

Quarter 1 2021-2022 Budget Performance**1.0 Summary**

- 1.1 On 3 March 2021, the Council approved the net budget requirement for 2021-2022 of £258.5 million for General Fund services.
- 1.2 Overall, the General Fund projected outturn for 2021-2022 is currently within budget, when excluding the impact of Covid-19. Early indications are that there are some efficiencies across some services. It is therefore proposed that any underspends are transferred into a specific reserve to support the 2022-2023 Budget Strategy and to reduce the level of capital receipts to pay for revenue transformation. The Director of Finance will update Cabinet on this position as part of quarterly monitoring and the budget setting process. The sections below provide an overview of the main uncertainties, opportunities and assumptions as at quarter one by directorate.

2.0 Adult Services

- 2.1 The budget setting process for 2021-2022 recognised the potential cost pressures across Adult Social Care, which were being flagged throughout 2020-2021. The 2021-2022 Budget and Medium Term Financial Strategy (MTFS) report presented to Cabinet on 17 February 2021 included growth for Adult Social Care for demographic demand and the impact of National Living Wage in relation to external contracts.
- 2.2 Current forecasts indicate that whilst there are pressures within some services such as Learning Disabilities, overall, the service is currently forecasting to be within budget. However, there continues to be significant uncertainty over the short to medium term effects of the pandemic. In addition, during 2020-2021 and part year for 2021-2022, Adult Social Care providers have received financial support from the Infection and Prevention Government Grant - this support currently only continues until September 2021. Also, a certain cohort of clients discharged from hospital are currently directed through health funded pathways, again, this is unlikely to continue to be the case for whole of 2021-2022.
- 2.3 Work will continue to be undertaken to monitor and analyse the 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 the needs and is of high quality. Updates will be provided in future budget reports.

3.0 Children's Services and Education Services

- 3.1 The directorate is currently forecasting to be within budget. This position is due to the strong financial management across the directorate. Children's Services have been on a significant transformation journey over the last five years. 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. To-date Wolverhampton has not seen a significant increase in the demand on children's social care as a result of the pandemic, however, as with adult services, there continues to be significant uncertainty over the impact of Covid-19 on this service over the short to medium term. Work will continue to model the potential financial effects of the pandemic on the service.

4.0 Public Health and Wellbeing

- 4.1 Overall, excluding the impact of Covid-19, Public Health and Wellbeing is forecasting to be within budget. However, it should be noted that the income received for WV Active has significantly reduced due to the pandemic, and there is considerable uncertainty over the level of income that will be generated over the short to medium term. The Council is able to claim a compensation grant to part fund the loss of income from fees, sales and charges for quarter one from Government, however, it has not been confirmed that this grant scheme will continue beyond June 2021. The current forecast loss of income is included in Section 5 of the main report.

5.0 City Assets

- 5.1 Overall, excluding the impact of Covid-19, the directorate is reporting to be within budget as at quarter one. Work has been undertaken to understand the potential requirements in relation to the maintenance programme in order to determine the amount required to complete urgent works within this financial year that will ensure compliance whilst aligning to realistic work schedules, available resources and the reopening of corporate buildings. Appendix 5 includes approval for a virement totalling £650,000 from Corporate Contingency budgets to City Assets to cover these works.

6.0 City Housing and Environment

- 6.1 Overall, excluding the impact of Covid-19, the directorate is reporting to be within budget. However, early forecasts indicate that there may be some areas of potential efficiencies across services such as Customer Services, Environmental Services and Waste Services. This will be closely monitored, and updates will be provided in future reports. Work will be undertaken to identify if there are any one-off or recurrent efficiencies that can be built into the MTFS going forward.

- 6.2 However, as with other income generating services, Parking Services and Licensing has seen a significant reduction in the level of income generated from sales, fees and charges due to the pandemic. There continues to be considerable uncertainty over the level of income that will be generated over the short to medium term.

7.0 Finance

- 7.1 The 2021-2022 Budget and MTFS 2021-2022 to 2023-2024 report approved by Cabinet on 17 February 2021 approved growth to support the emerging cost pressures highlighted as a result of increased demand for temporary accommodation. Current forecasts indicate that this growth is sufficient to deal with the potential costs for 2021-2022.
- 7.2 There are, however, cost pressures within Procurement services due to difficulties in recruiting to permanent positions. This is currently being offset by efficiencies across other Central Corporate Budgets within Finance. This will be kept under review, and updates will be provided within future reports.

8.0 Governance

- 8.1 The planned Human Resources budget reduction target is now at risk as resources that would have been focused on delivering efficiencies and transformation programmes have been prioritised to support and lead on a number of projects and activities associated with the response to Covid-19 and Relight of Our Council/City. This will be kept under review and updates will be provided in future reports to Councillors.

9.0 Strategy

- 9.1 Early indications are that there are some potential efficiencies within ICT due part year staffing vacancies as a result of a restructure which will be completed during this financial year and reduced printer usage. Once the restructure is complete, work will be undertaken to identify if there are any efficiencies that can be built into the MTFS going forward.

10.0 Corporate Budgets

- 10.1 In the 2020-2021 Budget and MTFS 2020-2021 to 2023-2024 report presented to Cabinet on 19 February 2020, it was recognised that during 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 a Corporate Contingency for Growth budget was established. This budget is still, in part held for 2021-2022, of which includes £2 million in relation to the maintenance programme. Work has been undertaken to ascertain the amount required from the contingency budget to support works required on building compliance and maintenance, Appendix 5 includes approval for a virement to City Assets.

- 10.2 The Treasury Management – Annual Report 2020-2021 and Activity Monitoring Quarter One 2021-2022 presented to Cabinet on 7 July 2021, reported an underspend of £1.4 million due to reduced borrowing in year arising from the re-phasing of the capital programme.
 - 10.3 Overall, early indications are that there are underspends across Corporate Budgets. This report therefore proposes that any efficiencies, in the first instance are used to support the 2022-2023 Budget Strategy or reduce the level of capital receipts used to pay for revenue transformation in 2021-2022.
- 11.0 Other Directorates**
- 11.1 Chief Executive, Deputy Chief Executive, Communications and External Relations and Regeneration are all currently forecasting to be within budget.