

Meeting of the Overview and Scrutiny Committee

**Thursday, 25th January, 2024 at 6.00pm
in the Council Chamber, The Council House,
Priory Road, Dudley, DY1 1HF**

Agenda – Public Session (Meeting open to the public and press)

1. Apologies for absence
2. To report the appointment of any substitute members serving for this meeting of the Committee
3. To receive any declarations of interest under the Members' Code of Conduct
4. To confirm and sign the minutes of the meeting held on 7th December, 2023 as a correct record (pages 4 -11)
5. Public Forum
6. West Midlands Combined Authority - Formal Ratification of the Single Settlement Memorandum of Understanding between the West Midlands Combined Authority and His Majesty's Government (pages 12 - 49)
7. Medium Term Financial Strategy (pages 50 - 91)
8. Interim Progress Report – Independent Assurance Board (presentation from Deputy Chief Executive)
9. Progress Tracker and Future Business (pages 92 -94)

10. To consider any questions from Members to the Chair where two clear days notice has been given to the Monitoring Officer (Council Procedure Rule 11.8)

Distribution:

Councillor I Kettle (Chair)

Councillor M Hanif (Vice-Chair)

Councillors S Ali, H Bills, J Clinton, A Davies, P Dobb, J Foster, E Lawrence, D Stanley and E Taylor.



Chief Executive

Dated: 17th January, 2024

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Minutes of the Overview and Scrutiny Committee
7th December, 2023 at 6.00pm
In Committee Room 2, The Council House, Priory Road, Dudley

Present:

Councillor I Kettle (Chair)
Councillor M Hanif (Vice-Chair)
Councillors S Ali, H Bills, J Clinton, A Davies, P Dobb, J Foster, E Lawrence,
E Taylor and D Stanley

Cabinet Members (by invitation)

Councillor P Harley (Leader of the Council)
Councillor D Corfield (Cabinet Member for Highways and Environmental
Services)

Officers:

B Heran (Deputy Chief Executive), I Newman (Director of Finance and Legal),
M Farooq (Lead for Law and Governance – Monitoring Officer), N Lissimore
(Transport Strategy Manager), D Hubbard (Policy Lead – Transport) and
S Griffiths (Democratic Services Manager – Scrutiny Officer).

17 Apologies for Absence

There were no apologies for absence.

18 Appointment of Substitute Members

There were no substitute Members appointed for this meeting.

19 **Declarations of Interest**

No member made a declaration of interest in accordance with the Members' Code of Conduct.

20 **Minutes**

Resolved

That the minutes of the meeting held on 19th October, 2023 be confirmed as a correct record and signed.

21 **Public Forum**

No issues were raised under this agenda item.

22 **Overview and Scrutiny Arrangements 2023/24**

Further to Minute No. 13 of the meeting held on 19th October, 2023, a report of the Lead for Law and Governance was submitted on the development of the Council's Overview and Scrutiny Arrangements for 2023/24.

The Democratic Services Manager gave a brief overview of the report. The Deputy Chief Executive then gave a presentation on the key findings of the Local Government Association (LGA) Corporate Peer Challenge report, which would be considered by the Cabinet on 13th December, 2023. The presentation slides would be made available for Members online.

Councillor D Stanley referred to procurement and the need to ensure that the Council obtained best value from contractors who worked for the authority. The Deputy Chief Executive referred to the ongoing work of the Procurement Team and the Commercial Team and the complementary role of the Spending Controls Group which had recently been established. In response to further comments from Councillor D Stanley, the Deputy Chief Executive acknowledged the importance of the visitor economy and tourism and the need for an effective and joined-up partnership approach to marketing with the private sector and the business community.

Councillor J Foster referred to the future role of the Overview and Scrutiny Committee in relation to scrutinising the actions taken to implement the findings of the LGA report. The report raised cross-cutting issues of corporate significance and it would be appropriate to incorporate this item in the future work programme of this Committee. In relation to the implementation timetable, the Deputy Chief Executive reported on ongoing meetings and the Overview and Scrutiny Committee would receive progress updates. The Director of Finance and Legal confirmed that the Medium-Term Financial Strategy would be reported to the Overview and Scrutiny Committee on 25th January, 2024.

In response to a question from the Vice-Chair (Councillor M Hanif), the Deputy Chief Executive confirmed details of the appointments made to the Independent Assurance Board.

In the context of the spending controls and the additional meetings taking place, Councillor A Davies expressed concern that the Council should avoid a culture of delay and should remain efficient in making decisions and delivering services. The Director of Finance and Legal reported on the balanced approach being taken to the spending controls. The spending control principles applied to all levels of expenditure to ensure a focus on essential spending only. Work was ongoing to clarify the levels at which decisions were taken to avoid unnecessary delays and to ensure operational efficiency. The Chair (Councillor I Kettle) supported the comments made by Councillor A Davies.

Councillor E Taylor referred to the need for clear accountability concerning the standard of road maintenance work and the reason why the Council was paying twice for the same job in some instances. The Leader (Councillor P Harley) and the Cabinet Member for Highways and Environmental Services (Councillor D Corfield) invited Members to email any specific issues to them. Councillor D Corfield also referred to the contractual arrangements which now included a five-year warranty to ensure that contractors and sub-contractors rectified any defective work and make sure that the Council was only charged once for a specific job.

Councillor J Foster commented that the issue raised by Councillor E Taylor was also relevant to the item on traffic congestion and the impact on the Dudley economy (see Minute No. 23 below). The Chair (Councillor I Kettle) commented that issues could also be raised at the Highways and Environmental Services Select Committee. The Chair of that Select Committee (Councillor E Lawrence) reported on the discussions that had already taken place on this subject with a view to implementing improvements and new ways of working.

Three meetings of the Independent Assurance Board had taken place and the Leader (Councillor P Harley) commented positively on the progress made with cross-party discussions. Councillor J Foster supported these comments and emphasised the need to focus on outcomes in a relatively short timescale given the scale of the challenges involved.

Councillor H Bills referred to issue of 'silo-working' as identified in the LGA report and emphasised the importance of addressing this culture to ensure the Council worked more constructively in the future.

Councillor S Ali supported comments made previously concerning the importance of the visitor economy and the need to effectively 'package together' and promote what the Borough had to offer including its visitor attractions.

Councillor S Ali commented on the significant financial, governance, culture, capacity and structural issues identified in the LGA report. The report was considered a 'reality check' and the action required represented a massive undertaking, including the extent and scope of workstreams affecting regeneration, children's services and adult social care. It was important that this Committee continued to scrutinise the outcomes and improvements to ensure the Independent Assurance Board was making a difference.

The Leader (Councillor P Harley) commented that work to promote tourism was being undertaken by West Midlands Growth Company and West Midlands Tourism and Hospitality Advisory Board and noted that the Council's activities were subject to ongoing financial constraints.

Councillor J Foster referred to the need to summarise the outcomes of the Scrutiny Committee's discussions and agree recommendations. Following a debate, it was considered beneficial that the Deputy Chief Executive present an interim report on the progress of the Independent Assurance Board to the meeting of this Committee on 25th January, 2024.

The Committee referred to the LGA recommendation to keep the scrutiny function under review, including the work programme, and to ensure that there were adequate resources in place so that it was fit for purpose. It was noted that further work was necessary to develop the Council's scrutiny arrangements. The Chair referred to the options to deal with scrutiny 'call-ins' and, following a lengthy discussion, the matter was put to a vote.

Resolved

- (1) That the presentation and briefing on the Local Government Association Corporate Peer Review, prior to its consideration by the Cabinet on 13th December, 2023, be noted.
 - (2) That the Deputy Chief Executive present an interim report on the progress of the Independent Assurance Board to the meeting of the Overview and Scrutiny Committee on 25th January, 2024.
 - (3) That the publication of the Government's Scrutiny Protocol for English Institutions with Devolved Powers, as set out in the Appendix to the report, be noted.
 - (4) That Option 2 for dealing with Scrutiny Call-Ins, as set out in the report, be recommended for adoption whereby Scrutiny Call-Ins will continue to be referred to and determined by the appropriate Select Committee.
 - (5) That revised versions of Article 6 of the Constitution and the associated Scrutiny Procedure Rules be submitted to the Council as part of the Annual Review of the Constitution.
-

23 Traffic Congestion and the Impact on the Dudley Economy

Prior to consideration of this item, Councillor J Foster queried the reason why this item had been included on the agenda for the Overview and Scrutiny Committee. The Chair indicated that traffic congestion had an impact on a range of issues such as the quality of life of residents, the environment and the local economy. As a cross-cutting issue this was considered a relevant agenda item.

It was noted that a report had previously been considered by the Highways and Environmental Services Select Committee. Councillor J Foster expressed concerns and disappointment about the process for scrutiny work programming and the operation of scrutiny generally and would be making further representations in this regard. It was also requested that additional training be arranged for the Committee in due course.

The Committee received a presentation on the Dudley Highway Network Performance. The presentation slides would be made available to Members on the Internet.

Councillor D Stanley referred to specific examples where temporary lights were causing significant traffic delays. Councillor Stanley referred to the need to enforce fines when companies failed to complete scheduled works on time. There were consequential issues for buses not running according to published timetables and particular issues outside schools at peak times. The situation could be improved by the better co-ordination of programmed street works.

Councillor E Taylor raised concerns about traffic congestion and local knowledge, which led to 'rat-running' causing pollution and particular problems on estates, which needed to be addressed.

Councillor A Davies supported the key strategic importance of dealing with traffic congestion and felt that it was appropriate for this issue to be considered by the Overview and Scrutiny Committee. This enabled all the issues and consequences to be considered as a whole, rather than individual Select Committees considering aspects that were only relevant to their remit. There was a need to promote better understanding of road usage in the future and shape the way devolved funding allocated to West Midlands Combined Authority could be used to tackle specific problems of congestion and improve traffic flow in Dudley Borough. Transport for West Midlands should also be engaged in the discussion of issues that were specifically relevant to the Borough.

The Chair (Councillor I Kettle) commented that the presentation highlighted the significance of this issue in terms of the economic impact, environmental pollution, health implications and the impact on quality of life. He thanked the Officers for the presentation and requested further statistical information in the future.

Councillor S Ali acknowledged the issues and commented on the importance of action to alleviate the problems. Reference was made to optimising traffic light signals which affected traffic flow. It had been reported that the air quality plan was last reviewed in 2016 and an update had been requested by the Audit and Standards Committee. Councillor Ali also commented on safety issues including the policy and process for traffic calming/safety measures.

Councillor P Dobb (Chair of the Climate Change Select Committee) indicated that a report had been submitted to the Climate Change and Environment Scrutiny Committee in September, 2022 concerning the monitoring of air quality in the Borough. He would request that a copy of the report be provided.

Councillor J Foster referred to the need to consider the approach to the scrutiny of this thematic issue and suggested that, if it was decided to undertake future detailed scrutiny, this should involve submissions from the Acting Service Director (Environment), the Mayor of West Midlands Combined Authority, along with other subject matter experts, with a view to formulating recommendations.

Councillor A Davies commented on issues of speed and safety in the context of the efficiency of traffic flow and discussions with Officers concerning the installation of average speed cameras on the A461 (Brettell Lane) to change driver behaviour and the need to take a joined-up approach to tackling the various issues involved.

Officers responded to questions from Councillor E Lawrence concerning the effectiveness and expenditure on individual traffic flow schemes and the situation where existing roads could not deal with the volumes of traffic. Reference was made to parking/traffic issues at Russells Hall Hospital and the need for the Council to work collaboratively with other organisations. Councillor Lawrence also referred to the scope for an Artificial Intelligence (AI) enabled traffic signal network in the future. The size and complexity of the issues involved were acknowledged.

Councillor H Bills commented on traffic and parking issues in the vicinity of schools and the need for clear and effective road markings and lines.

Councillor J Foster commented further on the scrutiny process and the lack of a report with clear recommendations. She queried the plan moving forward and repeated the need to develop a clear scope for the scrutiny exercise and invite key participants including the Mayor of the West Midlands Combined Authority, Lead Council Officers on Climate Change and Highways, relevant Cabinet Members and others that may be identified.

The Cabinet Member for Highways and Environmental Services (Councillor D Corfield) acknowledged the key points raised by Members during the meeting. Issues were frequently raised by residents concerning the condition of roads. He commented on the size and scale of the national and regional issues involved. A proactive repair, resurfacing and highway maintenance programme had been developed alongside improved working methods to make the most effective use of resources. He acknowledged the considerable ongoing work and progress and welcomed future scrutiny.

The Vice-Chair (Councillor M Hanif) expressed the view that any future scrutiny work on this topic should be focussed and avoid duplication with work undertaken by the Highways and Environmental Services Select Committee.

Councillor D Stanley commented on potential congestion issues in and around King Street and Trindle Road, Dudley arising from the Metro and bus station developments in Dudley Town Centre. Officers indicated that this issue was under active consideration.

The Chair (Councillor I Kettle) referred to recent discussions at a public meeting concerning the ticket office at Stourbridge station, which had highlighted issues around commuting, the economic impact and the effect on the wellbeing of residents.

At the conclusion of the meeting, the Chair (Councillor I Kettle) undertook to include an item in the future work programme to undertake a detailed scrutiny exercise in relation to this topic.

Resolved

- (1) That the report and presentation be noted.
- (2) That the issue of traffic congestion be included in the future scrutiny work programme with a view to a detailed scrutiny exercise being undertaken on this topic in the future.

24 Questions Under Council Procedure Rule 11.8

There were no questions to the Chair pursuant to Council Procedure Rule 11.8.

The meeting ended at 8.30pm

CHAIR

Meeting of the Overview & Scrutiny Committee – 25th January, 2024

Report of the Director of Regeneration and Enterprise

West Midlands Combined Authority - Formal ratification of the single settlement memorandum of understanding (MoU) between the West Midlands Combined Authority and His Majesty's Government

Purpose of report

1. To update Overview and Scrutiny Committee on the proposed single settlement memorandum of understanding (MoU) between the West Midlands Combined Authority and His Majesty's Government (HMG)

Recommendations

2. That Overview and Scrutiny Committee notes the proposed single settlement MoU between the West Midlands Combined Authority and His Majesty's Government as set out at appendix 1 of the report.
3. That Overview and Scrutiny Committee notes the high-level next steps for single settlement negotiations and implementation ahead of the first single settlement allocation which is likely to be 1st April 2025.

Background

4. The 'single settlement' was one of the most significant commitments in the West Midlands Combined Authority (WMCA) trailblazer deeper devolution deal announced at the 2023 Spring Budget. The deeper devolution deal was ratified by WMCA Board on 13 October 2023 on the basis that there would be further decisions about particular elements of the deal, including the single settlement. A draft of the MoU was considered and agreed in-principle by Mayoral and Portfolio Leaders on 3 November 2023.

What is the single settlement?

5. At every Spending Review, WMCA will be allocated a single funding settlement for local transport, adult skills, housing and regeneration, local growth and place, and retrofitting buildings¹.
6. The funding WMCA receives will cover the length of Spending Review periods and be calculated using allocation formulae. The quantum of single settlement funding WMCA will receive will be confirmed as part of the Spending Review. WMCA will retain the right to refuse the single settlement.
7. WMCA expect to receive the first single settlement at the beginning of the first financial year after the next Spending Review – likely to be 1 April 2025, but this is subject to HMG confirmation.
8. This consolidated funding will replace the individual, short-term and restrictive grants the region currently receives from HMG relating to the functions of the single settlement, ending competitive, time- and capacity-intensive bidding where relevant. Where an individual fund is within scope of the single settlement, WMCA and its constituent Local Authorities (LAs) will not need to – nor be able to – bid to government for an additional share beyond what we will be directly allocated as part of the Spending Review process. WMCA and LAs will continue to be able to bid into HMG for competitive funds where they are outside of the scope of the functions of the single settlement.
9. As set out in the MoU at appendix 1, the single settlement will not include any funding lines that fall within the scope of the local government finance settlement, or which directly underpin local authority statutory and/or core responsibilities.

What does the Single Settlement mean for the West Midlands?

10. The single settlement represents a significant change to how the region will receive funding from HMG for the relevant functions. In particular, it will enable LAs to develop place-based strategies, which will set out how the functions of the single settlement, and other sources of public and private investment, will come together in places to drive inclusive

¹ Funding for retrofitting buildings is included on the basis of a pilot arrangement. The scope of retrofit is the subject of on-going negotiations with HMG.

economic growth over the long-term. This will be additional to the funding that will continue to apply across the region as a whole.

11. The single settlement will provide the region with multi-year certainty over a consolidated funding allocation. This will enable a long-term, joined-up approach to funding delivery, which will, in turn, support the development and delivery of locally-led place-based strategies.
12. The single settlement will empower local decision-making. WMCA Board will decide the region's place-based strategies and agree 'functional' strategies for adult skills, buildings' retrofit, housing and regeneration, local transport, local growth and place; and approve the individual projects, interventions and programmes that will receive funding. This represents a major power shift from Ministers in Westminster to local leaders in the West Midlands.

Did anything substantive change in the MoU between MPL and publication?

13. A draft version of the MoU was agreed 'in principle' by Mayor and Portfolio Leaders (MPL) on 3 November 2023 and a final version published by HMG on 22 November 2023 at the Autumn Statement (see appendix 1). No substantive policy changes to the MoU were made between the MPL decision and publication of the MoU.

The following two items of note arose between MPL and the MoU being published:

- WMCA did not reach an agreement with HMG over the breadth of the retrofit / net zero function of the single settlement. Therefore, a decision on the final scope of the retrofit / net zero pillar of the single settlement was deferred until March 2024 to allow further negotiation to occur.
- The Department for Transport (DfT) confirmed its position, which was tentative in the MoU draft at MPL, that prior DfT approval will be required for business cases of transport schemes estimated to cost above £200 million funded through the single settlement. This is still a significant increase on the point at which DfT call in business cases as part of the current City Region Sustainable Transport Settlement.

Next steps

14. The MoU establishes the basic principles of how the single settlement will operate. However, there will be several further decision points and a lot of work to undertake across the region to prepare for implementation, as below.
15. The process of implementing the single settlement between now and 1 April 2025 – when WMCA expect to receive the first single settlement allocation – will be a complex and significant undertaking for the WMCA and LAs.
16. Within the region, there will be detailed engagement between the WMCA and LAs during the early part of 2024 to develop, agree and deliver the implementation strategy in the round. WMCA expects the process of implementation to break down into nine broad workstreams and areas of activity:

Further negotiations with HMG.

17. The final MoU leaves a number of residual matters to be negotiated with government between now and **March 2024**, including agreeing: the functional definition of net zero and the terms of the retrofit pilot; the allocation formulae; the details of spending controls; the provisional process for agreeing the outcomes framework; and, potentially, the scope of the business productivity function.
18. **Functional strategies.** It is expected that strategies for each of the five functions of the single settlement will need to be agreed by WMCA Board by the **end of summer 2024**.
19. **Place-based strategies.** Work is already underway between WMCA and LAs to scope the development of place-based strategies. WMCA have suggested a three-stage process concluding with a WMCA Board decision by the **end of summer 2024**, on the basis that place-based strategies will be iterative and can evolve over time.
20. **Single outcomes framework.** WMCA are working to agree the process for the outcomes framework by **March 2024**. The types of outcomes for the single settlement will not be agreed until the next Spending Review, expected to be in **November 2024**. The region's actual outcome targets

would be agreed shortly **after the Spending Review**, reflecting the quantum of funding confirming at the Spending Review.

21. **Assurance; strategic finance; and accountability & spending controls.** Between now and **1 April 2025** and with multiple milestones in-between, WMCA will, working with LAs, undertake an in-depth review of its internal financial processes and systems to ensure their readiness for the single settlement.
22. **Governance and partnership development.** In-depth conversations will be started between the WMCA and LAs in **early 2024** about the optimal governance and decision-making structures for the single settlement, as set out in the MoU, taking into account the nature and breadth of the decisions we will have to take collectively and the opportunity presented by the single settlement to strengthen partnership working across the region.
23. **Programme management, integration and delivery.** Work is underway now to develop an agreed an integrated approach to delivering the single settlement as a 'system', factoring in key decision points for WMCA Board and LAs.

Finance

24. At this point in time, the final funding allocation for WMCA's single settlement is unknown. However, as set out in the MoU: "The [funding] formulae [that will be agreed between WMCA and HMG by March 2024] will seek to deliver the principle that the [WMCA area] will be no worse off in terms of quantum of funding received than [the WMCA] would have been had the single [settlement] not been in place."
25. Whilst on the basis of the above, the WMCA does not expect the quantum of funding allocated to the region to significantly increase or decrease, longer term funding certainty, increased flexibility and the direct awards of traditionally competitive funding will enable better strategic financial planning and delivery.
26. Uncertainty over the eventual quantum of the single settlement should be set against the backdrop of existing arrangements: the region enjoys no certainty over the funding it will receive via competitive funding processes. Importantly, the WMCA reserves the right to refuse the single settlement

as part of its future involvement in the Spending Review process should the region decide the arrangements for the settlement would be detrimental. If it was decided to do so, WMCA would be funded through the arrangements in place for other areas (outside of WMCA and GMCA) who are not in receipt of a single settlement.

27. Beyond the implications relating to the overall funding quantum of the single settlement, should WMCA fail to achieve the outcomes agreed with Government, either through delivery slippage, under performance or by investing in initiatives which do not make a positive contribution towards the agreed outcomes, the WMCA will be subject to a range of 'interventions' by HMG².

Law

28. The proposals are in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009.
29. In addition, the MoU is not a legally binding agreement and, technically, a future government could walk away from it. WMCA assessment is that the probability of this occurring is low.
30. The single settlement itself does not confer any new legal obligations or duties on WMCA or its constituent local authorities. Existing specific duties, for example, the legal duties accompanying the devolution of the Adult Education Budget, will not be altered as a consequence of it being included within the single settlement, nor will general legal duties be altered, such as obligations on the managing of public money.

Risk Management

31. There is a risk that, despite the commitment to working closely with government via the MoU to secure the single settlements provisions, any changes in policy or government could prevent this becoming a reality. There is also a risk that negotiations with government do not lead to the expected level of devolutionary commitment currently envisaged. Council officers will continue to work with the WMCA and Government as appropriate to secure the best possible deal and benefits for Dudley.

² See 'Table A.1 Matrix of Mitigation' on pages 27 – 28 of the [MoU](#).

Equality Impact

32. The implementation of the single settlement has the potential to yield a number of positive equalities and socio-economic implications which in Dudley include supporting the Council's strategic priorities, to increase the economic prosperity of the area and providing positive community impacts.

Human Resources/Organisational Development

33. Existing staff resources from across several service areas, in particular Regeneration and Enterprise, are providing support to the work of the WMCA. Officers work to represent the Council and its priorities through partnership working in working groups across the region. Officers continue to play an active role in discussions and negotiations to ensure the Council is effectively engaged and can respond and receive the benefits of the devolution deal.

Commercial/Procurement

34. There are no commercial or procurement implications arising directly from this report.

Environment/Climate Change

35. The provisions within the single settlement will help drive the net zero ambitions for the West Midlands by devolving tools and funding that will remove uncertainty and inefficiencies in the existing funding system, such as devolving housing retrofit funding and incentivising net zero transport interventions.

Council Priorities and Projects

36. The proposed deeper devolution deal and single settlement will support key Council priorities and help to increase the economic prosperity of the area and provide healthy and positive community impact for the Borough, by aiding, funding and delivering strategic economic and development priorities.

Helen Martin
Director of Regeneration and Enterprise



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Background Documents

Cabinet Report 13th October 2023, West Midlands Combined Authority West Midlands Trailblazer Deeper Devolution Deal

Appendices

Appendix 1

Memorandum of Understanding between for the single settlements with Greater Manchester and West Midlands Combined Authorities

https://assets.publishing.service.gov.uk/media/655d0945d03a8d001207fe19/Memorandum_of_Understanding_for_the_Single_Settlements_with_Greater_Manchester_and_West_Midlands_Combined_Authorities_FINAL.pdf



Memorandum of Understanding for the Single Settlements with Greater Manchester and West Midlands Combined Authorities

Memorandum of Understanding for the Single Settlements with Greater Manchester and West Midlands Combined Authorities



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PU: 3369

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Introduction

1. At Spring Budget 2023, the Government (HMG) announced the trailblazer devolution deals with Greater Manchester Combined Authority (GMCA) and West Midlands Combined Authority (WMCA). The deals set out HMG's commitment to implement single, departmental style settlements ('single settlements') for GMCA and WMCA ('the MCAs') at the next Spending Review (SR).
2. This Memorandum of Understanding (MoU) sets out the principles under which the single settlements with the MCAs will be agreed and implemented at the next SR. It also outlines the process for agreeing and monitoring outcomes associated with the single settlements and the accountability arrangements. HMG and the MCAs will review this MoU before the end of every SR period to ensure it remains fit for purpose.
3. This MoU covers funding which flows from HMG to the MCAs via the single settlements.¹ It is not intended to apply to funding which flows from HMG to the MCAs via other mechanisms (e.g. Police and Crime Commissioner functions, waste functions or funds outside the scope of the single settlement) or locally-raised funds.

Scope

4. As set out in the trailblazer devolution deals, the single settlements will include HMG funding falling under five thematic policy areas ('themes'). These are: local growth and place; local transport; housing and regeneration; adult skills; and buildings' retrofit² in the MCA areas. As per paragraphs 10-11, buildings' retrofit's inclusion is on a pilot basis for the first single settlements.
5. The MCAs have specific functional responsibilities in each of these themes. Where national HMG funds³ are in scope of the MCAs' functional responsibilities, they will be included in the single

¹ The single settlement is an agreement between government, the MCA and its constituent local authorities. However, the MCA Board may decide, at its discretion, to use the single settlement in non-constituent local authority areas if it considers, based on evidence, that doing so would be beneficial to the MCA area.

² This is specifically buildings' retrofit for decarbonisation matters covered by the pilot agreement to devolve retrofit funding set out at paragraphs 212-218 of the trailblazer deeper devolution deals with both MCAs.

³ National funds address policy issues and/or opportunities that manifest, potentially to varying degrees, across the country. They do not cover issues and/or opportunities that are demonstrably confined to a limited number of places. As per paragraph 13, the list of funds included and excluded in the single settlement will be confirmed publicly as part of, and on the same day as, the Spending Review.

settlement.⁴ The single settlements will not include any funding lines which fall within the scope of the local government finance settlement, or which directly underpin local authority statutory and/or core responsibilities. The process for determining whether specific funds should be included in the single settlements is set out below.

- a. HMG will use the definitions for functional responsibilities to identify whether a new funding line (whether it be announced at an SR, or between SRs) should be included in the single settlements. If the MCAs have concerns, these should be resolved through the Single Settlements Programme Board ('Programme Board') following the SR. HMG should provide for circumstances in which new funding lines may need to be added to the single settlements following this review.
 - b. HMG will confirm as part of the SR announcements the recommended quantum of the settlements as calculated via formulae linked to the functional responsibilities below. For funding announcements made outside of an SR period, HMG will notify the MCAs in a timely manner as to the consequences for the single settlements.
 - c. Should the MCAs judge this amount and/or the approach taken to conflict with the principles set out in this MoU, they will use the escalation mechanisms detailed at paragraphs 59-64.
 - d. Ultimately, the MCAs reserve the right to reject the settlement in its entirety. In this eventuality, the MCAs would revert to the funding mechanisms and accountability arrangements in place for each individual funding programme.
6. The MCAs' functional responsibilities are outlined below.

Local Growth and Place

- a. Activity that promotes place-based economic development, improves productivity, and aims to reduce inter-and-intra-regional spatial economic disparities.
- b. Coordination and delivery of local programmes to drive business productivity whilst ensuring integration between local and national business support activity, enabling businesses to access support.⁵
- c. Regeneration, place-making, and improvements to local infrastructure.
- d. Activities that promote pride in place, including but not limited to measures to improve social cohesion, the

⁴ If an HMG department changes its name, all the single settlement provisions that applied to the previous department will be transferred to the new department/s.

⁵ As per the trailblazer deeper devolution deals, paragraph 180.

improvement of public facilities and the public realm, for instance on high streets.

Local Transport

- a. Oversight and delivery of the area's transport strategy. This includes developing local transport plans and considering how transport will support wider objectives such as employment, housing and net zero.
- b. Working with their Local Highway Authorities on delivery of local transport capital projects, including but not limited to highways maintenance and small-scale renewals as well as transformational local projects. This excludes strategic national transport infrastructure.
- c. Managing local public transport services, including but not limited to the local bus network, mass transit, local rail integration, integrated multimodal fares, network information and branding, promoting safety and tackling anti-social behaviour.
- d. Delivery of the local active travel strategy and schemes.
- e. Delivery of local transport decarbonisation schemes, such as the local electric vehicle infrastructure funding programmes.
- f. Strategic oversight of the local road network and promotion of road safety.
- g. Undertaking scalable, feasible, and tangible transport innovation, including trialling new transport-related products and processes, improving existing services via technological upgrades, and implementing regulatory changes or best practice.

Adult Skills

- a. All non-apprenticeship adult skills funding and functions⁶, including but not limited to:
 - i. Ensuring that residents aged 19 and over in their area, who are eligible for funding, have access to appropriate education and training
 - ii. Encouraging and providing adults with the skills and learning they need to equip them to progress into, or within, work; or equip them for an apprenticeship or other learning
 - iii. Provision of statutory entitlements to provide free courses for adults⁷

⁶ Subject to consideration of exceptional instances, as per paragraph 133 of the trailblazer deeper devolution deals, and paragraph 66 of this MoU.

⁷ As per The Greater Manchester Combined Authority (Adult Education Functions) Order 2018 (legislation.gov.uk); The West Midlands Combined Authority (Adult Education Functions) Order 2018 (legislation.gov.uk); and the Apprenticeships, Skills, Children and Learning Act 2009 and the Adult Skills (Specified Qualifications) Regulations 2010.

Housing and regeneration

- a. Regeneration via enabling and improving local housing supply.
- b. Delivery of capital investments to unlock additional housing and regeneration.
- c. Remediation and development of brownfield sites.

Pilot of buildings retrofit

- a. The MCAs' functional responsibilities will be finalised by spring 2024, and will likely include at a minimum:
 - i. Retrofitting social housing and other residential buildings containing households at risk of fuel poverty in the local area
 - ii. Decarbonising public sector buildings managed by the MCAs and their constituent authorities through the installation of low carbon heat and energy efficiency measures
7. In addition to the scope of the single settlement, which is defined by the functional responsibilities set out above, in the trailblazer devolution deals HMG made commitments to consider whether additional funding streams may be included in future iterations of the single settlement, with reference to the topics listed below:
 - a. funding relating to prevention⁸ early intervention and/or multiple – social, economic and health – disadvantages⁹
 - b. future affordable homes provision¹⁰
 - c. funding for business support programmes¹¹
8. HMG and the MCAs will discuss whether to include these additional funding lines, alongside others relating to specific commitments in the trailblazer deals, reflecting the need to reach an agreement on each of the areas above at different points in time.
9. In GMCA's trailblazer deeper devolution deal, HMG committed to engaging GMCA and its constituent authorities about whether GMCA's allocation of future funding streams relating to prevention, early intervention and/or multiple – social, economic and health – disadvantages could be included in the single settlement. To enable this, this MoU confirms that GMCA will be able to use the provisions at paragraph 16 to present the case for the inclusion of any funding stream it deems in scope of this commitment, to the Programme Board, where HMG will provide a response.

⁸ As per the West Midlands MCA trailblazer deeper devolution deals, paragraph 245.

⁹ As per the Greater Manchester MCA trailblazer deeper devolution deal, paragraphs 243-244.

¹⁰ As per the trailblazer deeper devolution deals, paragraphs 108-110.

¹¹ As per the trailblazer deeper devolution deals, paragraph 180.

Buildings' retrofit pilot

10. The inclusion of buildings' retrofit is a pilot for the first single settlement. Its inclusion does not represent a commitment to permanent inclusion of buildings' retrofit in the single settlements. Whether or not buildings' retrofit continues to be included will be contingent on an assessment of the impact of the pilot. For the duration of the pilot, the buildings' retrofit functional responsibilities will form part of the single settlement and will be subject to the processes outlined in this MoU. The expected duration of the buildings' retrofit pilot is 2025/26 to 2027/28. As a pilot, it may be necessary to have additional conditions on delivery and reporting which will be set out in the section 31 grant, and which will be legally binding.
11. By Spring 2024, we will agree further details on monitoring and evaluation arrangements for the retrofit pilot, as part of the wider work on the outcomes framework. The data and reporting requirements for annual monitoring reports should support the principle of the pilot, gathering sufficient data to effectively compare the pilot's performance with HMG's equivalent schemes.

Determining the quantum at Spending Reviews

12. The trailblazer deals set out that the single settlements represent a change to the wiring and flexibility of funding from central government rather than necessarily to the quantum that the MCAs would have received in the absence of single settlements at a SR. The single settlements' quantum will be determined by a formulaic process and the formulae will take this principle into account. The formulae will provide the MCAs with a share of funds in the single settlement and seek to deliver the principle that they are not worse off than had single settlements not been in place. HMG and the MCAs will agree an annex to this MoU setting out the formulae by Spring 2024. The final single settlements' quantum can only be set at the SR, when the funds in scope are confirmed.
13. Alongside agreement of departments' funding lines through the SR process, there will be a joint process between relevant departments and HMT to identify the nation-wide departmental funds in scope for the single settlement, based on the agreed functional responsibilities of the MCAs. In agreement with the relevant government departments for each theme, HMT will then apply the relevant formula(e) to determine the quantum of funding in each relevant department's budget that is to be included in the single settlements, and this will be included in settlement letters to departments. This will include an assessment of the quantum that

will become part of the MCAs' single settlements from that department. HMG will set out publicly, as part of the announcement of the SR, details of how the settlement has been calculated, which funds the MCAs will and will not be able to access during the SR period, the total quantum in each theme, the funding profile over financial years, and the resource (RDEL) and capital (CDEL) split.

14. Following the process to determine the single settlements' quantum, at the start of each financial year the relevant departments (i.e. the departments that own the funding lines being transferred to the single settlements and devolved) will carry out a budget cover transfer (BCT) to the Department for Levelling Up, Housing, and Communities (DLUHC) for the single settlements quantum that has been captured in their budgets, as agreed through the SR. This BCT would be authorised via the Main Estimates process and would mean that the single settlement funding would flow through DLUHC's Main Estimate.
15. DLUHC will then formally allocate the aggregated single settlements to WMCA and GMCA through a Section 31 grant. Where necessary, this grant will come with conditions related to specific controls (see spending controls paragraphs 30-37).
16. Where there are new relevant funds that are made available during the SR period, HMT, DLUHC and the relevant government department will determine whether new funds are in scope of the single settlements based on the functional responsibilities set out in this MoU, at paragraph 6. This includes new national budgets or programmes announced during the SR period, as well as any increases to competitive pots that the MCAs have been excluded from. HMG will then apply the relevant formulae to these funds to determine the MCAs' allocative share, where appropriate. The MCAs can proactively identify programmes they believe to be within scope of the single settlements for discussion at the Programme Board, set out in paragraph 49.
17. The MCAs and their constituent local authorities will not be permitted to bid into competitive programmes for which the MCAs have already received an allocation through the single settlements. As set out in the trailblazer deals, the MCAs and their constituent local authorities will retain the right to bid into new competitive programmes which are not included in the defined list of funds the MCAs will not be able to access during the SR period.
18. The MCAs reserve the right to refuse the single settlements, in which case the MCAs would be funded through arrangements in place for other areas who are not in receipt of the single settlements.

Determining the formulae

19. The quantum for the MCAs' single settlements will be set using formulae applied to relevant departmental budgets. The formulae will be used to determine the MCAs' allocative share of relevant funds.
20. Whilst the detail of the formulae will follow in an updated annex, there are some core principles that will underpin the approach, which are outlined below.
 - a. The formulae will be based on objective criteria to ensure the MCAs receive their share of funding to enable them to deliver on their functional responsibilities and meet the outcomes set out in the outcomes framework.
 - b. The formulae will seek to deliver the principle that the MCAs are no worse off in terms of quantum of funding received than they would have been had the single settlements not been in place.
 - c. The formulae and any changes to the formulae will be public.
 - d. HMT will agree the formulae and any subsequent revisions with relevant departments (including, but not limited to, the Department for Energy Security and Net Zero (DESNZ); the Department for Transport (DfT); the Department for Education (DfE); and DLUHC) and the MCAs to ensure there is an agreed and consistent approach.
 - e. For non-competitive funding programmes, where there is an existing formula or similar allocative process to determine the geographic distribution of funds associated with one or more functional responsibilities, this formula or process will be used.
 - f. The formulae will be linked to individual functional responsibilities, or groups thereof, or themes. The highest possible level of aggregation will be used, within the constraints of HMG and local policy objectives in different policy areas.
21. HMG and the MCAs agree that the aim is to streamline and simplify the formulae over time and will look at this for the next SR. HMG and the MCAs will agree an annex to this MoU setting out the detailed approach to the formulae by Spring 2024.
22. The formulae will be reviewed as part of the holistic review of the MoU set out in paragraph 2. Where appropriate, HMG and the MCAs will look to ensure that the formulae reflect national policy priorities, and the specific needs of GMCA and WMCA.

Flexibility

Moving funding within each of the five themes

23. The MCAs will have full flexibility within the themes of the single settlements to design and implement policy to meet mutually agreed outcomes. HMG will transfer the annual amount agreed for the single settlements at the SR each year as part of a section 31 grant, as per paragraph 15. The MCAs will be able to allocate funding within each theme at their own discretion and will be empowered to use funding under these devolved functions to invest in any lawful way associated with achievement of the outcomes agreed with HMG. This includes the necessary and proportionate resourcing of regional and local capacity, as per the flexibilities set out in paragraph 27.
24. The MCAs will need to make a formal notification in writing to HMG to reallocate funding in line with their agreed limits for each flexibility set out below.

Moving funding between the five themes

25. The MCAs will be able to move funding between themes. The quantum they will be able to move will be capped at 10% of the annual quantum for the theme they are moving the money out of, apart from Local Growth and Place where there is no cap on moving funding into other themes. This flexibility will allow the MCAs to spend these funds to support the delivery of the single settlements outcomes at their discretion. As per paragraph 28, HMG reserves the right to reduce the level of flexibility if there is underperformance against the outcomes agreed in the outcomes framework and will provide guidance on this following further work with the MCAs. The MCAs will be responsible for ensuring that they do not exceed the 10% cap. This flexibility will allow the MCAs to use their local expertise to best meet their outcomes.

Moving funding between years

26. The MCAs will have some flexibility to move funding between years. HMG and the MCAs will look to define this position on flexibility based on the principle that, at minimum, the MCAs have no less flexibility than they have at the time of publication of this MoU for specific functional responsibilities and, where possible, have further flexibility to move funding between years across the single settlements' themes. HMG and the MCAs will agree a final position by Spring 2024, for inclusion in the additional spending controls annex.

Moving funding between RDEL and CDEL and vice versa

27. The MCAs will be able to move up to 10% of CDEL funding within each theme to RDEL, and 100% of RDEL funding within each theme to CDEL. This will work as follows:
- The MCAs will receive funding for each theme on an annual basis as set out in paragraph 23
 - The split of RDEL and CDEL per theme will be agreed at the SR (and updated if and when additional funds in scope of the single settlements are announced) and the MCAs will receive their annual allocations on this basis
 - As per paragraph 25, MCAs will be able to move money between themes in-year. Where money is moved in this manner, it will retain its original classification (either as CDEL or RDEL)
 - The MCAs will then be able to move funds between CDEL and RDEL within themes. Specifically, the MCAs will be permitted to move funds from CDEL to RDEL, with the total moved capped at 10% of the theme's quantum of CDEL. The 10% cap will be applied to the theme's quantum after accounting for funding flexed to or from other areas
 - For example, having moved 5% of transport CDEL to skills CDEL, the MCAs could then move 10% of the (now higher) skills CDEL budget to skills RDEL, but not to another theme. The MCAs could move 100% of skills RDEL to skills CDEL
 - To manage the impact on the public accounts, HMG will profile the flexible amount of funding as RDEL
28. Whilst the MCAs will be able to use the flexibility between funding themes at their discretion, the MCAs should manage this through a systematic centralised process to ensure that the terms in this MoU are being adhered to. The use of flexibility should be reported on as part of wider reporting of outcomes as per paragraphs 48-53 and included in reporting on the outcomes framework and accountability mechanisms.
29. The percentage of flexibility between themes will be reviewed again prior to the next-but-one SR, with a view to increasing flexibility in line with evidence of successful delivery, as part of the wider review of the MoU referenced in paragraph 2.

Spending control

30. The single settlements include a single, systematised approach to spending controls. This will provide an appropriate amount of flexibility for the MCAs to plan and sequence programmes funded through the single settlements while ensuring that effective risk mitigation tools are available in case of delivery or financial failure. HMG and the MCAs will agree an annex to this MoU setting out the spending controls that will be applied to the single settlements by

Spring 2024. This will include but is not limited to our approach to savings exercises and contingent liabilities. Paragraph 32 below sets out where we have agreed an approach already on future financial commitments and business cases, which will be reflected in the section 31 grant agreements.

31. The single spending controls framework must be consistent with provisions from the following, pre-existing, spending and accountability frameworks:
 - a. The English Devolution Accountability Framework, which requires MCAs to ensure they are delivering value for money
 - b. Managing Public Money (MPM), which requires departments (in particular, DESNZ, DfE, DfT) to exercise their thematic Accounting Officer (AO) duty as per chapter 7 of MPM through ensuring they are confident that the accountability, monitoring, and evaluation system set up for the single settlements is sufficiently robust. Further detail on DLUHC's role as systems AO is set out in paragraph 73
32. To meet these requirements, the single settlements will be subject to some spending controls, including:
 - a. The MCAs will notify HMG before making financial commitments funded by the single settlements beyond the SR period and inform HMG of the nature of the commitment
 - b. The MCAs will not be required to submit formal business cases to HMG for projects that are funded as part of the single settlement, nor will delegated expenditure limits apply to funding through the single settlement, except those set out in paragraph 34
 - c. The MCAs will ensure that robust and appropriate systems are in place to ensure the value for money of all single settlement expenditure. The outcomes framework and associated accountability and controls arrangements will be the mechanism through which HMG retains oversight of the single settlement
33. HMG may introduce additional spending controls in the event of delivery issues. See paragraphs 48-58 for more detail on the processes and structures by which these controls would be enacted.
34. HMG and the MCAs may deliver very large transport investment programmes through the single settlement structure. These will require additional oversight, as follows:
 - a. Any scheme with a capital value of under £50m over its lifetime, which does not otherwise meet the criteria in (b) or (c), will not be subject to any further spending controls
 - b. For any scheme with a capital value of more than £50m over its lifetime and which is not captured by the criteria in (c), the MCA will publish the business case which underpinned the decision to invest to support local transparency and accountability.
 - c. Where schemes cost over £200m over the life of the scheme or require integration into the national transport network

because otherwise they risk causing significant disruption, the scheme can only proceed with the agreement of the Department for Transport through its representative on the Programme Board. This will normally be through agreement of a business case

35. Schemes which are nationally significant infrastructure projects because they cross multiple boundaries beyond those of the constituent and non-constituent authorities of the MCA, or cost over £1 billion, will by default be out of scope of the single settlement.¹² There may nonetheless be consideration on a case-by-case basis as to whether to deliver such schemes through the single settlement framework.
36. To prepare for and provide assurance of readiness for the settlement, DLUHC will request external confirmation of readiness via a 'readiness check'. The terms of the check will be agreed between DLUHC, the MCAs, and the independent, external appointee. HMG will judge whether the MCAs have acted sufficiently upon any requirements set out for improvement.
37. The MCAs will be responsible for updating their Single Pot Assurance Framework, and then enacting both this framework and other systems of internal control.

Agreeing outcomes and targets

38. The MCAs will be held to account for the outcomes associated with the functional responsibilities set out in paragraph 6. The outcome targets that GMCA and WMCA agree with HMG may be different to reflect local priorities.
39. To facilitate this, HMG and the MCAs will agree an outcomes framework at the SR. HMG will work with the MCAs to agree the provisional process for setting the outcomes framework by Spring 2024. In preparation for the first single settlement, HMG and the MCAs will now commence preparatory work to consider potential outcomes and indicators, with the objective of ensuring that the outcomes framework can be agreed quickly after the next SR. This work will include consideration of what the outcomes and indicators would have been had the single settlements been in place during the current SR period.
40. The primary objective of the outcomes framework is to set outcome-based targets for local and central government scrutiny, to:
 - a. provide a single, streamlined approach to accountability and reporting with HMG
 - b. align local priorities and national priorities

¹² As per the trailblazer deeper devolution deals, paragraph 48.

- c. monitor activity which can be genuinely influenced within the single settlements' themes whilst moving away from existing programme and project specific monitoring of inputs and outputs that HMG track
 - d. facilitate local flexibility within themes and across themes in moving away from inputs and outputs
 - e. provide sufficient evidence to inform delivery performance within the SR period
41. HMG and the MCAs will agree an outcomes framework that balances local and national priorities.¹³ To agree the corresponding outcomes and targets, HMG and the MCAs will work together to set out indicators based on the following suitability criteria:
- a. The outcomes and corresponding metrics will, wherever possible, be:
 - i. directly linked to the functional responsibilities of the MCAs (set out in the earlier section, 'Scope of the single settlement')
 - ii. reflective of national outcomes held by the relevant HMG department and of local priorities identified by the MCAs
 - iii. specific, measurable, achievable, realistic, and time-bound
 - iv. spatially relevant
 - v. based on existing data where possible¹⁴
 - b. The targets, wherever possible, will be:
 - i. set against an existing baseline
 - ii. achievable and measurable in the SR time period
 - iii. set against quantum in the quarter following the SR
 - iv. where reflecting national outcomes, proportional to the national outcome held by the relevant HMG department
42. As the outcomes framework will set outcomes-based targets for the MCAs to deliver under the single settlements and the realisation of outcomes goals can be difficult to assess over the shorter term, where necessary, the single settlement's outcome targets may be supplemented by target output indicators to provide HMG assurance of MCA delivery during the SR period. However, to enable the MCAs to design strategic policy interventions over multiple years, and realise the policy delivery benefits of the single settlement's increased flexibility, the target output indicators will be:
- a. developed and agreed with the above principles in mind
 - b. proportionate

¹³ It may be necessary in the first iteration of the single settlement to collect additional data for the retrofit pilot to meet legal requirements. This could include criteria to be applied, limited, specific outputs, quality standards to be met and provision of information.

¹⁴ The breadth of data that will be available to the MCA is contingent on HMG and the MCA agreeing the Data Partnership as set out in the trailblazer deeper devolution deals.

- c. indicative of progress toward (an) outcome(s)
 - d. the minimum needed to assure HMG of the MCAs' delivery against a specific target outcome or specific target outcomes
- 43. Further details of how target output indicators could be used to assess the MCAs' delivery against the target outcomes will be agreed in Spring 2024.
- 44. The outcomes will be confirmed at the SR alongside the quantum. HMG will work with the MCAs to agree the baseline and target following the SR. The MCAs will reconcile their delivery plans against the quantum confirmed at the SR and the outcome targets confirmed thereafter, outlining how they will deliver the targets over the SR period.
- 45. Some funds in scope of the single settlements have minimum statutory requirements attached to them, such as the Adult Education Budget. HMG will set out expectations for use of this funding as part of agreeing the final quantum and through the outcomes framework. This will not constitute a formal ringfence within each theme and will be set out as part of the section 31 grant agreement. The status of the funding for the retrofit pilot will be set out in a supplementary annex.
- 46. Where a new funding line is devolved to the MCAs through the single settlements during the SR period, or a quantum is changed, the MCAs and HMG will agree any necessary changes to the outcomes framework and outcomes targets in line with the principles above.
- 47. There may be exceptional circumstances when it might be appropriate to renegotiate the single settlements' outcome targets, for example where unavoidable and significant external shocks (such as pandemics or excessive inflation) will impact the MCA's ability to deliver. It is anticipated that these circumstances arising would be very unusual, and HMG is under no obligation to change the targets. If the MCAs wish to renegotiate targets, they should bring proposals to the Programme Board for consideration. HMG and the MCAs expect the outcomes framework will be subject to iteration, evolution, and simplification as the settlements progress.
- 48. HMG will work with the MCAs to explore how the outcomes framework will align with the Office for Local Government's (Oflog) processes, including which site the outcomes framework is hosted on and who is responsible for the publication of data.

Governance arrangements for monitoring and evaluation

49. The MCAs are responsible for ensuring that delivery via the single settlements is on track and that plans remain ambitious and provide value for money as set out in the English Devolution Accountability Framework.
50. MCAs' delivery of the agreed outcomes will be overseen by a Programme Board that will be chaired by DLUHC senior officers and attended by the MCAs, HMT senior officials, and senior officials from other government departments (OGDs) that have devolved funding in the single settlement. The Programme Board will act as the default point of contact for the MCAs on all delivery questions, concerns, and conversations, with other bilateral conversations with OGDs about delivery of the single settlements taking place only under exceptional circumstances, or as part of streamlined working level conversations with DLUHC. HMG will agree a Terms of Reference (ToR) for the Programme Board with the MCAs and publish this as an annex to this MoU before the start of the next SR period.
51. The MCAs will send six-monthly monitoring reports to the Programme Board, including:
 - a. RAG (Red, Amber, Green) rating that provides an assessment of progress towards achieving the targets by the end of the SR
 - b. spend profile, including spend to date against outputs/outcomes
 - c. forecast underspends at the end of the financial year (capital and revenues totals), for information purposes only
 - d. risk management, if necessary
 - e. a short narrative update highlighting any key changes (including any quantum moved between themes), progress and highlights
52. The MCAs and HMG will agree a structure for how these reports will work as part of the ToR. However, the MCAs and HMG agree that these reports will be designed based on the following principles:
 - a. monitoring reports should help the MCAs and HMG better understand how the outcomes could be delivered more effectively
 - b. delivery assessment should be balanced and holistic
 - c. the data and reporting requirements for annual monitoring reports will be proportionate, reflecting the minimum needed to provide HMG with assurance of the MCAs' performance against the outcomes

53. Where a target is rated amber or red, the MCAs will provide further quantitative and qualitative data to explain the rating and set out the 'path to green'. Reports must be signed off by the MCA Chief Finance Officer. To support with mitigating any delivery issues, HMG will employ a matrix of mitigations, set out in Annex A. This matrix will be reviewed following agreement of the outcomes framework to ensure it remains proportionate and fit for purpose. This matrix will be considered by the Programme Board and outlines the options for mitigating different levels of delivery issues. If the Programme Board considers that the 'path to green' set out in monitoring reports is inadequate, they may consider appropriate mitigations or interventions, drawing on the matrix in Annex A. Mitigations in relation to specific themes will be signed off by the thematic lead and DLUHC AO, and coordinated via the Programme Board. HMG will then give notice via a published letter to the MCA that they will intervene, setting out the measures being employed and why. The MCA will then be given a period to submit a formal response on proposed mitigations. If this response is deemed unsatisfactory by HMG, the Programme Board will be empowered to set up task and finish groups to oversee interventions and progress.
54. Conversely, if the MCAs are overperforming on their outcomes targets, HMG will not introduce additional targets for the remaining funding or seek to claw it back.
55. Government will work with the MCAs to develop a robust approach to evaluating the impact of the single settlements, in co-ordination with the development of evaluation processes for the wider trailblazer deals and to enable the comparison of WMCA's and GMCA's delivery under the single settlements against the delivery of national schemes in other areas of the country that have not been devolved.
56. The evaluation will measure whether the single settlements, as part of the trailblazer deal, have achieved their aims, and how their impact compares to areas without a single settlement.
57. The government will continue to work closely with the MCAs on the direction of the evaluation. This will include aligning with or building upon evaluation processes that the MCAs have in place or are developing.
58. Where possible, the government will seek to use publicly or centrally available data that is provided in a sufficiently timely manner to meaningfully report against during the SR period, to avoid placing additional or unnecessary burdens on the MCAs. Where such data is not available, the Data Partnership agreed through the trailblazer devolution deals will be used to explore options for improving access to datasets.

Risk management and dispute resolution

59. If an MCA is not making progress towards the realisation of an outcome, evidence will be discussed at the Programme Board, and following this, an agreed matrix of mitigation, assessment and escalation will be followed based on the targets set out at the SR (Annex A). Changes to the section 31 grant funding agreement may occur if HMG judges there is a significant decline in delivery of outcomes from the MCAs. Similarly, the grant funding agreement may change if there are changes to departmental funding lines, or other departmental changes in policy or legislation (e.g., on statutory entitlements) that impact the single settlement.
60. The Programme Board will also discuss disputes or concerns regarding propriety in relation to the single settlements. As systems AO, DLUHC will have clear responsibilities in such cases to follow the standards set out in the Local Government Accountability Framework (LGAF) and the English Devolution Accountability Framework (EDAF) and will follow the matrix of mitigations and interventions where needed.
61. In the first instance, the MCAs and HMG should seek to resolve any disputes between officers and officials, coordinated by DLUHC at a working level. If this is not possible, disputes will be formally discussed and agreed at the Programme Board. Where this appears likely to happen, the Programme Board secretariat should be consulted at an early stage to prepare papers for the meeting.
62. When the secretariat is formally notified of a disagreement, and the next scheduled meeting is longer than one month from referral, the Programme Board secretariat will organise a meeting within two weeks.
63. Through this process, the Programme Board will seek agreement on the facts, provide an opportunity for the parties to set out their positions and facilitate discussion of shared interests, options for resolving the disagreement and criteria for an agreed outcome.
64. Should the disagreement continue past consideration at the Programme Board, the Board Secretariat will organise political engagement between HMG and the MCAs.
65. If the dispute is not resolvable through this engagement, the MCAs should officially communicate their disagreement through a published letter to the DLUHC Secretary of State. The Secretary of State must then respond through a published letter to the Chair of the Combined Authority (the Mayor) and the Levelling Up Select Committee, outlining the reasons for the decision.

HMG direction under exceptional circumstances

66. In exceptional circumstances, for example during national emergencies or where MCAs' activities significantly undermine national government's ability to deliver its priorities in areas outside of the MCAs' functional responsibilities, HMG may direct the MCAs to use, or not use, funding from within the single settlements in a specific way.¹⁵
67. The circumstances in which such a direction may be used are:
- a. where the MCAs' approach to delivery of the single settlements, either in whole or in part, is demonstrably undermining national government's ability to deliver its priorities in areas outside of the MCAs' functional responsibilities
 - b. where all mechanisms for discussion and dispute resolution set out in this document have been exhausted
68. Any direction must be published as a letter to the Chair of the Combined Authority (the Mayor) and the Levelling Up Select Committee. The MCAs will be given a period to submit a formal response with proposed mitigations and interventions.
69. If HMG deem this response to be unsatisfactory, HMG will employ the matrix of mitigation, set out in Annex A.

Accountability arrangements

70. The single settlements will be supported by the establishment of a streamlined, overarching, single assurance framework coordinated by DLUHC rather than multiple frameworks administered by different departments. This will build on, and will be incorporated into future editions of, the EDAF.

¹⁵ This provision is intended to mirror Section 143 of the Greater London Authority Act 1999 (legislation.gov.uk), regarding transport functional responsibilities, and the adult skills condition set out in the trailblazer deeper devolution deals as follows: 'There will be specific instances when the national government needs to direct the design of adult skills provision or allocation of adult skills funding - as such, the Secretary of State for Education will retain the ability to do so in the next Spending Review period and beyond. However, this will be the exception rather than the rule, where the scale or urgency are such that a national response is judged required to deliver the required outcomes or where there are national skills priorities that the government believes are not being met sufficiently by the skills system.'

71. The arrangements outlined in this MoU will supersede the existing arrangements for the devolved funding covered by the single settlement, except in the specific case of the first round of the City Region Sustainable Transport Settlements (CRSTS1) which will continue past the first settlement, until 2027; the existing CRSTS1 arrangements will be superseded by this MoU at the point where the associated funding lines come to an end.
72. As per paragraphs 38-48, the MCAs will be held to account for delivery under the single settlements through the outcomes framework agreed with all relevant departments, HMT, and the MCAs.
73. As the single settlements include devolved funding from departments across HMG, there will be three core roles to administer the single settlement: the systems Accounting Officer (the DLUHC AO), the MCA CEO, and the thematic leads (AOs from contributing departments).

The role of DLUHC Permanent Secretary, as “systems” AO

74. To provide a single point of contact, DLUHC's AO will act as the 'systems' AO for the single settlement. DLUHC's AO will be responsible for ensuring institutional propriety, upholding governance structures, approving a local assurance framework, and overseeing the approach to securing value for money. DLUHC's AO will assume responsibility for the core accountability process to Parliament, including setting out the spending controls listed in paragraphs 32-33.
75. DLUHC will also sign off on the outcomes, any target / output indicators and mitigations for the local growth and place, and housing and regeneration functions.

The role of the MCA Chief Executive

76. Within the MCAs, core accountability processes will be carried out by the Chief Executive, who will be responsible for agreeing outcomes with HMG, local outcome delivery and value for money, as well as upkeep of their local assurance framework, internal processes, and capability resourcing.

The role of DfE, DESNZ and DfT Permanent Secretaries, as “thematic” leads

77. Other government departments (OGDs) who have functions covered by the single settlements will sign off on the outcomes and targets which are relevant to their functions and will receive monitoring and evaluation information on their function via the Programme Board. OGD leads will sign off mitigations in their function, as per the matrix of mitigation set out in Annex A. This will be managed via the Programme Board and will require coordination with DLUHC AO as the 'systems' AO. In some

exceptional circumstances, an OGD would lead a specific action working directly with the MCAs.

Parliamentary and select committee scrutiny

78. Although the MCAs should consider their primary accountability to be to their local residents, HMG has a responsibility to ensure that devolved funding supports the delivery of the outcomes framework and that the MCAs have the structures in place to deliver value for money as set out in paragraph 73. Therefore, the single settlements will be subject to Parliamentary scrutiny as follows:
- a. DLUHC AO will be responsible to Parliament for reporting on the delivery of the single settlements. Where necessary, the Public Accounts Committee will scrutinise DLUHC's AO for upholding the governance structures and securing value for money. HMG will recommend that the relevant select committee invites the MCAs' Chief Executives for evidence on local delivery.
 - b. DLUHC will recommend that Ministers and mayors as appropriate both be invited to select committees, when relevant, with an increased focus on the role of local leaders in delivering the single settlements.

Local scrutiny

79. As set out in the trailblazer deeper devolution deal, the MCAs have committed to greater scrutiny including by residents through Mayor's Question Time, by constituent councils when requested and by local MPs at regular broadcast sessions.
80. The MCAs have also committed to raising the profile and resources available to the Overview and Scrutiny committee and implementing the Scrutiny Protocol (as per the EDAF).
81. The Mayor and relevant other Members or Portfolio Holders of the Combined Authority should be prepared to speak to the single settlements at both the Mayor's Question Time and the Overview and Scrutiny committee.

Local risk management and governance assurance

82. The MCAs are expected to put in place the necessary governance and assurance arrangements and to ensure that all legal and other statutory obligations and consents will be adhered to, which may include, but is not limited to, state aid and subsidy control, equalities duties, procurement, health and safety and fraud.
83. To evidence readiness for the single settlement, the MCAs will be subject to a readiness check. HMG will work with the MCAs to agree the process and criteria for the check. Any concerns highlighted in this process will need to be addressed before the full settlement flexibility is granted, as per the matrix of mitigations in Annex A.
84. Ownership of risk will be transferred to the MCAs. The MCAs will be responsible for mitigation of any risks that arise throughout the delivery of the single settlements.

85. The MCAs will complete their own Fraud Risk Assessment to ensure the safe administration of grants and that appropriate measures are put in place to mitigate against the risk of both fraud and payment error.
86. The MCAs will also be responsible for setting and managing any Novel, Contentious or Repercussive (NCR) spend and business cases, via existing MCA mechanisms (such as WMCA/GMCA's Single Assurance Framework). As per paragraph 34, there may be specific situations where additional processes are required regarding business cases.
87. The MCAs will also be responsible for overseeing the development and maintenance of the MCAs' local assurance framework, governance, and financial monitoring report, as well as drafting and delivery of the local outcome delivery plan, and reporting on progress via submissions to the Programme Board.

Audit arrangements

88. The single settlements will be subject to formal external audit by the Comptroller and Auditor General to the extent required as part of their audit of DLUHC and other departments. Information access requirements to facilitate this will be set out as part of any grant agreement. MCA expenditure will remain subject to their own existing external audit requirements.
89. The Comptroller and Auditor General will also have the right, should they so choose, to conduct Value for Money examinations on the single settlements, and the MCAs will be expected to cooperate and provide information necessary to DLUHC or the National Audit Office (NAO) to facilitate this.
90. The MCAs will be responsible for ensuring that their own internal audit functions are sufficient to manage risks to public money.
91. Further details on audit arrangements will be provided alongside the outcomes framework.

Local context on implementation

92. WMCA will use the opportunity presented by the single settlement to develop and deliver transformational place-based strategies. The strategies will serve as strategic, long-term frameworks to guide the prioritisation of single settlement funding, and other policy levers and resources, below the regional level while delivering the outcomes framework agreed with HMG. Place-based strategies will be coordinated by WMCA, agreed collectively by the WMCA Board and developed by local authorities.
93. WMCA will engage and consult across the region to make sure its governance structures and processes reflect the opportunity presented by the single settlement to further empower local leaders and drive collective decision-making for the benefit of the region.

94. Since its inception GMCA has used devolved powers and flexibilities to drive growth and deliver key improvements to the economy, services, and infrastructure. The ten constituent local authorities of Greater Manchester have worked together voluntarily for many years on issues that affect everyone in the region, like transport, regeneration, and attracting investment. GMCA also works in partnership with other public services, businesses, local communities, and the voluntary sector to address issues that affect the whole city-region.
95. GMCA's strategic ambition is set out in the Greater Manchester Strategy (GMS), underpinned by a range of supporting strategies on areas such as the economy/innovation, work/skills, spatial development and growth locations, housing, transport, and the environment. HMS is a medium-term strategy which sets out clear outcomes/commitments and a route to deliver the vision of a greener, fairer, and more prosperous Greater Manchester by 2031. The single settlement and the wider trailblazer deal will enable GMCA to deliver in line with the HMS, try innovative new policy approaches, drive forward the local economy, and to be better held to account for delivery.

Next steps

96. There are several areas throughout this MoU where the government and the MCAs have committed to work together to confirm further details by spring 2024. These details will be agreed and published as annexes to this. This will include annexes outlining:
- a. the formulae to determine the MCAs' allocative share of funding
 - b. the provisional process for setting the outcomes framework, including further detail on the retrofit pilot as per paragraphs 10-11
 - c. further detail on the spending controls HMG will employ for the single settlement

A.1.1 Annex A: Matrix of mitigation, assessment, and escalation

Where delivery falls below the agreed baseline, or there are wider concerns around failure to deliver value for money, evidence will be discussed at the Programme Board, and where necessary, the below matrix of assessment and mitigation will be followed. Mitigations in relation to specific themes will be determined and signed off by the thematic lead and coordinated with DLUHC. This matrix will be reviewed once the outcomes framework is agreed and targets are confirmed, to ensure it remains proportionate and fit for purpose. This matrix should also be seen in the wider context of the MoU, the principles for governance of the settlement set out in this MoU, the intention of the single settlement to devolve greater local responsibility and accountability, and the MCAs' primary accountability to local residents.

To note: the inspection and intervention processes outlined in the [English Devolution Accountability Framework](#) set outs the process where there are very serious concerns of bad governance, poor value for money or inadequate services for residents. This draft matrix solely looks at mitigations to be made in case of failure to deliver progress on the outcomes or value for money for the single settlement.

Table A.1 Matrix of Mitigation

		Minor	Moderate	Major
Evidence and indicators	Institutional propriety	Where the Secretary of State has concerns that an authority is failing to carry out its functions in compliance with its best value duty, the Local Government Act 1999 provides significant powers for the Secretary of State to inspect and, subject to there being sufficient evidence, to intervene in that authority.		
	Target output indicators	Slippage in a small number of metrics. Limited impacts in overall delivery of outcomes (to discuss in Spring 2024)	Slippage in numerous metrics. Significant predicted impact on meeting outcomes (to discuss in Spring 2024)	Slippage in most metrics. Major impact on delivery of outcomes (to discuss in Spring 2024)
	Outcome delivery	Limited progress shown against a small number of outcomes. Overall progress against outcomes is satisfactory.	Limited progress shown against some outcomes.	Progress not shown against most outcomes.
	Insufficient reporting requirements	Some gaps in reporting data. Low data quality.	Significant lack of relevant data provided to prove progress against targets.	Reporting requirements not met – no data provided as evidence of progress.
	Maintenance of local outcome delivery plan	Sections of the local outcome delivery plan out of date when reviewed.	Significant portion of the local outcome delivery plan out of date when reviewed.	Out of date local outcome delivery plan that does not show current state of play or projects.
	External reports	3 rd line of defence (independent audit) raises some issues with delivery with an Amber rating. No adverse publicity on delivery of the settlement.	3 rd line of defence (independent audit) raises significant issues with delivery with an Amber/Red rating. Concerns raised by some constituent councils. Public criticism over spend or delivery of the settlement.	3 rd line of defence (independent audit) raises major issues with delivery with a red rating. Majority of constituent councils have issues with how the fund is delivered. Serious allegations over spending. Parliamentary questions raised.

	Minor	Moderate	Major
Proposed mitigations	<ul style="list-style-type: none"> • Escalation of M&E (Monitoring & Evaluation) processes, to be negotiated on a case-by-case basis • Re-evaluation of outcome indicator and/or target output indicators • The MCA will be required to write to the DLUHC SRO or the thematic lead (for the theme where there is a delivery concern) setting out why delivery has fallen, and steps being taken to remedy it. 	<ul style="list-style-type: none"> • Escalation of M&E processes, to be on a case-by-case basis • Re-evaluation of outcome indicators and/or target output indicators • Re-drafting of delivery plans in the theme/s where there are delivery concerns and alignment with outcomes framework • The MCA will be required to write to the Permanent Secretary of DLUHC and the Permanent Secretary of the relevant thematic department setting out why there are delivery issues, and immediate steps being taken to remedy the situation. • The thematic lead may require the MCA CEO to meet the thematic lead department ministers or Permanent Secretary to explain how they will improve delivery in that area. 	<ul style="list-style-type: none"> • Reintroduction of delegated authority limits, and/or ringfences, in the theme/s where there are delivery concerns • DLUHC publicly announces that the AO does not think an investment decision will deliver VfM • MCA CEO explains reasons delivery failure and provides materials on plan to mitigate, including how they will factor in any mitigations • Suspending settlement • Clawback funding • Withdrawing funding lines from settlement • Deep dive on M&E to determine if VfM/institutional failure - if so, DLUHC can investigate using the Best Value Duty. • Request for independent review from the NAO

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Overview and Scrutiny Committee – 25th January 2024

Joint Report of the Deputy Chief Executive and Director of Finance and Legal

Medium Term Financial Strategy

Purpose

1. To consult the Committee on the draft Medium Term Financial Strategy to 2026/27 as approved by Cabinet on 11th January 2024.

Recommendations

2. That the Committee considers and comments on the Cabinet's proposals for the Medium Term Financial Strategy to 2026/27, taking into account the considerations set out in paragraph 39.

Background

3. At 31st March 2022 our unringfenced revenue reserves as a proportion of net revenue spend were 19%. The average¹ for all Metropolitan Councils at the same date was 55%. Calculated on the same basis, our position at 31st March 2023 was still 19%. Comparisons with other councils are not yet available.

Forecast Revenue Outturn 2023/24

4. On 6th March Council set the 2023/24 budget. The budget was amended by Council on 10th July. The latest forecast performance against the amended budget is summarised below:

¹ The percentage quoted is based on the Median average of all Metropolitan Councils

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive	6.7	6.8	0.1
Adult Social Care	110.7	118.3	7.6
Children's Services	82.0	86.7	4.7
Health and Wellbeing	2.7	2.6	(0.1)
Finance and Legal Services	14.2	14.8	0.6
Digital, Commercial and Customer Services	16.6	16.6	0.0
Environment	48.7	49.9	1.2
Housing and Communities	2.5	2.3	(0.2)
Regeneration and Enterprise	14.4	16.4	2.0
Corporate, Treasury and Levies	13.9	7.0	(6.9)
Total Service Costs	312.4	321.4	9.0
Total Resources	(307.3)	(307.2)	0.1
Use of Balances	5.1	14.2	9.1

5. Appendix A gives further detail of forecast performance at service level. Appendix B summarises delivery on savings previously agreed. The significant reasons for budget variances are summarised as follows:

- Vacancies net of pay award and agency costs (£4.2m).
- Additional net cost of Adults' and Children's care packages due to demand and price £12.3m.
- Adverse trading activity £2.7m.
- Utilities £1.6m.
- Home to School Transport £1.0m.
- Energy from Waste adverse variance £0.8m.
- Property £1.2m.
- Legal fees £0.4m.
- Release of contingency held mainly for revaluation of Business Rates adjustment released (£3.3m).
- One off income from Enterprise Zone / LEP and Black Country Consortium (£1.4m).
- Triennial pension overpayment recovery (£0.9m).
- Net favourable variance from capital slippage and higher interest rates (£2.0m)
- Other net adverse variances £0.9m.

6. The Cabinet noted that this is a significant adverse variance with severe implications for the ongoing Medium Term Financial Strategy. The immediate impact on the General Fund is outlined below.

	Budget £m	Latest Position £m
Forecast balance 31 st March 2023	20.8	20.8
2022/23 outturn (as reported to July Cabinet)		1.0
General Fund Balance at 31st March 2023	20.8	21.8
Planned use of Reserves approved by Council March 2023	(4.2)	(4.2)
Planned use of Reserves approved by Council July 2023		(0.9)
Adverse Forecast 2023/24 outturn		(9.1)
Forecast General Fund Balance at 31st March 2024	16.6	7.6

Dedicated Schools Grant

7. The majority of Special Education Needs and Disability (SEND) services are met from the High Needs Block within the Dedicated Schools Grant (DSG). As previously reported, we (in common with many other councils) have been experiencing significant financial pressures from increasing demand for children that require additional educational support. Dudley is part of the 'Delivering Better Value in SEND programme' (DBV) that aims to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable.
8. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast cumulative deficit of £34.0m on the High Needs Block, resulting in an overall DSG deficit at 31st March 2024 of £30.7m. The Government has regulated temporarily to ensure that this pressure does not impact the General Fund and has confirmed that this statutory override will be extended to 31st March 2026. If the statutory override is not extended beyond that point, then this further compounds the risk that the Council's General Fund will be exhausted.

External Audit

9. The External Auditors (Grant Thornton) have issued their Auditor's Annual Report 2021/22 and 2022/23. They have commented on financial decision making at the corporate level and on the deteriorating financial position. They have identified significant weaknesses in Financial Sustainability, Governance and Economy, Efficiency and Effectiveness.

Spending controls

10. In view of the financial position presented to October Cabinet spending controls were approved to reduce the deficit in the current financial year and the ongoing impact on future years. Spending controls apply even where budget has previously been approved by Council. It was proposed that these controls be reviewed after each financial year end, but remain in place at least until the Council's unringfenced reserves return to a level of 20% of net revenue spend.
11. Although the forecast outlook for the current year remains grave, it has improved from the deficit of £15.2m that was forecast in October to the deficit of £14.2m that is being forecast now (see paragraph 4). This movement reflects a range of favourable and adverse factors, not all of which are directly linked to the spending controls. However, it should be noted that the first phase of implementation of the controls has focussed on staffing and agency and that this element of the forecast has improved by £1.5m.
12. The existing MTFS includes provision to service debt (net of capital receipts from release of development land) from building a new Pens Meadow School to replace the current split site. The forecast debt charges rise to around £1m per year from 2026/27 onwards. Letting the contract for the new build would not meet the criteria in the spending controls as they were set in October. However, this is a high-profile project that would significantly improve the facilities and locate them on a single site. Cabinet on 11th January weighed these benefits against the Council's financial position and also considered a supplementary report of the Director of Finance and Legal and decided to override to the spending controls to permit this project to proceed.

Medium Term Financial Strategy (MTFS) to 2026/27

13. In updating the Council's MTFS, Members will need to consider carefully:
- (a) the levels of Government support allocated to the Council;
 - (b) proposals for additional spending, opportunities to free up resources (including savings), and Council Plan priorities;
 - (c) the implications of spending levels in later years as part of the Council's medium term financial plan;
 - (d) the views of consultees;
 - (e) the external factors and risks inherent in the Strategy;
 - (f) the impact on Council Tax payers;
 - (g) the potential impacts on people with protected characteristics as defined in the Equality Act 2010. Members will need to have due regard to the public sector equality duty under the Equality Act 2010. (Further details are set out in the Equality Impact section below).

Government Funding

14. The Chancellor delivered the Autumn Statement on 22nd November and the Provisional Local Government Finance Settlement was published on 18th December 2023. The settlement confirmed the following allocations of funding at the national level:
- Local Authorities will see an increase in baseline funding levels and compensation grants for locally retained business rates, to ensure that multipliers are in line with Consumer Price Index (CPI) of inflation.
 - The Non-Domestic Rating Act has decoupled non-domestic rating multipliers. Previously the standard multiplier was derived by adding a supplement (1.3p in 2022/23) to the small multiplier. In future, the small and standard multipliers will be set independently of each other.
 - At the Autumn statement, the Chancellor announced that for 2024/25 the small multiplier will be frozen at 49.9p for the fourth

consecutive year, and that the standard multiplier will be uprated in line with September CPI from 51.2p to 54.6p.

- This decision increases the gap between the two multipliers and has consequences for the business rates retention system.
- An additional £692m nationally of Social Care grant for Adults and Children's Services.
- Maintaining existing Improved Better Care Fund allocations at 2023/24 levels.
- Increasing the Market Sustainability and Improvement Fund to £845m nationally and combining with Workforce Fund (£205m nationally in 2024/25) increasing the overall total value to £1,050m.
- A reduction of £406m nationally for the Services Grant.
- An additional £200m nationally of Discharge Funding for Adult Social Care.

15. Specific funding allocations for Dudley are reflected in the MTFS table under paragraph 30.

Council Tax

16. Accounting for Council Tax Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Latest forecasts indicate a Council Tax surplus for 2023/24 of £1m, mainly as a result of a reduction in council tax reliefs.
17. Looking forward forecasts have been adjusted to reflect current numbers of households in receipt of discounts and exemptions. The assumptions for new house building and collection rates have been maintained. The position will continue to be monitored closely and any updated forecasts reported to Cabinet in February.
18. The Provisional Local Government Finance Settlement set referendum limits for 2024/25 of a basic increase of up to 2.99% and in addition an Adult Social Care Precept of up to 2%. It is anticipated the similar limits will be set for future years. Forecasts in this report are based on a 4.99% Council Tax increase in 2024/25 onwards.

Business Rates

19. Accounting for Business Rates Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Latest

forecasts indicate a Business Rates deficit for 2023/24 of £5.1m. This reflects the brought forward deficit position in relation to Covid19 Additional Relief Fund (CARF), partly offset by reduction in reliefs provided and release of funds from the appeals and bad debt provisions. There is also a transfer in from the S31 grant reserve of £5.7m.

20. A revaluation of all properties for business rates took effect from 1 April 2023. There is still some uncertainty concerning the impact of the 2023 revaluation on our Business Rate and grant income, in particular the impact of appeals under the “Check, Challenge, Appeal” process. We have made a provision and kept this under review in the light of actual appeals received together with external advice on potential future appeals and comparisons with other councils.
21. Future year forecasts reflect actual levels of empty property and other reliefs, numbers of properties in rating and the ongoing impact of our review of appeals set out above. We have also adjusted forecasts of Business Rates and Section 31 Grant income to reflect the Consumer Price Index. The final budget and MTFS will include adjustments between retained business rates, business rates grant and tariff to reflect the precise impact of revaluation and inflationary uplifts (the combined value of these three lines in paragraph 30 is a reasonable forecast at this stage).

Combined Authority

22. The West Midlands Combined Authority (CA) receives three elements of funding via the constituent authorities as follows:
 - The Transport Levy to fund its transport functions, allocated by statute on a population basis.
 - A contribution to reflect assumed real terms growth in the central share of business rates from 2016/17 onwards to fund its regeneration activities, under the terms of the Devolution Deal.
 - A further contribution to fund its non-transport functions currently allocated by agreement partly on a population basis and partly by equal shares.
23. Forecasts in this report assume that the Transport Levy will be uplifted by 3% year on year.

Base Budget Forecasts

24. The Base Budget reflects the impact on spending of forecast inflation and other anticipated changes, before directorate additional spending or savings proposals are taken into account. Details are as follows:

	2024/25	2025/26	2026/27
	£m	£m	£m
2023/24 base	311.5	311.5	311.5
Pay (note 1)	9.3	12.4	15.5
General price inflation (note 2)	-	1.8	3.6
Utilities inflation (note 3)	1.4	2.2	2.8
Income uplift (note 4)	(1.1)	(2.3)	(3.5)
Combined Authority (see paras 22-23)	0.4	1.1	1.6
Treasury (note 5)	1.3	2.7	2.0
NNDR revaluation changes (note 6)	(3.0)	(3.0)	(3.0)
Other adjustments (note 7)	(3.5)	(3.6)	(3.2)
Base Budget Forecast	316.3	322.8	327.3

Notes:

(1) This allows for an average pay increase of 6.2% in the current year, 4% increase for 2024/25 and a further 2% increase for 2025/26. Note that Central Government does not control Local Government pay directly.

(2) No general provision has been made for 2024/25, with any specific inflationary issues being reflected in additional spending in paragraph 25 below. From 2025/26 a 2% per annum increase has been applied to general non pay lines (excluding utilities and social care costs).

(3) This allows for

- An increase of 14% for electricity and 32% increase for gas for 2024/25.
- An increase of 10% for electricity and 20% increase for gas for 2025/26.
- An increase of 5% for electricity and 10% increase for gas for 2026/27.
- An increase of 6.7% for business rates for 2024/25 based on September 2023, with 2% annual increases thereafter.

(4) Assumes a general increase of 2% per year on fees and charges, with exceptions being reflected in savings in paragraph 26 below.

- (5) Impact of Capital Programme, treasury management and investment income forecasts.
- (6) Changes to Business rate tariff, due to revaluation.
- (7) Fall-out of previous one-off items, adjustments to Medium Term Financial Strategy following July cabinet, removal of severance costs provision and other adjustments.

Additional Spending

25. The following table outlines proposed additional directorate spending arising from a combination of demographic, inflationary and other unavoidable service pressures as well as improvements to services to residents and growth in organisational capacity. Further detail is provided in Appendix C.

	2024/25	2025/26	2026/27
	£m	£m	£m
Chief Executive	0.1	0.1	0.1
Adult Social Care	12.6	20.4	28.4
Children's Services	7.8	10.5	12.5
Finance and Legal Services	0.1	0.2	0.5
Digital, Commercial and Customer Services	1.4	1.4	1.6
Environment	1.9	2.0	2.1
Housing and Community	0.0	0.0	0.0
Regeneration and Enterprise	1.2	1.2	1.0
Total	25.1	35.8	46.2

Savings

26. In total the following saving (including proposed increases to service income) proposals have been identified. Details are set out in Appendix D.

	2024/25	2025/26	2026/27
	£m	£m	£m
Chief Executives	0.3	0.5	0.5
Adult Social Care	1.6	3.1	3.1
Children's Services	0.6	2.2	2.2
Finance and Legal Services	0.0	0.1	0.1
Health and Wellbeing	0.4	0.4	0.4
Digital, Commercial and Customer Services	0.4	0.9	0.9
Environment	3.2	3.4	3.4
Housing and Community	0.0	0.0	0.0
Regeneration and Enterprise	1.2	1.6	2.4
Total	7.7	12.2	13.0

Public Health

27. The 2023 Autumn Statement announced indicative Public Health allocations for 2024/25 which for Dudley is £23m representing an increase of 1.32%.
28. In 2023/24 there is a forecast surplus £0.6m on the Public Health Grant due largely to a contingency when negotiating new contracts with health partners. This surplus will be added to the ringfenced Public Health Reserve. Programmes of work are planned, in line with council priorities, to ensure that the best use is made of these reserves.
29. The overall forecast position for the Public Health Grant funded budget can be summarised as follows:

	2024/25	2025/26	2026/27
	£m	£m	£m
Base budget forecast	23.0	23.3	23.6
One-off spending plans	0.9	0.1	0.1
GF switch family safeguarding	0.8	0.2	0.0
Total spend	24.7	23.6	23.7
Forecast grant	23.0	23.3	23.6
Deficit	(1.7)	(0.3)	(0.1)
Reserve brought forward	2.2	0.5	0.2
Reserve carried forward	0.5	0.2	0.1

Medium Term Financial Strategy

30. The MTFS reflecting the revised spending proposals set out above, and forecasts of likely resource availability can be summarised as follows.

	2024/25	2025/26	2026/27
	£m	£m	£m
Base Budget Forecast – see para 24	316.3	322.8	327.3
Additional spending – see para 25	25.1	35.8	46.2
Savings – see para 26	(7.7)	(12.2)	(13.0)
Total Service Spend	333.7	346.4	360.5
Council Tax	155.6	164.5	173.8
Collection Fund Surplus/(Deficit) – Council Tax	1.0	-	-
Retained Business Rates	89.2	91.1	92.9
Business Rate Grant	34.6	35.2	35.9
Collection Fund Surplus/(Deficit) – Business Rates	(5.1)	-	-
S31 Grant Reserve	5.7	-	-
Tariff & Cap	(6.3)	(6.5)	(6.6)
Tariff – One Off Adjustment	(1.1)	-	-
New Homes Bonus	0.1	0.1	0.1
Improved Better Care Fund (IBCF)	16.6	16.8	17.0
Social Care Grant	32.9	33.3	33.6
Services Grant	0.4	0.4	0.4
Total Resources	323.6	334.9	347.1
Deficit funded from General Fund	10.1	11.5	13.4
General Fund (surplus)/deficit b/f	(7.6)	2.5	14.0
General Fund deficit c/f	2.5	14.0	27.4

31. The table above assumes that Council Tax increases by 4.99% in 2024/25. Based on proposed referendum limits, this would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992. It is also assumed that Council Tax will continue to increase by 4.99% per year from 2025/26 onwards.
32. Based on the forecasts, additional spending and savings proposals set out above, we are forecasting significant deficits in all years. We are

also currently forecasting a deficit position on the General Fund at the end of 2024/25. If this position does not improve, then it will be necessary to transfer funds from earmarked reserves to the General Fund so as to set a lawful budget for next financial year. From 2025/6 onwards, the outlook is unsustainable unless we identify additional income and/or savings going significantly beyond the proposals already built into this report.

33. It should be noted that the savings proposals in paragraph 26 and Appendix D are those that are quantifiable and deliverable at this time. The Council now has the urgent task of reviewing its Total Operating Model including:
- Review of leisure centres including the option to outsource.
 - Review of the ongoing viability of halls and associated catering facilities, including options to operate on a concession basis.
 - Review of the scope of the library service.
 - A strategic review of parking, including on-street and off-street charging options.
 - A review of waste and recycling, taking account of recent government guidelines on food waste.
 - A review of all other service areas considering options to cease, reduce, outsource, merge or otherwise transform those services so as to be as cost-effective as possible.
 - A consequent review of the overall structure of the Council.
34. No assumptions can be made about the financial impact of the reviews set out above. Given the urgency of the situation, officers will continue to liaise with officials at Department for Levelling Up, Housing and Communities (DLUHC) about the potential for Exceptional Financial Support in the event that savings delivered from the Total Operating Model are insufficient in timing or value.

Consultation

35. Thousands of people have taken part in the budget consultation over the past few years. Last year there were more than 1,500 valid responses received after an extensive promotion period through the media, social media and through the e-bulletin. This year, the Council will continue to consult far and wide using the extensive reach it has through a range of communications channels as well as working with partner organisations and community groups to encourage more

people to have their say. The results will be reported back to Cabinet in the spring.

36. Detailed consultation will also be undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below.
37. A consultation document will be distributed to representatives of Non-Domestic Ratepayers setting out the provisional budget proposals in this report. Consultees will be offered the opportunity for a meeting to be held if there is sufficient interest. Further detailed information (as required in pursuance of the statutory duty to consult) will be distributed in February for comment before the Council Tax setting meeting.
38. The Overview and Scrutiny Committee is being asked to consider both the spending, service delivery and funding implications (including the impact on Council Tax) of any observations they may wish to make. Senior Management will be available at the meeting to address any queries.

Finance

39. In the Section 25 report to Council on 6th March, the Director of Finance and Legal stated: “The financial reserves that will remain available to the Council as a result of agreeing the proposals contained in this report are adequate to enable the setting of a lawful budget for 2023/24. Although adequate to set a lawful budget for 2023/24, reserves are low by comparison with other councils. The rate of Council Tax (and as a result the level of spending) is also low compared to other councils. Forecasts already build in the maximum increase in Council Tax without a referendum for 2023/24. There are significant risks to the forecast and Members should note that, if these risks materialise, there could be a need to reduce spending plans and/or raise additional income in order to avoid imprudent reductions to the level of reserves. This would be challenging in view of the context set out above.”
40. The Council’s finances have further deteriorated since the statement set out above. The Council is now at a point where any further deterioration runs the risk of triggering a formal report under Section 114 of the Local Government Finance Act 1988. In view of this risk,

the Director of Finance and Legal is liaising with officials at DLUHC to explore the potential for Exceptional Financial Support.

Law

41. The Council's budget setting process is governed by the Local Government Finance Acts, 1988, 1992, and 2012, and the Local Government Act 2003.
42. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.
43. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992 making provision for Council Tax referendums to be held if an authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.
44. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 are designed to enable a local authority to compensate employees whose employment terminates on grounds of redundancy or in the interests of the efficient exercise of the authority's functions. Any local arrangements in place must also be compliant with the Employment Rights Act 1996 and the Equality Act 2010.

Risk Management

45. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
 - i. that pay inflation does not vary materially from current forecasts;
 - ii. that the 2024/25 finance settlement and any specific grant income is in line with forecasts (noting in particular that there is uncertainty around the assumed allocation of additional Autumn Statement funding to Dudley);
 - iii. that the underlying impact of any local government funding reforms (if they occur during the life of this MTFS) is neutral;

- iv. that underlying net income from Business Rates rises in line with forecast CPI, and that income and expenditure in respect of the EZ is in line with current forecasts;
- v. that the impact of appeals against Business Rates is contained within the provisions assumed in this report;
- vi. that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the underlying tax base will continue to grow as anticipated;
- vii. that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2024/25 and any inflationary pressures in 2025/26 and 2026/27 will be no more than the amount provided for;
- viii. that income and expenditure relating to treasury management activity are in line with forecasts;
- ix. that government policy on maximum underlying Council Tax increases without the need for a referendum will be in line with the levels announced at the Autumn Statement;
- x. that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
- xi. that employer contributions to the Local Government Pension Scheme (LGPS) from 2026/27 onwards are in line with contributions in the current triennial review period;
- xii. that any impact of social care reforms at the end of the MTFs period can be met within the available funding;
- xiii. that there will be no material losses to the Council as a result of loans, guarantees and/or grant clawback;
- xiv. that spending pressures in relation to Special Education Needs and Disability can be contained within the Dedicated Schools Grant;
- xv. that there will be no call on the Council to underwrite the commitments of the West Midlands Combined Authority beyond the contributions outlined in this report;

xvi. that the savings proposals set out in Appendix D will be delivered as planned;

xvii. that there will be no other unplanned expenditure (including any resulting from demographic, legislative or case law pressures) or shortfalls in income, which cannot be met from reserves.

46. The assumptions set out above are subject to uncertainty. In the event that outcomes are more negative than the assumptions in this report then, given the already adverse outlook, there is an increasing likelihood that this would trigger a report under Section 114 of the Local Government Finance Act 1988.
47. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget so as to meet its statutory obligations within the resources available. At the last review point, this risk was allocated the maximum rating of 25 (Extreme).

Equality Impact

48. Section 149 of the Equality Act 2010 - the general public sector equality duty - requires public authorities, including the Council, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other conduct that is prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and those who don't;
 - foster good relations between people who share a protected characteristic and those who don't.
49. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
50. The legislation states that "the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities." In practice, this means that reasonable adjustments should be made for disabled people so that they can access a service or fulfil employment duties, or perhaps a choice of an additional service for disabled people is offered as an alternative to a mainstream service.
 51. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - tackle prejudice, and
 - promote understanding.
 52. Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
 53. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
 54. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.
 55. With regard to Children and Young People, a substantial element of the proposed budget for the Children's Services Directorate will be spent

on maintaining and improving services for children and young people. The expenditure of other Directorates' budgets will also have a significant impact on this group.

Human Resources / Organisational Development

56. The spending controls include controls over recruitment.

Commercial / Procurement

57. The spending controls include controls over the letting of contracts.

Environment / Climate Change

58. There are no direct climate issues arising from this report.

Council Priorities and Projects

59. The aspirations of the Council Plan can only be delivered if the Council is financially sustainable.



.....
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.....
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General Fund Revenue Forecast Outturn 2023/24

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Chief Executive	6,675	6,786	111	
People and Inclusion	3,040	2,943	(97)	Staff car park permits (£55k), other net savings (£42k)
Communications and Public Affairs	1,000	1,096	96	Shortfall on Musicom £70k and Street vendors £16k, other £10k pressures
Chief Executives Office	2,635	2,747	112	Salary costs £162k and non pay pressures £50k offset by reduction in spend on strategic contingency (£100k)
Adult Social Care	110,723	118,317	7,594	
Dudley Disability Service	53,522	58,612	5,090	Bedbased pressure £1,841k arising from 7 long term placements £640k and £1,201k of short term placements, Community Services pressure of £3,622k arising from 177 extra clients and +£48 pw increase in costs, backdated Business Rates at Ladies walk £219k. Offset by net staff savings (£592k).
Assessment and Independence	42,834	44,396	1,562	Additional 295 clients £2,380k, salary pressures £19k, £156k other pressures. Offset by; additional grants & joint funding (£993k).

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Access & Prevention, adults commissioning, Performance & complaints	9,906	9,651	(255)	Shortfall on Telecare income and additional staffing £84k, offset by net staffing savings within division (£239k), (£100k) Public Health switch for carers.
Adult Safeguarding & Principal Social Worker	1,828	1,644	(184)	Net salary savings (£184k)
Integrated Commissioning	4,285	4,285	0	
Other ASC	(8,194)	(8,224)	(30)	Net Salary savings (£30k)
Adult Mental Health	6,542	7,953	1,411	Supported living £685k, Residential care £494k, other care costs £233k, £170k Woodside pressure off set by net salary savings (£171k)
Children's Services	81,958	86,657	4,699	
Adolescent Safeguarding	4,465	4,328	(137)	Net salary savings (£137k)
Family Safeguarding	5,955	5,807	(148)	Net salary savings (£148k)
Through Care	41,593	45,781	4,188	External Residential Placements £3,927k, Fostering £224k, Legal fees £160k, Transport £77k, offset by other net savings (£200k).
Front Door and Partnerships	2,669	2,763	94	Agency costs £94k

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Safeguarding Practice & QA	3,345	3,331	(14)	Net salary savings £14k
Other Children's Services	2,310	2,401	91	Agency and temporary staff £191k, use of reserve (£100k)
Family Solutions	8,165	7,384	(781)	Use of grants to fund staffing activity (£361k), use of reserve (£150k), Public Health grant reserve support (£270k)
Lead for Education Outcomes	8,927	10,110	1,183	Home to School Transport £1,000k, School Improvement Officers £80k, other net pressures £103k
Children's Disability Service and SEN Team	4,529	4,752	223	Direct payments £88k, other net pressures £135k
Health and Wellbeing	2,641	2,611	(30)	
Communities and Healthy Places	403	403	0	
Environmental Health and Trading Standards	3,196	3,174	(22)	Legal fees £53k, other net pressures £55k, offset by (£130k) switch from public health grant to trading standards.
H&W other	-958	-966	(8)	Other net savings (£8k)
Finance and Legal Services	14,183	14,776	593	

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Law and Governance	5,015	5,663	648	Elections £220k, members allowances £83k, net cost of locums within legal £300k, other net pressures £45k
Financial Services	6,733	6,778	45	Legal fees £45k
Revenues and Benefits	1,808	1,712	(96)	Discretionary council tax discount £81k and other net pressures £78k, offset by release of reserves (£255k)
Audit and Risk Management	427	394	(33)	Net staff savings (£33k)
Data Protection and Information Governance	200	229	29	Software licence £14k and salary costs £15k
Digital, Commercial and Customer Services	16,623	16,623	0	
Commercial	210	223	13	Leisure service concession costs £30k, DCCS contribution towards Improvement Plan £40k offset by Dgfl contribution (£38k) and other savings (£19k)
Procurement	617	550	(67)	Vacancies (£67k)
Libraries	4,257	4,266	9	Legal fees.
Digital Customer Services	4,034	3,805	(229)	Net staff saving (£278k), utility pressures £31k, other savings (£12k), My Dudley marketing £10k and proposed reserve for My Dudley £20k.

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Technology Systems and Services	7,604	7,830	226	Net staffing savings (£89k), dilapidation one off pressure £24k, one off pressure on premises costs £26k, recurrent pressure due to under recovery of income from Print Unit £265k.
DCCS other	(99)	(51)	48	Shortfall of traded service income £73k offset by other favourable variances (£25k).
Environment	48,731	49,906	1,175	
Waste & Transport Operations	10,984	12,129	1,145	Staffing £507k (of which pay award £225k, agency / sickness cover £1,682k, offset by vacancies (£1,400k)). Favourable Income (£106k); (of which Dry recycling plastics (£66k), vehicle sales (£40k)). Transport; Contracted out work £350k, increased costs of capital £150k, spot hire £115k, vehicles repairs £21k, bags and boxes £40k, barrier works £29k other net pressures of £203k which is mainly vehicle rechargeables, termination costs and security offset by fuel savings (164k).
Energy, Sustainability and Climate Change	6,739	7,715	976	Staff saving (£62k), Energy from Waste £808k (of which PPA income shortfall £652k, Commercial waste income (£87k), EfW R&M cost £1,435k, Increased fire suppression cost £91k, other operational costs £23k, release of disputed dilapidation provision (£243k), avoided landfill

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
				costs (£320k), reduced payments to contractor due to lower income (£242k), reduced insurance premiums (£221k), release PPA reserve (£280k)). Household Waste Recycling Centre contract uplift inflation £150k, Pop up £80k.
Neighbourhood Services	11,950	10,946	(1,004)	Net staffing savings (£1,912k), shortfall in pay and display income £164k, Street fines £621k, season tickets £46k, street scene income £43k, staff and council funded passes £117k, equipment £91k, other (£74k), part release of Ash die back reserve (£100k).
Transport & Highways Services	19,058	19,116	58	Net staff savings (£654k), offset by utilities £413k, under utilisation of in house staff £361k, potholes £188k, release of signs reserve (£250k).
Housing and Communities	2,507	2,351	(156)	
Maintenance	(80)	20	100	Under recovery of staff time £29k and high incidence of sickness resulting in under recovery 71k
Community Safety	1,276	1,108	(168)	Maximising use of grants (£168k).
Housing Strategy	814	745	(69)	Staffing savings net of pay award (£111k), Other net pressures including Tenants Perception Survey £42k.
Housing Options	290	290	0	

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Housing Assets & Development	207	188	(19)	Net staffing savings (£19k).
Regeneration and Enterprise	14,418	16,421	2,003	
Culture, Leisure & Bereavement Services	236	1,592	1,356	Bereavement £424k (of which utilities £130k, shortfall of income £255k, other £39k). Halls, Himley, Market & Museums £273k (of which net staffing costs (£2k), Utilities 67k, shortfall of income £218k, other (£10k)). Leisure Centres £523k (of which £348k net staff costs, utilities £352k, other supplies & services £79k, increased income (£256k)). Executive Support £136k (of which net cost of interims £160k, less other s&s savings (£24k)).
Planning	1,920	2,261	341	Net staff savings (£198k) offset by income shortfall £350k, consultants and other pressures £189k
Economic Growth & Skills	2,346	893	(1,453)	One-off windfall re Black Country Legacy funds (£555k), maximising Adult and Community Learning external funding (£200k), Other favourable variance being mainly Enterprise Zone budget (£198k), review of earmarked reserves (£500k).

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Corporate Landlord Services	7,499	9,208	1,709	Catering Commercial £674k (of which Staffing £161k, external income £775k, provisions (£252k), other (£10k)). Catering & Cleaning Other £240k (of which Staffing (378k), internal income £559k, external income £337k, catering provisions (£209k) other (£69k)). Property £795k (of which Staffing (£104k), utilities £308k, Admin buildings including churn costs £130k, Construction and Design fees shortfall £163k, other internal income £79k, voids and NNDR £134k, Facility management £30k, CCTV £40k, external income £15k).
Projects and Placemaking	901	951	50	Other net pressures £50k due to shortfall of income.
Regeneration Projects	1,516	1,516	0	
Corporate & Treasury	13,918	6,992	(6,926)	
Treasury	19,860	17,982	(1,878)	Lower borrowing costs and MRP compared to MTFS due to slippage and lower interest rates (£1,490k) offset by higher HRA balances on usable reserves and high interest rates £829k. Higher interest rates on interest paid on trust balances £56k. Higher interest rates and

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
				payments compared to budget (£1,365k) Reduction in income from fleet re internal borrowing and increased interest paid to Paragon for internal balances £92k.
Levies	15,020	14,369	(651)	Reduced share of Transport Levy (£51k), Surplus due to latest profile re EZ modelling of the black Country (£600k)
Corporate	(20,962)	(25,359)	(4,397)	BR revaluation contingency released (£3,013k), Pensions GF Over Recovery (£942k), other pension savings (£77k) general contingency released (£334k), other (£31k),
Total Service Costs	312,377	321,440	9,063	
Total Funding	(307,271)	(307,192)	79	Less S31 grant than budgeted £79k
Use of Balances	5,106	14,248	9,142	

Appendix B

Delivery of Savings in current MTFS

The extent of progress is reflected within the Forecast General Fund Outturn (Appendix A) and any ongoing deficits are built into the Additional Spending Pressures for the future Medium Term Financial Strategy (Appendix C).

2022/23 Savings		2022/23 £'000	Feb 23 Cabinet	Latest Update 2023
Adults	Review and update the charging policy for transport	60	In progress	Delivered
Chief Executive	Income from Boundary signs	40	In progress	Delivered
Regen & Enterprise	Halls - net increase in income from ticket sales, bar, and food because of increased number of shows following additional capital investment per recent Business Case	100	In progress	In progress
Regen & Enterprise	Bring bars back in-house for Stourbridge Town Hall & Cornbow Hall	10	In progress	In progress
Total		210		

2023/24 Savings		2023/24 £'000	Latest update
Adults	Income generation through fairer cost policy change, financial reviews and implementing charge on first day of confirmation permanent stay in a care home	30	Delivered
Adults	Increase in joint funding agreements	600	In progress
Adults	Transformation of service structures	370	In progress
Adults	Application of eligible grant funding to support services	50	In progress
Adults	Deploy pre-payment cards and apply new approaches to the financial oversight of Direct Payments	100	Delivered

2023/24 Savings		2023/24 £'000	Latest update
Adults	Review, assessment, and appropriate financial packages of care	230	In progress
Adults	New bed based banding framework	120	Delivered
Adults	Increase charges to Private residents for Telecare services	130	In progress
Adults	Introduce charges to Council tenants for Telecare services	130	In progress
Adults	Reduce the Creative Support contract by 50% when current extension ends	160	Delivered
	Total	1,920	
Children's	Efficiency savings - review of expenditure budgets for low/medium risk areas inclusive of car mileage (post lockdown), supplies and services, premises, and a review of terminated pension agreements. Staffing savings arising from vacancy review	350	Delivered
Children's	Youth Justice Service - reorganisation following changes to service delivery	90	Delivered
Children's	Redirection of grant funding via partnership delivery to support Early Help	40	Delivered
Children's	Cessation of voluntary sector contract	30	Delivered
Children's	Education Business Partnership - vacancy review	30	Delivered
Children's	Families Come First - prior year growth funding released now service embedded	110	Delivered
Children's	Efficiency as a result of implementing market forces and avoiding excessive use of agency staff	100	Delivered
	Total	750	
CEX	Vacancy management in HR&OD	60	Delivered
CEX	Remove vacant Corporate PMO & Performance Support Assistant post	30	Delivered
	Total	90	
DCCS	Removal of ADSL on completion of Fibre Optic installations	10	Delivered
DCCS	Not recruiting a role on digital and a role in technology	70	Delivered
DCCS	Reduction in printing costs	30	In progress

2023/24 Savings		2023/24 £'000	Latest update
DCCS	Reduction in print and mailing costs	30	In progress
DCCS	Virtualisation and consolidation of servers	30	Delayed
DCCS	Advancing to E5 Technology provides the most advanced functionality of Microsoft Office applications and additional security, giving an opportunity to rationalise other applications that are no longer required	100	In progress
	Total	270	
F&L	Reduced costs of self-insurance	100	Delivered
F&L	Vacancy management in Revenues and Benefits	80	Delivered
F&L	Adjust Members' Allowance budget to reflect entitlement to no more than one responsibility allowance	50	Delivered
	Total	230	
H&W	Continued work on Public Health Grant funded substance misuse preventative measures, to reduce use of rehabilitation beds.	100	Delivered
	Total	100	
H&C	Staff costs to be met from Homelessness grants.	40	Delivered
H&C	Reduce abortive fees for Disabled Facilities Grants	10	Delivered
H&C	Reduce costs incidental to Disabled Facilities Grants	20	Delivered
	Total	70	
ENV	Review Depot security	40	Unachieved
ENV	Parking - Review of charges (free hours remain)	140	Unachieved
ENV	Utilise Symology as the IT system for Street Lighting and end the contract with Mayrise as from 31st March 23	10	Delivered
ENV	Review of current free surface car parks	40	Reversed July 2023
ENV	Street Lighting Energy- Invest to save proposal, LED lighting across the Borough	140	In progress
ENV	Efficiencies for MOT's	50	In progress

2023/24 Savings		2023/24 £'000	Latest update
ENV	Stores review	170	Delivered
ENV	Fleet review	150	In progress
ENV	Energy For Waste arrangements	2,000	In progress
ENV	Review of parking enforcement	100	Unachieved
ENV	Reducing Market Saturday Rounds from 2 to 1	10	Delivered
ENV	Savings from not deploying waste to HWRC	200	Delivered
ENV	Trade Waste - Round Optimisation	50	Delivered
ENV	Review of Green Care working practices.	80	Delivered
ENV	Savings from Directorate Restructure phase 1	30	Delivered
ENV	Depot review - Blowers Green	10	Delivered
ENV	Street Lighting efficiency review	70	Delivered
ENV	Changes to standby/call out arrangements for winter gritting	20	Delivered
ENV	Review of HWRC operating hours	210	Reversed July 2023
	Total	3,520	
R&E	Review and reduction in cleaning consultancy services	20	In progress
R&E	Dell Stadium - to implement price changes from September 2022	30	Delivered
R&E	Saving of annual subscription to the Black Country Consortium as a result of the winding up of the BCLEP/BCC	50	Delivered
R&E	Leisure Centres - savings	560	Delivered
R&E	Himley - net increase in car park income and secondary spend due to increased visits as a result of the installation of Play Area.	70	Unachieved
R&E	Halls - net increase in income from ticket sales, bar and food as a result of increased number of shows following additional capital investment of £550k	50	Unachieved
R&E	Estate rationalisation - Regent House Dudley	100	Delivered

2023/24 Savings		2023/24 £'000	Latest update
	Total	880	

	Grand Total	7,830	
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Where savings have been partly implemented or delayed, the financial impact is reflected in the 2023/24 outturn forecast in Appendix A or is being met from directorate earmarked reserves.

Appendix C

Additional Spending

Adult Social Care	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Additional placements in excess of budget forecast for people within Assessment and Independence	UN	1,660	1,660	1,660
Additional placements in excess of budget forecast for people within Dudley Disability Service	UN	1,250	1,250	1,250
Additional placements in excess of budget forecast for people within Mental Health Service	UN	450	450	450
Sustainable rates for residential and nursing care for older people	UN	2,870	5,750	8,630
Inflation uplifts across all care packages	UN	6,340	11,270	16,420
Total		12,570	20,380	28,410

Children's Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
External Residential Placements for children in care - increase in number of placements	UN	1,320	1,320	1,320
Supported Accommodation - increase in placement numbers	UN	560	560	560
Increase in placement costs across Residential, Supported Living, Foster care	UN	4,160	6,440	7,920
Increase in Direct Payments for Children with disabilities to meet inflationary pressures and align with Adult Social Care rates	UN	280	340	410
Additional costs of home to school transport for children with special educational needs and disabilities	UN	1,300	1,680	2,080
Increase in savings rates for children in care to be in line with national rates	UN	180	180	180
Total		7,800	10,520	12,470

Chief Executive	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Pressures arising from loss of income from HR and Payroll Traded services linked to academisation	UN	140	140	140
Total		140	140	140

Finance and Legal Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Increased cost of Section 13A Council Tax relief due to increased numbers of care leavers living in the Borough.	UN	110	110	110
Universal Credit migration impact on Housing Benefit recovery and subsidy.	UN	-	80	330
Increased non-pay costs for Electoral Registration as a result of high inflation and additional demands owing to new legislation.	UN	40	40	40
Total		150	230	480

Digital, Commercial and Customer Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Loss of income because of schools academisation and failure to buy back core services.	UN	70	180	315
Adjustment of print budget income	UN	425	425	425
Cloud hosting application 1 (e.g. business world/business world replacement)	UN	250	130	130
RPI increase on contracts: Agresso (Unit 4), BACS Subs (Bottomline), Axway Automation (Axway), LiquidLogic Integration	UN	20	20	20
Fund permanent security contractor for DC+ walk in centre (currently Dudley Council Plus, 259 Castle St).	UN	50	50	50

Digital, Commercial and Customer Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Fees for online payments	UN	20	20	20
Implement Civica ICON payment Webpaystaff	UN	60	10	10
Procure up to 70 more Microsoft E5 licences	UN	20	20	20
Library further inflation uplift	UN	170	250	330
Migration of Umbraco to hosting in cloud.	OR	70	30	30
Upgrade or replacement of Council contract management system.	OR	60	30	30
Microsoft E5 licensing model to enable additional benefits of using the enhanced security, telephony, business intelligence, and data management.	OR	130	150	150
Royal Mail price increase	UN	10	20	20
Total		1,355	1,335	1,550

Environment	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Car Park Income - External Season Tickets	UN	90	90	90
Car Park Income - Pay and Display	UN	140	140	140
New Roads and Street Works Act - Sampling Legislation Change	UN	30	30	30
Concessionary contract for kerbside collection of mattresses', carpets, Underlay and bed-bases.	UN	250	250	250
Household Waste Recycling Centre & Green Waste Disposal Inflation	UN	190	220	280
Energy from Waste (EfW) Life Cycle review	UN	690	690	690
EFW contract inflation	UN	90	160	210
Weed Control Measures	EM	25	25	25

Environment	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Staffing resources to enhance grounds maintenance and Street Cleansing	EM	168	168	168
Clean Teams for rapid response to environmental concerns.	EM	127	127	127
Waste Disposal	EM	60	120	120
Total		1,860	2,020	2,130

Regeneration and Enterprise	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Re-basing income - Bereavement Services	UN	300	300	300
Re-basing income - Non-schools catering - Brookes Bistro	UN	200	-	-
Re-basing income - Non-schools catering - Leisure Centre cafes	UN	250	250	250
Re-basing income - Non-schools catering - Town Hall Bars	UN	150	150	150
Voids Management Budget for Corporate Landlord Services	UN	120	120	120
Dudley Market - re-base income plus maintenance budget	UN	40	20	0
Burial land requirements – debt charges relating prudential borrowing of £3.9m in relation to the cost of land purchase and subsequent works required	UN	80	150	150
Dudley Canal Maintenance Agreement with Dudley Canal Trust	UN	10	10	10
Additional budget required - more deployable CCTV cameras	EM	0	30	30
Dudley Local Plan	UN	10	130	0
Impact of National Living Wage on outsourced Cleaning Contract for Admin Buildings	UN	20	40	40
Total		1,180	1,200	1,050

Key

UN – Unavoidable cost pressures

EM – Elected Member priority

OR – Officer recommendation

Appendix D

Proposed Savings

Adult Social Care	2024/25 £'000	2025/26 £'000	2026/27 £'000
Relocation of service at Woodside to Community Centre	10	10	10
Eligible grant funding to support services	100	100	100
Income generation through fairer cost policy change, financial reviews and implementing charge on first day of confirmation permanent stay in a care home	40	70	70
Increase in joint funding agreements	440	1,100	1,100
Transformation of service structures	200	280	280
Application of eligible grant funding to support services	20	20	20
Deploy pre-payment cards and apply new approaches to the financial oversight of Direct Payments	110	110	110
Review, assessment and appropriate financial packages of care	140	230	230
Efficiencies arising from the procurement of residential and nursing care for older people	130	230	230
Re-provision of the Unicorn Day Centre to alternative Council Day Opportunities	460	930	930
Total	1,650	3,080	3,080

Children's Services	2024/25 £'000	2025/26 £'000	2026/27 £'000
Family Safeguarding	540	2,000	2,000
Review of Sycamore site	0	30	30
Additional income target from traded services	0	150	150
Total	540	2,180	2,180

Chief Executive	2024/25 £'000	2025/26 £'000	2026/27 £'000
Remove Strategic Contingency Fund	200	200	200
Vacancy management in HR&OD	30	70	70
Vacancy management and reduced hours / posts in Communication and Public Affairs team (including Graphic Design and Forging the Future support)	-	160	160
Switch funding of Forging the Future post	30	30	30
Reduce frequency of Your Borough Your Home Magazine	40	40	40
Total	300	500	500

Health and Wellbeing	2024/25 £'000	2025/26 £'000	2026/27 £'000
Existing staff to be funded from the Public Health Grant	130	130	130
Remove discretionary grant funding per ward distributed via Community Forums	240	240	240
Total	370	370	370

Finance and Legal	2024/25 £'000	2025/26 £'000	2026/27 £'000
Vacancy management in Revenues and Benefits	40	130	130
Total	40	130	130

Digital, Commercial and Customer Services	2024/25 £'000	2025/26 £'000	2026/27 £'000
Net saving from mobile phone contract	110	160	160
Reduction in printing costs	10	20	20
Reduction in print and mailing costs	120	180	180
Virtualisation and consolidation of servers	10	20	20
Northgate cloud migration savings	60	60	60
Reduction in c.4 customer service advisors in DC+. Increase customer self serve	120	470	470
Total Savings	430	910	910

Environment	2024/25 £'000	2025/26 £'000	2026/27 £'000
Charging for Green Waste collections	1,310	1,360	1,340
Reduction of opening hours of the Household Waste Recycling Centre Facility	30	30	30
Redesign of weed control services with a newly created street scene team.	60	75	75
Redesign of street cleansing and grounds maintenance with a newly created street scene team.	510	510	510
Redesign of clean teams with a newly created street scene team.	380	380	380
Street Cleansing – reduction in funding or replacing litter bins and general maintenance work.	200	200	200
Green Care – reduction in funding for In Bloom floral displays.	100	100	100
Street Lighting energy- upgrade to LED lighting across the Borough (invest to save).	160	310	310
Review of car parks maintenance.	30	30	30

Environment	2024/25 £'000	2025/26 £'000	2026/27 £'000
Closing Narrow Boat Way facility and move to Lister Road – (lease expires March 2024) and efficiencies for MOT's	40	40	40
The closure of the inhouse stores and the procurement of a parts contract.	40	40	40
Fleet Review	40	40	40
Review of parking enforcement	100	100	100
Growth in Commercial Waste Business Unit	170	170	170
Total	3,170	3,385	3,365

Regeneration and Enterprise	2024/25 £'000	2025/26 £'000	2026/27 £'000
Rationalisation of office buildings.	0	0	810
Himley - net increase in car park income and secondary spend due to increased visits because of the proposed installation of Play Area.	0	20	20
Review of School Catering	900	1000	1000
Alternative provision of food and beverage at leisure centres	180	200	200
Deferral of Metro complementary measures work. Until Sept 2025	100	400	400
Total Savings	1,180	1,620	2,430

Overview and Scrutiny Committee

Progress Tracker

Subject (Date of Meeting)	Recommendation/action	Responsible Officer/Area	Status/Notes
Overview and Scrutiny Arrangements (7 th December, 2023)	That revised versions of Article 6 of the Constitution and the associated Overview and Scrutiny Procedure Rules be submitted to the Council as part of the Annual Review of the Constitution.	Director of Finance & Legal (Lead for Law & Governance)	Completed - Annual Review of the Constitution to be reported to Cabinet and Council in February, 2024
Corporate Quarterly Performance Report (12 th June, 2023)	That further reports be submitted on the specific issues of sickness absence and procurement taking account of the issues raised by the Committee.	<p>Chief Executive (Assistant Director People & Inclusion)</p> <p>Director of Digital, Customer & Commercial</p>	<p>Employee wellbeing to be an agenda item for March 2024 meeting of the Committee</p> <p>Procurement to be considered for future scrutiny work programme</p>

Dudley Economy (19 th October, 2023)	That further reports be presented to Members in due course.	Regeneration & Enterprise and Public Health & Wellbeing	To be considered for future scrutiny work programme
Traffic Congestion and the Impact on the Dudley Economy	That the issue of traffic congestion be included in the future scrutiny work programme with a view to a detailed scrutiny exercise being undertaken on this topic in the future.	Directors of Regeneration & Enterprise and Environment	To be considered for future scrutiny work programme

Future Business 2023/24

<u>Date of Meeting</u>	<u>Work Programme</u>	<u>Responsible Officer/Area</u>
25 th January 2024	Medium Term Financial Strategy	Director of Finance and Legal
	Interim report – Independent Assurance Board	Deputy Chief Executive
	Memorandum of Understanding for the Single Settlement - West Midlands Combined Authority	West Midlands Combined Authority/Director of Regeneration & Enterprise
	Information Item - Corporate Quarterly Performance Report – Quarter 2	Chief Executive (Corporate Performance & Programme Manager)
27 th March, 2024	West Midlands Combined Authority - Annual Scrutiny Report	Cllr C Bayton / Cllr McNicholas, James Hughes and Lyndsey Roberts
	Employee Wellbeing	Chief Executive (Assistant Director People & Inclusion)
	Improvement and Sustainability Programme	Deputy Chief Executive
	Corporate Quarterly Performance Report – Quarter 3	Chief Executive (Corporate Performance & Programme Manager)