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| Report title | Performance and Budget Monitoring 2021-2022 | |
| 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 | Claire Nye | Director of Finance |
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| Report to be/has been considered by | Strategic Executive Board | 10 March 2022 |

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the establishment of supplementary expenditure budgets within the 2021-2022 approved budget as detailed in section 9.0 and Appendix 3 for grant funded expenditure.
2. Approve the use of £7,000 from the Wholesale Market Sinking Fund to fund car park resurfacing at Wholesale Markets as detailed in paragraph 10.4.
3. Approve the use of £190,000 from the Budget Contingency Reserve to fund the additional resources required to support a temporary expansion in recruitment processes across the Council as detailed at paragraph 10.5.
4. Approve the contribution of £47,000 from the Budget Contingency Reserve to fund additional resources in the Information Governance Team to ensure continued statutory compliance as detailed in paragraph 10.6.
5. Approve the use of £1.8 million from the Adults Social Care Reserve to fund growing demand within various services as detailed in paragraph 10.7.

6. Approve the write-off of six Council Tax debts totalling £40,607.02 as detailed in Appendix 9.
7. Approve the write-off of two Non-Domestic Rates (NDR) debts totalling £63,595.44 as detailed in Appendix 10.
8. Approve the write-off of six Sundry Debts totalling £147,325.73 as detailed in Appendix 8.
9. Approve 21 virements totalling £6.7 million, for transfers within directorates, as detailed in Appendix 11.

Recommendations for noting:

The Cabinet is asked to note:

1. That the General Fund projected outturn for 2021-2022 is currently forecast to be a breakeven position (excluding the impact of Covid-19). This forecast is after the transfer of £4 million into the Future Years Budget Strategy Reserve in accordance with the 2022-2023 budget strategy and £3.4 million contribution towards reducing the utilisation of capital receipts flexibility in line with the 2021-2022 budget strategy.
2. It is anticipated that the cost of redundancies can be met from reserves.
3. That a £11.5 million surplus on the Housing Revenue Account (HRA) is projected compared with a budgeted surplus of £13.1 million as shown at Table 3 and in detail at Appendix 5. The projected reduction to the surplus of £1.6 million will reduce redemption of debt by £1.6 million.
4. That 733 council tax accounts totalling £456,782.91, as detailed in paragraph 11.2 and Appendix 7, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 28 Non-Domestic Rates (NDR) debts totalling £194,901.74, as detailed in paragraph 11.2 and Appendix 7, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 16 housing benefit overpayments totalling £1,451.30 as detailed in paragraph 11.2 and Appendix 7, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That 73 sundry debt accounts totalling £45,619.10, as detailed in paragraph 11.2 and Appendix 7, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. The performance against the key indicators as set out in appendix 1.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet with an integrated finance and performance update against the Relighting Our City priorities.
- 1.2 This is the third report of the financial year detailing the likely outturn projection for 2021-2022.

2.0 Background

- 2.1 On 16 September 2020, Council approved the Relighting Our City recovery framework to guide the Council's approach as we emerge from the Covid-19 pandemic.
- 2.2 Relighting Our City was launched as a 'living' document and a commitment made to regularly review and refresh the plan to ensure that it continues to reflect the priorities of local people and capture the fast-changing nature of the pandemic. This was updated at Cabinet on 17 March 2021, including a reflection on what had been achieved so far and an overview of future planned activity to support recovery from the pandemic.
- 2.3 Relighting Our City also includes a performance framework, providing high-level city data on key priorities and benchmarking city performance against national and regional data in order to highlight the impact of targeted interventions, inform strategic decision-making in relation to provision and encourage scrutiny of those strategic decisions.
- 2.4 On 2 March 2022, Council approved Our City: Our Plan, a new Council Plan building on Relighting Our City and providing the strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives'. Reporting against this framework for both performance and budget will take place from 2022-23 onwards.
- 2.5 The City of Wolverhampton Council has built up a strong track record over many years of managing its finances well and consistently setting a balanced budget. Our approach to strategic financial management, aligning budgets to service priorities and improving services, and investing in transformation priorities, continues to put us in a strong financial position.
- 2.6 On 3 March 2021, the Council approved the net budget requirement for 2021-2022 of £258.5 million for General Fund services. This report details the forecast outturn projection for 2021-2022.
- 2.7 This report brings together performance against our Relighting Our City priorities and the financial performance for quarter 3. It is the third report of the financial year.

3.0 Performance Update

- 3.1 The Council continues to use a variety of means in which to assess the efficiency and effectiveness of operations against organisational strategic priorities and statutory requirements.
- 3.2 Critically it continues to manage resources effectively, consistently setting a balanced budget, and delivering against the Medium Term Financial Strategy, despite austerity.
- 3.3 External verification of performance is also undertaken through external audit of the council's accounts, and key inspections such as Ofsted and other regulatory bodies. Risks continue to be managed through the strategic risk register which is reported to Audit and Risk Committee on a regular basis.

Relighting Our City Performance

- 3.4 Relighting Our City sets out the priorities which will guide the Council's approach as the organisation and the city starts to transition from the response to the recovery phase of the pandemic. These priorities together with the associated key actions and activity form a framework for recovery.
- 3.5 Within the Relighting Our City recovery commitment plan there are five overarching priorities for recovery, supporting the delivery of our Council Plan vision for Wulfrunians to live longer, healthier, and more fulfilling lives:
 - Support people who need us most
 - Create more opportunities for young people
 - Support our vital local businesses
 - Generate more jobs and learning opportunities
 - Stimulate vibrant high streets and communities
- 3.6 A performance framework has been created to monitor performance against these priorities and includes two different types of indicators, city indicators and impact indicators.
- 3.7 City indicators are high level indicators which although the council can influence, may not be able to directly affect. Data on these indicators is published nationally, to enable a comparison against regional, statistical, and national averages. Impact indicators demonstrate how council interventions are working to improve outcomes for residents against key priorities.
- 3.8 This report sets out a summary of performance against city and impact indicators, relevant financial information, and key areas of activity. A dashboard of the performance against impact indicators is included at appendix 1.

Supporting people who need us most

- 3.9 The Council continues to provide support to those facing hardship, working with our partners to keep our city safe and build resilience to ensure all our communities can thrive.
- 3.10 Social care performance remains an area of strength in the city. The Council has seen a continuation of strong performance in both children's and adults social care in the recently completed statutory returns.
- 3.11 Keeping people independent at home remains a key objective for the Council with 60% of all residents open to Adult Social Care being supported in their own homes, this is an increasing number. However, the Council has seen a decrease in performance in terms of reablement, with 72% of residents aged 65 or over remaining at home 91 days after discharge from hospital at quarter end. This performance is in line with national averages.
- 3.12 The Council has continued to work with partners to support the roll out of the Covid-19 vaccination at speed. At quarter end 73.1% of the adult population of Wolverhampton were vaccinated. Further to this, almost 94% of our residents aged 80 or above, 89% of our most clinically vulnerable residents and 96% of our care home residents are vaccinated ensuring protection to those most vulnerable.
- 3.13 The Council is also supporting keeping people safe through the supply of personal protective equipment (PPE), with over 5 million items being supplied through the pandemic, 700,000 in this financial year.
- 3.14 Reducing rough sleeping continues to be a priority to the Council with a 25% reduction in rough sleepers in the year.
- 3.15 The Council continues to support vulnerable residents to maximise their benefit entitlement to ease their financial hardships. 853 residents have been supported through the welfare rights helpline to a potential gain of over £2.7 million.
- 3.16 Regarding financial performance, as detailed in Appendix 2, current forecasts indicate that there is a pressure across Adult Services totalling £494,000, in particular across care purchasing budgets. The position has improved significantly from the forecast at quarter 2. The expenditure on care purchasing includes additional measures set out within the Council's winter plan to support Adults Social Care through the second half of the financial year, and additional funding to support the Home Care market through this period. The redesign of Adult services has commenced and with the aim of addressing any longer term under or overspend relating to staffing, as well as stabilising the care market. An exercise to review the cost of care in Wolverhampton will also be undertaken in the next six months. There continues to be significant uncertainty over the short to medium term effects of the pandemic and 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 of residents and is of high quality.

- 3.17 Public Health and Wellbeing overall is forecasting an underspend of £124,000 which relates to staffing vacancies within local economy, all other services are reporting a break-even position. However, it should be noted that the income received for WV Active significantly reduced due to the pandemic. Following the compulsory closures of the leisure centres, in line with government guidelines, memberships dropped from over 10,000 members in February 2020 to their lowest of 5,300 in December 2020. Throughout 2021-2022, WV Active have managed to increase the membership across the three leisure centres by over 3,400, taking the membership to over 8,700. Whilst this is fantastic achievement, there still remains some uncertainty over the level of income that will be generated over the short to medium term.
- 3.18 Further financial analysis can be found in Appendix 2.

Creating more opportunities for young people

- 3.19 Our ambition is that children and young people have the best possible opportunities to fulfil their potential. As a result, we are investing to connect young people to opportunities, support our schools to improve standards, ensure education provision is inclusive whilst continuing to support our most vulnerable young people.
- 3.20 The city continues to see an increase in the percentage of schools rated good or outstanding by Ofsted, above national averages. Ensuring inclusivity in access to this high standard of education remains a key priority. At quarter end, 88% of children and young people from a BAME background are attending a good or outstanding school, this number is the same as for White British residents. Further to this, the Council continues to support children and young people with special educational needs to attend mainstream schools, 80% at quarter end.
- 3.21 The Council performs lower than national averages in ensuring education and health care plans for children with special educational needs and disability (SEND) are completed within 20 weeks. This performance remains similar to last quarter; however, a development plan is in place within the service to improve the timeliness of assessments and recording.
- 3.22 Through the summer the Council worked with partners to deliver a programme of activities for children and young people. In total 490 events were commissioned which were attended by 12,000 young people, over 5,000 of which were eligible for free school meals.
- 3.23 Children's Social care remains an area of strength for the authority with decreasing numbers of children open to the service against a backdrop of increasing numbers regionally and nationally.

- 3.24 Against decreasing numbers of Child Protection cases, the percentage that are repeat cases has increased in the quarter however is still below national and regional comparators.
- 3.25 Placement stability of our children in care remains an area of strength for the Council. Data for both short and long-term stability shows that placements are secure and compare favourably to regional and national comparators. When older young people leave care, the Council support them to find suitable accommodation. 94% of our care leavers are currently in suitable accommodation, substantially above national and regional averages.
- 3.26 Regarding financial performance, Children's Services and Education is currently forecasting an underspend of £1.7 million, due to strong financial management and transformative projects and programmes which 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 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. Further financial analysis is included at Appendix 2.

Generate more jobs and learning opportunities

- 3.27 The pandemic has increased barriers to employment for too many people in our city, and we will continue to work collaboratively with partners to support people into work, learning and re-skilling opportunities and create new jobs and opportunities in our city for our citizens.
- 3.28 Historically Wolverhampton has had higher unemployment claimant count rates than the national average, which have been exacerbated by the pandemic. The recent increases in claimant count in Wolverhampton is proportionate to that seen nationally. Young people have also been disproportionately impacted upon on.
- 3.29 Wolverhampton has seen small decreases in the number of people claiming unemployment benefits. However, at quarter end Wolverhampton had the 3rd highest rate for overall unemployment.
- 3.30 Data for 16-17 year olds in education and employment shows Wolverhampton favourably against comparators however at quarter end Wolverhampton had the highest rate of 18-24 year olds claiming unemployment benefit in the country.
- 3.31 Tackling unemployment is a key priority for the Council with £3 million of funding being pledged to tackle youth unemployment in the city.
- 3.32 In the year to date, the Council has supported 573 people into work through Wolves at Work and Black Country Impact as well as safeguarded or created 1,356 jobs through inward investment.

- 3.33 The Council has also pledged to recruit 50 apprentices in the year, to support young people in starting their careers, with 42 new apprentices and graduates starting with the authority in the year to date.
- 3.34 Regarding financial performance, the Regeneration directorate, which includes the Skills service, is projecting an underspend of £188,000 due to staff vacancies held pending a restructure. Further analysis is shown at Appendix 2.

Grow our vital local businesses

- 3.35 Our local businesses are essential to a strong and resilient local economy but have been significantly impacted on by the pandemic. Building on the extensive Covid support mechanisms we have deployed which have included £60 million in grant funding through 2020-2021, we will continue to ensure there is an effective business support offer to meet the needs of local businesses, supporting growth, diversification and resilience.
- 3.36 Wolverhampton has over 8,000 businesses and a one year survival rate of 90% which is higher than the national average.
- 3.37 In the last quarter the Council supported 143 businesses through a combination of business support, tailored programmes and business reviews.
- 3.38 155 business were engaged with the Business Relight programme, a programme tailored to supporting business to relight post pandemic.
- 3.39 Through commissioned service 'Access to Business' 116 new start-ups are being supported.
- 3.40 Regarding financial performance, as mentioned above, the Regeneration directorate which includes Enterprise, is projecting an underspend of £188,000. Further analysis is shown at Appendix 2.

Stimulate vibrant high streets and communities

- 3.41 In the wake of the pandemic it is more important than ever to deliver against our ambitious plans to transform and reimagine our city, conscious of the changes in how we work, live, travel and spend our leisure time. We continue to deliver our plans to be an events city building on our strong cultural offer and drive investment into our communities, particularly focussed on our council's climate change commitment to be next carbon neutral by 2028.
- 3.42 Due to the pandemic in 2020, there was a 42% reduction in city centre footfall in comparison to 2019. Just under 590,000 football supporters attended games at the Molineux through the 2018-2019 season (last full crowd season) compared to just 4,500 in 2020-2021 and many other examples of dramatic decreases in event attendance.
- 3.43 Data through Google Analytics shows a decrease in the numbers of people using to retail and recreational settings in quarter 3 than in quarter 2. This can be linked to the surge in

COVID-19 cases through the Omicron variant and government work from home messaging.

- 3.44 Data shows an increase in people using supermarkets and pharmacies, a further 8% increase in the quarter.
- 3.45 However, there has been a 52% reduction in activity on public transport in quarter 3, again this is linked to the work from home messaging around the Omicron variant.
- 3.46 The investment team has worked with 68 enquires of new investment into the city in the year to date.
- 3.47 Regarding financial performance, excluding the impact of Covid-19, City Housing and Environment overall are projecting an underspend of £855,000. As reported at quarter 2, work has been ongoing to identify one-off or recurrent efficiencies across the directorate, with efficiencies now being projected within Customer Services, Environment Services, Markets and Public Protection. The service is reporting one-off efficiencies however, as with other income generating services, Parking Services and Licensing have seen a reduction in the level of income generated due to the pandemic. Work will also continue to ensure that budgets are aligned to service priorities, further to this it should be noted there continues to be uncertainty over the level of income that will be generated over the short to medium term. Further financial analysis is included in Appendix 2.

Our Council

- 3.48 To deliver against our key city priorities, the Council is continuing to become more efficient and effective through ongoing improvements in relation to assets, use of data, technology and digital, our people and money.
- 3.49 16% reduction in sickness absence (excluding Covid) during 2020-2021 compared to 2019-2020, a reduction of 4,645.93 days of absence.
- 3.50 The total number of days worked from home by employees whilst self-isolating in 2020-2021 was 3,028.93. This would have amounted to an additional 10% increase in sickness absence if those employees had been unable to work from home.
- 3.51 Call abandonment rate in customer services was 9.6% in December 2021 compared to 21% in December 2019 (pre pandemic), with work ongoing to reduce this further and activity to provide customer service support in the community such as blue badge surgeries.

4.0 Quarter Three 2021-2022 Budget Performance

- 4.1 On 3 March 2021, the Council approved the net budget requirement for 2021-2022 of £258.5 million for General Fund services.
- 4.2 Overall, the General Fund projected outturn for 2021-2022 is currently forecasting a breakeven position. This forecast position is after the transfer of £4 million into the Future Years Budget Strategy Reserve in accordance with the 2022-2023 budget strategy, as approved by Cabinet on 23 February 2022 and Full Council on 2 March 2022, and £3.4 million contribution towards reducing the utilisation of capital receipts flexibility in line with the 2021-2022 budget strategy.
- 4.3 In line with the approved budget strategy, it is proposed that any further underspends are in the first instance used to reduce the level of capital receipts to pay for revenue transformation.
- 4.4 It is important to note that the 2022-2023 budget, approved by Full Council on 2 March 2022, assumes that efficiencies will continue to be delivered during 2022-2023 totalling £2.7 million. This consists of a £1.2 million vacancy factor and service efficiencies totalling £1.5 million.
- 4.5 Table 1 below summarises the projected outturn position for 2021-2022. Further detail on the most significant variances against the budget are reported on a service-by-service basis in Appendix 2.

Table 1 – 2021-2022 General Fund Revenue Budget Projected Outturn

| | Net Controllable Budget 2021-2022 | Projected Outturn 2021-2022 | Projected Variation | |
|--|--|-----------------------------------|------------------------|----------|
| | | | Over/(Under) | |
| | £000 | £000 | £000 | % |
| Adult Services | 71,403 | 71,897 | 494 | 0.69% |
| Children's Services and Education | 51,864 | 50,144 | (1,720) | (3.32%) |
| Public Health and Wellbeing | 3,546 | 3,422 | (124) | (3.50%) |
| City Housing and Environment | 32,250 | 31,395 | (855) | (2.65%) |
| City Assets | 10,591 | 9,972 | (619) | (5.84%) |
| Regeneration | 4,611 | 4,423 | (188) | (4.08%) |
| Finance | 14,396 | 13,730 | (666) | (4.63%) |
| Governance | 11,690 | 11,362 | (328) | (2.81%) |
| Strategy | 8,621 | 8,226 | (395) | (4.58%) |
| Communications and External Relations | 881 | 774 | (107) | (12.15%) |
| Corporate Budgets | 48,644 | 49,709 | 1,065 | 2.19% |
| Adjustment to Capital Receipts Flexibility | - | 3,443 | 3,443 | - |
| Net Budget Requirement | 258,497 | 258,497 | - | - |
| Council Tax (including Adult Social Care Precept) | (112,251) | (112,251) | - | - |
| Enterprise Zone Business Rates | (1,530) | (1,530) | - | - |
| Top Up Grant | (26,702) | (26,702) | - | - |
| Business Rates (net of WMCA growth payment and Collection Fund deficit) | (67,477) | (67,477) | - | - |
| New Homes Bonus | (1,017) | (1,017) | - | - |
| Section 31 Grant - Business Rates Support | (11,468) | (11,468) | - | - |
| Corporate Resources - Collection Fund Surplus/Deficit | 4,183 | 4,183 | - | - |
| Additional Social Care Grant | (6,715) | (6,715) | - | - |
| Winter Pressures and Social Care Grants - Adult Social Care | (11,390) | (11,390) | - | - |
| Improved Better Care Fund | (14,323) | (14,323) | - | - |
| Contributions To/From Reserves | (1,100) | (1,100) | - | - |
| Covid-19 Emergency Grant Funding | (8,707) | (8,707) | - | - |
| Total Resources | (258,497) | (258,497) | - | - |
| Net Budget (Surplus) / Deficit | - | - | - | - |

5.0 Covid-19 Update

- 5.1 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's residents and businesses may continue to require ongoing financial support. As the situation evolves, as will the Council's response and financial support in order to ensure recovery.
- 5.2 The Council response to the Covid-19 emergency has included:
- Over 5 million items of PPE supplied to local businesses and organisations
 - Over 70% of the population vaccinated including 94% of 80's, 89% of the most clinically vulnerable and 96% of care home residents
 - Creation of community champion roles to support community support through the pandemic
- 5.3 The Council has received a number of one-off grants to support the costs of the pandemic. The Council has carefully managed the allocation of grants; considering evidence when drawing up a response to the pandemic to ensure the right response is delivered at the right level to support our residents and businesses. The Budget Outturn report presented to Cabinet on 16 June 2021 reported that, to ensure that the Council could continue to deliver on our Relight priorities, and continue to respond to the pandemic during 2021-2022, unallocated Covid-19 Emergency general grant would be carried forward to support the ongoing challenges we face. In addition, at the end of 2019-2020, the Council established a Recovery Reserve totalling £3 million.
- 5.4 During 2020-2021 and for the first quarter of 2021-2022, the Council can claim compensation grant for loss of income from sales, fees and charges. As detailed in section 3 and Appendix 2, the Council is likely to continue to see losses in income across services such as WV Active and Parking services throughout the whole of 2021-2022 – beyond this grant compensation scheme.
- 5.5 The table below summarises the current projected additional costs, loss of income and the cost of recovery as a result of the pandemic. These additional costs are specifically around approved support in response to relight, including £3 million to deliver Wolves at Work 18-24, costs associated with different ways of working, increased demand due to the pandemic, loss of income from sales, fees and charges, and increased costs of capital - some of these costs will go beyond 2021-2022. It is important to note due to the significant uncertainty, these estimates are subject to change. However, our current projections indicate that these cost pressures can be met from the existing Covid-19 Emergency General Grant, expected Sales, Fees and Charges compensation grant and the Recovery Reserve.

Table 2 – Forecast Financial Implications of Covid-19

| | Forecast £000 |
|------------------------|--------------------------|
| Additional expenditure | 6,972 |
| Loss of Income | 3,702 |
| | |
| Total | 10,674 |

5.6 In addition, the Council has received a number of grants with specific criteria such as grant funding to adult social care providers, housing support grant to support our most vulnerable families and residents, and funding to contain the outbreak. Expenditure against these grants is in line with the conditions of grant and are excluded from the table above. A full list of grants available in 2021-2022, including any unspent grant from 2020-2021 which were allowed to be carried forward into 2021-2022 are shown in Appendix 3. Supplementary budgets have been built in for these grants through separate reports, however, for completeness approval is sought in this report to build in supplementary budgets fully funded from grant for those grants listed in Appendix 3.

6.0 General Fund Budget Monitoring – Risk Management

6.1 The overall level of risk associated with the budget 2021-2022 is assessed as Amber. As detailed in paragraph 4.2 it is forecast that the Council will have a breakeven position for 2021-2022, after the forecast contribution to reserves and reduction in the utilisation of capital receipts flexibility. It is important to note however, that the Council has budget reduction reductions to deliver and income to achieve over the medium term, notwithstanding, the impact of the Covid-19 pandemic. The main areas of risk are summarised in the table at Appendix 4.

7.0 Housing Revenue Budget Monitoring

7.1 Table 3 shows the latest forecast revenue outturn against budget for the Housing Revenue Account (HRA). The forecast outturn position for the year is a surplus of £11.5 million, compared to a budgeted surplus of £13.1 million. The projected reduction to the surplus of £1.6 million will reduce redemption of debt by £1.6 million.

Table 3 – Housing Revenue Account Projected Outturn 2021-2022

| | Budget | Projected Outturn | Projected Variation |
|---|---------------|--------------------------|----------------------------|
| | £000 | £000 | £000 |
| Total income | (97,829) | (96,384) | 1,445 |
| Total expenditure | 68,529 | 69,526 | 997 |
| Net cost of HRA services | (29,300) | (26,858) | 2,442 |
| Interest payments etc. | 10,817 | 10,021 | (796) |
| Contribution to capital financing | 5,336 | 5,336 | - |
| (Surplus)/deficit before transfers to/from reserves and provision for redemption of | (13,147) | (11,501) | 1,646 |
| <i>Allocation of (surplus)/deficit</i> | 13,147 | 11,501 | (1,646) |
| Provision for redemption of debt | | | |
| Balance for the year | - | - | - |

- 7.2 Income from rents and service charges is forecast to be £1.4 million lower than budgeted. When setting the budget, assumptions were made about the loss of income due to empty properties, the level of loss is currently higher than anticipated. This is due to more void properties requiring major refurbishment, the need for Covid safe working practices increasing turnaround times. There is also an impact from reprofiling of new build development schemes reducing the number of additional properties that had been forecast to be occupied during year.
- 7.3 Expenditure on repairs and maintenance and supervision and management are forecast to be higher than the budget by a total of £531,000 which is due to legal fees and compensation payments relating to disrepair claims.
- 7.4 Expenditure on rents, rates and taxes is £629,000 higher than the budget, this includes some back dated council tax on empty properties, and properties being empty for longer and therefore incurring more council tax to the HRA as referred to above.
- 7.5 The provision for increase in bad debt is anticipated to be £500,000 less than budgeted for, based on current levels of arrears. Budget assumptions were prudent, due to the continued roll out of universal credit and unknown potential impact of Covid-19. The HRA receive no government funding towards the impact of Covid-19.
- 7.6 Due to inflationary cost increases, the deprecation charge for the year will be £337,000 higher than the budget. Interest payable is forecast to be £809,000 lower than budgeted, due to reprofiling of the capital programme during the year.

8.0 Revenue Budget Monitoring – Schools’ Budgets

8.1 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year; 31 May and 31 October. Actual end of year balances for 2020-2021 and the latest projected balances in those submitted budget plans for 2021-2022 are shown at Appendix 6.

9.0 Changes to Grant Funded Expenditure

9.1 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 the late notification from grant awarding bodies of grant amounts, use of historic grants and proactive grant applications during the year.

9.2 Approval is sought from Cabinet to establish supplementary budgets within the 2021-2022 approved budget as set out in the table below, and in accordance with the grant terms and conditions. This will have no effect on the Council’s net revenue budgets as the expenditure is fully funded from the grant.

Table 4 - Grant Approvals sought from Cabinet

| Grant Name | Description of the Activities this grant will fund | Awarding Body | Expenditure 2021-2022 £000 |
|---|---|--|----------------------------|
| Approved Mental Health Practitioner (AMHP) Training Funding | Grant Funding for the programme of work related to training for Approved Mental Health Practitioners (AMHPs). | Skills For Care | 5 |
| Esmee Fairburn | To support the decolonising and anti-racism work. | Museums Association | 65 |
| Arts Connect | To support work of the Local Education Partnership. | Arts Connect Partnership Investment Fund | 66 |
| Story Trails | To develop a programme to train and upskill library staff in digital and immersive tech. | The Reading Agency - Arts Council | 8 |
| Jubilee Funds | Grant funding for libraries across England to put on public facing events and activities to celebrate the Queens Jubilee. | Libraries Connected | 1 |
| Afghanistan Resettlement (Education) Grant Funding 2021-22 | Grant funding to provide education services for children arriving from Afghanistan whilst they are in bridging accommodation. | Department of Education | 23 |
| IT cyber security | To progress cyber security activity. | Local Government Association | 10 |

10.0 Reserves

- 10.1 Following a review of the reserve position during 2019-2020, the Council's General Fund balance was increased by £3.0 million to a total value of £13.0 million. In order to be prudent, the General Fund balance was also increased by the 2020-2021 positive variance against budget to an overall total of £13.7 million. This represents approximately 5% of the net budget for 2021-2022 and is in line with recommended best practice.
- 10.2 In addition to the General Fund balance, the Council also holds a number of earmarked reserves. Earmarked reserves balances that have been set aside by the Council to fund future estimated liabilities and planned expenditure at the end of 2020-2021 was £43.9 million. The Council is also required to hold a number of earmarked reserves due to either specific criteria associated with funding, legal requirements or accounting practice. The total values of these types of earmarked reserves at the end of 2020-2021 was £77.5 million.

Transfers to / from Earmarked Reserves

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

Wholesale Market Sinking Fund

- 10.4 Approval is sought from this meeting for the use of £7,000 from the Wholesale Market Sinking Fund to fund car park resurfacing at Wholesale Markets.

Budget Contingency Reserve

- 10.5 Approval is sought from this meeting for the use of £190,000 from the Budget Contingency Reserve to fund additional resources required to support a temporary expansion in recruitment processes across the Council.
- 10.6 Approval is sought from this meeting for the use of £47,000 from the Budget Contingency Reserve to fund additional resources in the Information Governance Team to ensure continued statutory compliance.

Adult Social Care Reserve

- 10.7 Approval is sought from this meeting for the use of £1.8 million from Adults Social Care Reserve to fund increases in staffing to meet the growing demand in Adult Social Care pending the completion of the Adult Services Transformation Programme which includes the redesign of the operating model, associated structures, and review of practice model. A breakdown by service is set out in Table 5:

Table 5 - Adult Social Care Reserve approval

| Service | Amount £000 |
|---|------------------------|
| Adult Assessment & Care Management | 1,102 |
| Community Financial Support | 153 |
| Transforming Adult Services & Adult Services Redesign | 388 |
| Strategic Commissioning | 135 |
| Total | 1,778 |

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, steps would be taken to pursue the debt, despite the debt having been written off.
- 11.2 This report seeks approval to a number of debt write offs in relation to Council Tax, Business Rates, Housing Benefits and Sundry Debts. The details of these write-offs are provided in Appendix 7.

12.0 Evaluation of alternative options

- 12.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between employees and other controllable expenditure headings, require the approval of Cabinet. Contributions to and from reserves and the creation of supplementary budgets also require Cabinet approval. The write-offs, virements, use of reserves and creation of supplementary budgets detailed in this report which seek the approval of Cabinet are all considered prudent in the opinion of the Director of Finance.

13.0 Reasons 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 Cabinet. Contribution to and from reserves also requires the approval from Cabinet. The write-offs, virements and use of reserve requests detailed in this report which seek the approval of Cabinet are all considered to be prudent in the opinion of the Director of Finance and the Leader of the Council.

14.0 Financial implications

- 14.1 The financial implications are discussed in the body of the report.
[MH/14032022/K]

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. 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.

[SZ/15032022/P]

16.0 Equalities implications

- 16.1 The method by which the Budget is developed is governed by Our Council Plan and Relighting Our City, which itself is guided by consultation and equality analysis. The development of various budget proposals include an initial equalities screening for each proposal and, where necessary, a full equalities analysis which will provide for an initial understanding of the equality impact of the draft proposals. All of this will enable Councillors to pay, “due regard” to the equalities impact of their budget decisions at that point in the budget development process. The resulting and final report to Cabinet and Council will contain a supporting equality analysis that will offer information across the whole range of proposals and in doing so will enable Councillors to discharge their duty under Section 49 of the Equality Act 2010.
- 16.2 Fairness and inclusion is a key cross cutting theme within Relighting Our City. As part of performance reporting, there is ongoing work to ensure that where possible data is collected and able to be analysed by protected characteristic, to ensure that the Council is meeting its responsibilities and commitments in relation to equality and diversity.

17.0 All other implications

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

18.0 Schedule of background papers

- 18.1 [2021-2022 Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024](#), report to Cabinet on 17 February 2021 and Full Council on 3 March 2021
- 18.2 [Relighting Our City Recovery Commitment Refresh](#), report to Cabinet on 17 March 2021
- 18.3 [Budget Outturn 2020-2021](#), report to Cabinet on 16 June 2021
- 18.4 [Performance, Budget Monitoring and Budget Update 2021-2022](#), report to Cabinet on 28 July 2021
- 18.5 [Performance, Budget Monitoring and Budget Update 2021-2022](#), report to Cabinet on 17 November 2021
- 18.6 [2022-2023 Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026, report](#) to Cabinet on 23 February 2022 and Full Council on 2 March 2022

19.0 Appendices

- 19.1 Appendix 1 - Performance Update
- 19.2 Appendix 2 - Budget Monitoring

- 19.3 Appendix 3 - Covid Grants
- 19.4 Appendix 4 - General Fund Budget Risks 2021-2022
- 19.5 Appendix 5 - Housing Revenue Account
- 19.6 Appendix 6 - School Balances
- 19.7 Appendix 7 - Debt Write Offs
- 19.8 Appendix 8 - Sundry Debt Write Offs
- 19.9 Appendix 9 - Council Tax Write Offs
- 19.10 Appendix 10 - Non-Domestic Rates (NDR) Write Offs
- 19.11 Appendix 11 - General Fund Budget Virements