council Tax Hardship Fund	3,272
Test and Trace (outbreak control)	1,920
Winter Grant Scheme*	1,431
Covid 19 Workforce Capacity Grant (2020-2021 allocation)	688
Covid Community Champions*	475
Emergency Food and Essential Supplies	394
Active Travel Scheme (revenue and capital)	347
Home to School Transport	546
Reopening of the High Street	235
Next Steps Accommodation Programme (rough sleepers)	198
Enforcement Surge Funding	174

Grant	Allocation £000
Clinically Extremely Vulnerable Individuals	277
Community Testing Programme	265
Wellbeing for Education Return Grant	37
Total grants with conditions / criteria	17,671
Grants passported to third parties	
Business Support Grants**	86,105
Infection and Prevention Grant (2020-2021 allocation)	6,228
Adult Social Care Rapid Testing (2020-2021 allocation)	768
Test and Trace Self Isolation Support Payments*	1,456
Financial Support for Schools	219
National Leisure Recovery Fund*	267
Mass testing for Schools	93
Catch Up Premium Schools	749
Total grants passported to third parties	95,885
Total Covid-19 grants	143,287

* grant allocation awarded covers more than one financial year

** grant allocation awarded covers more than one financial year and includes all business related grants, including small administration grant and Additional Restrictions Grant

- 5.6 The Council has carefully managed the allocation of these grants; considering evidence when drawing up a response to the pandemic to ensure that the right response is delivered at the right level to support our residents and businesses. The Council reported to Cabinet in March 2021, that it was projected that the covid general grant would be sufficient to deal with the cost pressures in 2020-2021 and that to ensure that the Council could continue to deliver on our Relight priorities, that any efficiencies identified against the general covid grant for 2020-2021, will be carried forward to support the ongoing challenges we face over the medium-term.
- 5.7 As indicated in the table above, some of these grant allocations, whilst awarded in 2020-2021 are expected to cover 2020-2021 and part year for 2021-2022; these grants have been fully committed. From the general grants and those with a criteria, in the region of £17 million will be carried forward to support the council in its covid response in 2021-2022. There are a number of commitments already approved for 2021-2022, including funding to close the digital divide, additional food parcels for our most vulnerable residents, funding to provide welfare, debt and benefits advice and to purchase additional Personal Protective Equipment (PPE). Updates on ongoing commitments will be provided in future revenue budget monitoring reports.
- 5.8 The table below shows the outturn position of the cost implications which are being funded by the general Covid-19 Emergency Grant and the Sales, Fees and Charges grant in 2020-2021.

Table 16 – Financial Implications of Covid-19 in 2020-2021

	2020-2021 £000
Food Distribution Hub*	2,430
Personal Protective Equipment (PPE)	1,274
Temporary Accommodation*	644
Temporary Mortuary	427
Adult Social Care – additional payments*	1,022
Free School Meals	159
Additional costs due to service disruption & increase in provision	3,913
Total Expenditure	9,869
Loss of income	10,589
Budget Reduction and Income Generation targets not delivered	734
Total Cost of Covid for 2020-2021	21,192

*Total scheme cost higher; schemes funded from a combination of grants amount above is Emergency Grant funding only.

- 5.9 Looking forward, 'Living with Covid' will need to have in place; a robust health protection function with the ability to respond quickly to any future outbreaks; a fit for purpose community testing programme that continues to reach into traditionally low uptake communities; an effective contact tracing service to compliment and add value to the national programme; and an increasing role in supporting the local NHS in the equitable roll out of the national Covid-19 Vaccination Programme. This activity will need to be supported, partly through the core Public Health Grant allocation, but also through the continued use of the Covid specific grant funding. This approach was outlined in the refreshed Local Outbreak Control Plan which was published in April 2021.
- 5.10 There will be longer term implications for the Council's operating model, as the scale of the change post-Covid-19 will place expectations and demands on service delivery in future years. At this stage it has not been possible to fully quantify the potential impact of Covid-19 over the medium term. It is anticipated that pressures will emerge in many areas particularly in relation to social care, public health and wellbeing and income generating services.
- 5.11 The HRA has also seen a reduction in income due to the pandemic. As detailed in paragraph 8.3, the year end position shows a reduction in income of £1.4 million from rent and service charges. In the first national lockdown, work could not be undertaken to refurbish and prepare void properties in order for them to be re-let. Whilst these works are now being carried out, to ensure safe working practices it is taking longer to turn

around void properties for re-let resulting in lost income. The Council has not received any grant from Central Government to support the impact of Covid in the HRA.

6.0 Reserves, Provisions and Balances 2020-2021

- 6.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2021 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2020-2021', will seek approval for transfers to and from reserves, provisions and balances.
- 6.2 Following a review of the reserves position during 2019-2020, the Council's General Fund balance was increased by £3.0 million to a total of £13.0 million. The Director of Finance proposes that the net balance of £651,000 for 2020-2021 be transferred to the General Fund balance, taking the total to £13.7 million, this represents 5% of the 2021-2022 net budget which is in line with recommended best practice.
- 6.3 Earmarked reserves that have been set aside by the Council to fund future estimated liabilities and planned expenditure have increased overall by £8.6 million. This increase includes the £5.1 million transfer to the Future Years Budget Strategy Reserve in line with the strategy approved by Full Council in March 2021.
- 6.4 Whilst the Council does not have a high level of reserves the outturn position has enabled the Council to protect the current level of reserves. This will help to support the Council's short-term financial position but, it does address the challenging financial position that the Council finds itself in over the medium term; namely identifying further projected budget reductions which were estimated at £25.4 million in 2022-2023, rising to £29.6 million by 2023-2024 when reported to Full Council in March 2021 and the uncertainties we face in responding in 'living with covid' and delivering our Relight priorities.

7.0 Outturn on Schools' Budgets

- 7.1 Schools that remain in local authority control started the 2020-2021 financial year with accumulated reserves of £6.3 million. At the end of the year revenue balances for these schools were £13.2 million, an increase of £6.9 million. This represents 11.95% of the funding and income available to schools during 2020-2021.
- 7.2 The Directors of Children's Services and Finance will continue to challenge those schools who hold surplus balances, aiming to gain an understanding of plans in place and whether they are appropriate. They will also continue to work with schools with deficit balances to ensure that robust plans are in place to enable the school to return to a balanced budget position.
- 7.3 Further details on schools' finances for 2020-2021 are shown at Appendix 2.

8.0 Housing Revenue Account

- 8.1 The table below provides the Housing Revenue Account (HRA) revenue outturn for 2020-2021 compared to the approved budget. The outturn position for the year is a surplus of

£11.9 million, compared to a budgeted surplus of £10.8 million. The surplus in year is used to provide for the redemption of debt.

Table 17 – Housing Revenue Account Revenue Outturn 2020-2021

	Budget £000	Outturn £000	Variation £000
Total income	(96,518)	(95,098)	1,420
Total expenditure	67,056	67,419	363
Net cost of HRA services	(29,462)	(27,679)	1,783
Interest payments and receipts	10,917	10,115	(802)
Revenue to capital transfer	7,707	5,707	(2,000)
Surplus before transfers to/from reserves and provision for redemption of debt	(10,838)	(11,857)	(1,019)
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	10,838	11,857	(1,019)
Balance for the year	-	-	-

- 8.2 Further detail behind the figures in this table are shown at Appendix 3.
- 8.3 The budget for income was £1.4 million lower than budgeted due to the loss of income resulting from the impact of Covid-19. During the initial lockdown period empty properties could not be relet and following this the need for Covid safe practices increased turnaround times. The pandemic also impacted on time taken to complete and handover new build properties.
- 8.4 There was an overspend against expenditure budgets of £363,000. This figure includes an underspend against the budget for the increase to the bad debt provision of £1.0 million. The provision has been prudent to allow for the potential impact of universal credit.
- 8.5 There was an overspend against the budget for repairs and maintenance because the budget included assumptions for leaseholder contributions to major repairs that have been rephased. Expenditure on the depreciation of fixed assets was £682,000 higher than budgeted due to a higher number of properties to be depreciated than budgeted for.
- 8.6 There was an underspend against the budget for interest payable of £872,000. This was due to rephasing on the capital programme which reduced the borrowing requirement. The budgeted revenue to capital transfer of £7.7 million was reduced to £5.7 million due to the reduction in capital expenditure.

9.0 Collection Fund

- 9.1 The Collection Fund income comes from receipts of Council Tax and Business Rates, also referred to as Non-Domestic Rates (NDR) collected from tax payers during the year and any balances from previous years. As reported throughout the financial year, the Covid-19 pandemic has had a significant international, national and regional impact and will continue to do so over the short and medium term. The economic costs of the pandemic will place additional pressures on the Council's income collected from council tax and business rates for years to come. The Council has seen a decline in the collection rate during 2020-2021 and increases in the numbers of Local Council Tax Support claimants due to the pandemic and predicts that this will continue into 2021-2022.
- 9.2 The council tax element of the Collection Fund outturned with a £6.1 million deficit during 2020-2021 after the application of Hardship Fund Grant, and this resulted in an overall deficit of £6.6 million to be carried forward. Of this, the Council will retain a deficit in the region of £5.8 million.
- 9.3 The business rates element of the Collection Fund outturned with a £39.4 million deficit during 2020-2021 prior to the application of forecast £31.7 million Section 31 grant to cover the cost of Covid-19 business rates reliefs, resulting in a net in-year business rates deficit to be apportioned of £7.7 million. In addition to the net deficit brought forward on the collection fund, this results in an overall deficit of £8.6 million. Of this, the Council will retain a deficit in the region of £8.5 million.
- 9.4 Due to Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2021-2022 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2020-2021 can be spread over 3 years from 2021-2022 to 2023-2024.
- 9.5 In addition to this, in the Spending Review 2020, the Government announced that funding would be provided to compensate local authorities for 75% of irrecoverable losses from council tax and business rates revenues in 2020-2021, that would otherwise need to be funded through local authority budgets in 2021-2022 and later years. It is anticipated that the Council will receive funding in the region of £4.7 million based on the Government's methodology of calculating in-year losses.

10.0 Capital Programme – General Revenue Account and Housing Revenue Account (HRA)

- 10.1 The capital programme includes significant investment programmes that endeavour to create an environment where new and existing businesses thrive, people can develop the skills they need to secure jobs and create neighbourhoods in which people are proud to live. The capital programme reflects the priorities of the Strategic Asset Management Plan.

- 10.2 On 3 March 2021, Full Council approved the Capital Programme 2020-2021 to 2024-2025 Quarter Three Review and 2021-2022 to 2025-2026 Budget Strategy. This report approved revisions to the General Revenue Account and Housing Revenue Account (HRA) capital programmes. The table below provides an overview of the outturn position for the General Revenue Account and HRA against the approved budget for 2020-2021.
- 10.3 Due to the nature of the capital programme it is important to review capital budgets over the medium term. A full report on the Capital Outturn 2020-2021 including Quarter One Capital Monitoring 2021-2022, detailing the financial performance by each project and the updated position over the medium term, will be reported to Cabinet on 7 July 2021.
- 10.4 Despite the pressures of Covid-19 the Council has continued to deliver key capital projects which are essential to the Relighting Our City priorities. An update on key projects will be provided in the report to Cabinet on 7 July 2021.

Table 18 - Capital Programme 2020-2021

Capital Programme	2020-2021 Budget £000	2020-2021 Outturn £000	2020-2021 Variance £000
General Revenue Account Capital Programme			
Expenditure	96,395	72,736	(23,659)
Financing			
Internal Resources	67,575	51,392	(16,183)
External Resources	28,820	21,344	(7,476)
Total Financing	96,395	72,736	(23,659)
Housing Revenue Account Capital Programme			
Expenditure	49,386	46,845	(2,541)
Financing			
Internal Resources	48,767	46,226	(2,541)
External Resources	619	619	-
Total Financing	49,386	46,845	(2,541)

11.0 Debt Write Offs

- 11.1 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, appropriate steps would be taken to pursue the debt, despite the debt having been formally written off in the Council's accounts.
- 11.2 **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 (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.

- a. **Council Tax** - Overall, 807 debt write offs totalling £166,958.14 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- b. **Non-Domestic Rates** - Overall, 31 debt write offs totalling £213,404.53 have been incurred. All but three valued at £40,561.68 in total, which require the approval of this Cabinet (see Appendix 4), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

- 11.3 **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. Overall, 51 debt write offs totalling £52,460.34 have been incurred. All but three valued at £24,289.91 in total, which require the approval of this Cabinet (see Appendix 5), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 11.4 **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.
- 11.5 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.
- 11.6 Overall 15 debt write offs totalling £5,769.48 have been incurred during the period. All of which have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 11.7 As a result of the information detailed in paragraphs 11.2 – 11.6 above, the Director of Finance has approved the write off of 898 debt accounts totalling £373,740.90 in value.

12.0 Evaluation of alternative options

- 12.1 The write-offs, virements and use of reserve requests requiring the approval of Cabinet are all considered to be prudent in the opinion of the Director of Finance and the Leader of the Council.

13.0 Reason for decisions

- 13.1 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 the Cabinet. Contribution to and from reserves also requires the approval from the Cabinet. The write-offs, virements and use of reserve requests detailed in this report which seek the approval of the Cabinet are all considered to be prudent in the opinion of the Director of Finance and the Leader of the Council. The Council's financial procedure rules also require that the Section 151 Officer shall submit a report setting out the Outturn within four months of the financial year end.

14.0 Financial Implications

- 14.1 The financial implications are detailed in the body of the report.
[MH/10062021/B]

15.0 Legal Implications

- 15.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 15.2 The General Power of Competence, contained in Section 1 (1) the Localism Act 2011 gives eligible local authorities, "*the power to do anything that individuals generally may do*" as long as they do not break other laws. This includes the power to lend or invest money and to set up a company to trade and engage in commercial activity.
[TC/10062021/C]

16.0 Equality Implications

- 16.1 As this report provides details of the financial outturn position for 2020-2021. The necessary equalities analyses were carried out as part of the preparations for setting 2021-2022.

17.0 All other implications

- 17.1 The Covid-19 implications are detailed in the body of this report.

18.0 Schedule of background papers

- 18.1 [2020-2021 Final Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024](#), report to Cabinet, 19 February 2020
- 18.2 [2021-2022 Final Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024](#), report to Cabinet, 17 February 2021.
- 18.3 [Reserves, Provisions and Balances 2020-2021](#), report to Cabinet, 16 June 2021

19.0 Appendices

19.1 Appendix 1 – Revenue Budget Outturn

19.2 Appendix 2 – Outturn on Schools' Budget

19.3 Appendix 3 – Housing Revenue Account Revenue Outturn

19.4 Appendix 4 – Non-Domestic Rates write offs

19.5 Appendix 5 – Sundry Debts write off

19.6 Appendix 6 – Virements