



Meeting of the Cabinet

**Thursday, 17th February, 2022 at 6.00pm
in Committee Room 2
at the Council House, Priory Road, Dudley**

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

1. Apologies for absence
2. To receive any declarations of interest under the Members' Code of Conduct
3. To confirm and sign the minutes of the meeting held on 15th December, 2021 as a correct record
4. Capital Programme Monitoring (Pages 1 - 41)
5. Revenue Budget Strategy and Setting the Council Tax 2022/23 (Pages 42 – 100)
6. Deployment of Resources: Housing Revenue Account and Public Sector Housing Capital (Pages 101 – 130)
7. Invitation to Become an 'Opted in' Authority Public Sector Audit Appointments (Pages 131 - 138)
8. Halesowen Business Improvement District (BID) Reballot (Pages 139 - 167)
9. Council Plan 2022-25 (Pages 168 - 173)
10. Dudley Council Pay Policy 2022/23 (Pages 174 - 191)
11. Sheltered Housing Schemes - Update and Proposals (Pages 192 -195)
12. To report on any issues arising from Scrutiny Committees
13. To consider any questions from Members to the Leader where two clear days' notice has been given to the Monitoring Officer (Cabinet Procedure Rule 2.5)



Distribution:

Members of the Cabinet:

Councillor P Harley (Leader – Chair)

Councillors N Barlow, R Buttery, S Clark, I Kettle, S Keasey, S Phipps, K Shakespeare and L Taylor-Childs

Opposition Group Members nominated to attend meetings of the Cabinet:

All Shadow Cabinet Members are invited to attend Cabinet meetings (to speak but not vote)



Chief Executive

Dated: 9th February, 2022

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Minutes of the Cabinet

Wednesday, 15th December, 2021 at 6.00 pm
In Committee Room 2, The Council House, Dudley

Present:

Cabinet Members

Councillor P Harley (Leader - Chair)
Councillors N Barlow, R Buttery, S Clark, I Kettle, K Shakespeare and L Taylor-Childs

Opposition Group Members Nominated to attend the Cabinet

Councillors S Ali, K Ahmed, A Aston, C Bayton, S Ridney, P Sahota and Q Zada

Officers

K O'Keefe – Chief Executive, B Heran – Deputy Chief Executive, I Newman – Director of Finance and Legal, I Lahel – Head of Integrated Commissioning Performance and Partnership and S Smith – Team Manager (Licensing and Waste Enforcement)

Officers Attending on Microsoft Teams

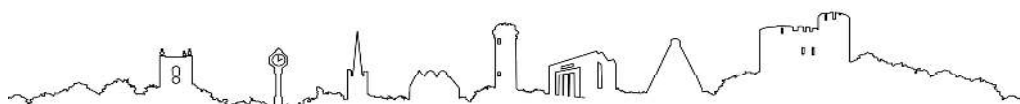
H Martin – Director of Regeneration and Enterprise
C Driscoll – Director of Children's Services
M Farooq – Lead for Law and Governance (Monitoring Officer)
W Beese - Communications and Public Affairs Support Officer
M Johal – Senior Democratic Services Officer

37 Apologies for Absence

Apologies for absence were submitted on behalf of Councillors C Barnett, J Foster, S Keasey, P Lowe, S Phipps and D Vickers.

38 Declarations of Interest

No Member made a declaration of interest in accordance with the Members' Code of Conduct in respect of any matter to be considered at this meeting.



39 **Minutes**

Resolved

That the minutes of the meeting held on 28th October, 2021 be approved as a correct record and signed.

40 **Capital Programme Monitoring**

The Cabinet considered a report of the Chief Executive and the Director of Finance and Legal on proposed amendments to the Capital Programme.

Resolved

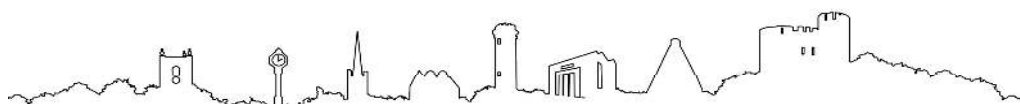
That the additional costs identified for the Himley Road Homes for Sale scheme, be approved and included in the Capital Programme, as set out in paragraph 5 of the report submitted.

41 **Medium Term Financial Strategy**

The Cabinet considered a joint report of the Chief Executive and the Director of Finance and Legal on the latest General Fund revenue position for 2021/22 and provisional Medium Term Financial Strategy (MTFS) to 2024/25. It was noted that the proposals in the report would be the subject of public consultation and considered by Scrutiny Committees before returning to Cabinet on 17th February, 2022 and submitted to Full Council for a final decision on 7th March, 2022.

The Opposition Spokesperson for Finance and Legal referred to paragraph 33 of the report relating to the risk analysis and expressed concerns about the number of risks and that the associated impact on finances was not clear. It was also considered that the Comprehensive Spending Review had not addressed the challenges faced by Local Authorities and the impact on services was questioned together with any proposed mitigation for spending pressures given the ongoing situation with the Pandemic. Reference was also made to paragraph 51 of the report and it was queried what budget proposals had been identified as having a significant equality impact that subsequently required an assessment to be undertaken.

The Cabinet Member for Finance and Legal indicated that difficult decisions had to be made taking into account the ongoing pressures and uncertainty of the Pandemic.



In responding to the equality impact assessment, (EIA), the Director of Finance and Legal commented that initial assessments of proposals had been undertaken to identify those requiring EIA's with a view to final documentation being completed in March. Some assessments for Directorates were already completed and updated each year on a rolling basis.

A Member of the Opposition referred to the delivery of the Medium Term Financial Strategy and queried the reasons for the delays of the schemes, together with the timescales, particularly relating to the Leisure Centres and whether discounts applicable would still be available. In responding the Director of Regeneration and Enterprise indicated that the process had been delayed for a short period of time due to consideration being given to profitability. However, further details could be provided.

The Director of Finance and Legal responded to other queries and indicated that in his opinion the Council were financially sustainable for the short term based on current reserves and assumptions, however further savings or increases in income would need to be made in the long term.

Resolved

- (1) That the actions of the External Auditors, as set out in paragraph 5 of the report submitted, be noted.
- (2) That the forecast variances to budget in 2021/22 and progress with delivery of savings, as set out in paragraph 9 and Appendices B and C of the report submitted, be noted.
- (3) That the various issues and risks which will need to be taken into account in finalising Budget proposals for 2022/23 and the Medium Term Financial Strategy, be noted.
- (4) That the preliminary financial strategy, as outlined in the report submitted, be approved as a basis for scrutiny and consultation.

42 Home to School Transport Policy

The Cabinet considered a report of the Director of Children's Services detailing the changes proposed to the Council's approach and policy on the provision of Home to School Transport Support to children and young people.

Arising from the presentation of the report it was suggested that the matter be considered by the appropriate Scrutiny Committee as part of the consultation process.

In responding to a query from the Opposition Spokesperson relating to extension of the consultation period given ongoing restrictions due to the Pandemic, the Cabinet Member for Children and Young People stated that they were already consulting above and beyond the statutory period from 28 to 90 days. However, consideration would be given to an extension if required given the uncertainty of the Pandemic and associated restrictions.

The Deputy Leader of the Opposition also referred on the need to consider suitable communication methods appropriate to the types of communities residing in certain Wards, particularly those with high black, minority ethnic backgrounds and economically challenged areas to ensure all were engaged in the consultation process.

Resolved

- (1) That the information contained within the report about the proposed changes be noted.
- (2) That the Director of Children's Services be authorised to organise and conduct statutory consultation on the proposals.

43 To Submit Stage 2 Business Case for the Towns Fund Deal

A report of the Director of Regeneration and Enterprise was submitted to update the Cabinet on progress and on the subsequent award announcement in July 2021.

The Opposition Spokesperson referred to the Towns Fund insurance backed contract and queried if a claim was made whether it would affect the insurance rates on future schemes, particularly given the risks of the financial gap between the bid and the current estimated cost of delivery. The Director of Regeneration and Enterprise undertook to respond in writing to the query. However, it was pointed out the contract was intended to reduce the risk to the Council as risks and savings were shared. In responding to further queries relating to the financial gap in delivery, it was reported that it was estimated to be in the region of £2 million but measures would be taken to reduce costs and to negotiate and work with all parties with a view to driving the gap down to zero. Other options would also be explored to offset borrowing.

At this juncture the Leader reported on the recent announcement that the Secretary of State would not be calling in the planning application relating to the demolition of the former Hippodrome and adjacent land and buildings.

Resolved

- (1) That the submission of the Stage 2 Business Case to the Department of Levelling Up, Housing and Communities (DLUHC) for the £25m Towns Fund to build a Health Innovation Centre on Castle Hill, be approved.
- (2) That the Director of Regeneration and Enterprise submit a report to the Cabinet in due course, seeking authority for the Council to use its Compulsory Purchase Powers, to enable the site assembly, if willing negotiations to make land and property transactions cannot be satisfactorily concluded.

44 The Brierley Hill Plan – Approval of Issues and Options Report for Consultation

A report of the Director of Regeneration and Enterprise was submitted to present the Brierley Hill Plan (Issues and Options Report) consultation document.

The Opposition Spokesperson for the West Midlands Combined Authority considered the need to adapt the consultation process taking into account any associated restrictions with the ongoing Covid-19 Pandemic to ensure people had the opportunity to take part in the consultation process.

Resolved

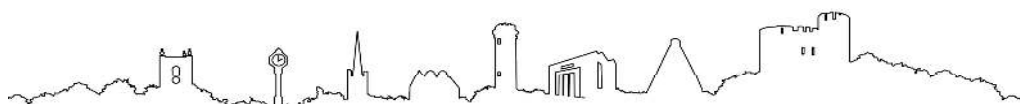
- (1) That the Brierley Hill Plan, as set out in Appendix 1 to the report submitted, be approved for a seven-week consultation period from 10th January to 28th February 2022, to be carried out in line with the Council's adopted Statement of Community Involvement 2020.
- (2) That the Director of Regeneration and Enterprise be authorised to make any non-substantive changes considered necessary to the document, and any associated consultation documents, prior to their publication.

45 Infrastructure Funding Statement 2020/2021

The Cabinet considered a report of the Director of Regeneration and Enterprise on the Infrastructure Funding Statement 2020/21.

Resolved

That the Infrastructure Funding Statement 2020/21 be approved.



46 **Section 141 Policing and Crime Act 2017 Review of Cumulative Impact Assessment Policy 2022**

The Cabinet considered a report of the Acting Director of Public Realm on a recommendation from the Licensing and Safety Committee concerning the Cumulative Impact Policy currently in place in respect of an area of Stourbridge Town Centre.

Resolved

That the recommendation of the Licensing and Safety Committee be endorsed and the Council be recommended to approve the retention of the Cumulative Impact Policy in respect of the specified area of Stourbridge Town Centre.

47 **Review of Gambling Policy (Statement of Principles)**

The Cabinet considered a report of the Acting Director of Public Realm on the recommendations of the Licensing and Safety Committee concerning the review of Statement of Principles for the Gambling Act 2005.

Resolved

- (1) That the recommendations of the Licensing and Safety Committee, be endorsed.
- (2) That the Council be recommended to approve the revised Gambling Policy (Statement of Principles).

48 **Annual Review of the Constitution**

The Cabinet considered a report of the Lead for Law and Governance (Monitoring Officer) on the annual review of the Constitution.

During the ensuing discussion, Members complained about the lack of sanctioning powers following breaches of the Code.

The Deputy Leader of the Opposition Group commented on the need to support Councillors and explained about the issues experienced in Wards, particularly around financial documentation relating to grants considered by Community Forums, which should initially be vetted by Officers. The Leader of the Council indicated that initial preparation work should be undertaken by relevant Officers before submitting grant applications to the Forums for consideration.

Resolved

That the Council be recommended to approve:-

- (a) The recommendations of the Audit and Standards Committee concerning the adoption of the revised Members' Code of Conduct and Standards Arrangements, effective from 6th May, 2022, together with the necessary revision of the Constitution, as set out in paragraphs 6 to 12 and Appendix 1 of the report submitted.
- (b) The amendments to the Petition Scheme, as set out in paragraphs 13, 14 and Appendix 2 of the report submitted.
- (c) The incorporation of the Best Consideration Protocol into Part 6 of the Constitution, as set out in paragraph 15 of the report submitted.
- (d) The amendment of Article 4.02(a) and Cabinet Procedure Rule 1.2(c) to reflect the process for making amendments to the Scheme of Delegation in Part 3 of the Constitution, as set out in paragraphs 16 and 17 of the report submitted.
- (e) The arrangements for making nominations concerning the appointment of Honorary Aldermen and Honorary Alderwomen, as set out in paragraphs 18 to 21 of the report submitted.

49 **Questions from Members to the Leader (Cabinet Procedure Rule 2.5)**

Pursuant to Cabinet Procedure Rule, 2.5, formal notice in writing had been given to the Monitoring Officer by Councillor C Bayton (Opposition Spokesperson for West Midlands Combined Authority) to ask the Leader the following question:-

“My question at the public debate at full Council on 29th November. My question to the Leader then was at what point will the Black Country Plan (BCP) be presented to all 72 councillors to vote on either adoption or rejection? In order to maintain democracy in the borough it is vital that all 72 elected members have the opportunity to represent, and be seen to represent, the views of the residents they are elected to serve.”

Response from the Leader:-

“Following the recent Black Country Plan consultation, a revised version of the draft Plan will be prepared. This version of the Plan will form the Publication Plan which will be published, subject to Cabinet approval, for consultation in summer 2022.

Following the consultation in summer 2022, the Publication version of the Plan will be amended. It will then be considered by Cabinet and Full Council in early 2023 to seek approval to submit the Plan to the Secretary of State for an independent examination by the Planning Inspectorate.

The submission of the Plan will allow the important process of the Examination in Public (EiP) to take place. This is a crucial aspect of Plan preparation where an independent planning inspector is appointed by the Government to examine the 'soundness' and legal compliance of the Plan. Importantly, the Inspector will also have the opportunity to consider all the consultation responses made to the most recent Publication draft of the Local Plan, which the Council will have previously consulted. The EiP process is therefore an opportunity for those who made objections to the Plan at the Publication stage to have their views considered by the Inspector. At this stage we expect the examination to take place during 2023.

Subject to the outcome of the examination process, Full Council will then be asked to formally adopt the Black Country Plan. This is likely to be in Spring 2024”.

The meeting ended at 6.55 pm

LEADER OF THE COUNCIL

Meeting of the Cabinet – 17th February 2022

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

Capital Programme Monitoring

Purpose of Report

1. To report progress with the implementation of the Capital Programme.
2. To propose amendments to the Capital Programme.
3. To propose the “Prudential Indicators” as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003.
4. To propose the Council’s updated Capital Strategy.
5. To propose the Council’s Minimum Revenue Provision (MRP) Policy for 2022/23.

Recommendations

6. That the Council be recommended:
 - That progress with the 2021/22 Capital Programme, as set out in Appendices A and B be noted.
 - That the amendment to the Transport capital programme in paragraph 10 be approved.
 - That the Tipton Road fence capital project in paragraph 11 be approved.
 - That the additional items for the VLR project in paragraph 12 be approved.
 - That the Social Care digitisation project and associated spend of £224k in paragraph 13 be approved.
 - That the capital projects proposed in the Medium-Term Financial Strategy in paragraphs 14-19 be added to the capital programme, subject to the approval of revenue funding by Full Council on 7th March 2022.
 - That the Prudential Indicators as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003, as set out in Appendix C, be agreed.
 - That the updated Capital Strategy set out in Appendix D be approved.

- That the Minimum Revenue Provision (MRP) Policy for 2022/23 be approved as set out in paragraph 23.

Background

7. The table below summarises the *current* 3 year Capital Programme updated where appropriate to reflect latest scheme spending profiles.

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Public Sector Housing	52,434	67,929	71,168
Private Sector Housing	6,049	5,527	4,145
Environment	6,002	13,934	5,000
Transport	10,039	8,032	2,000
Regeneration	26,365	23,460	9,931
Cultural	17,415	842	0
Schools	11,472	11,126	7,000
Social Care, Health and Well Being	418	605	0
Commercial and Customer Services	781	738	738
Total spend	130,975	132,193	99,982
Revenue	2,370	1,674	947
Major Repairs Reserve (Housing)	25,025	25,309	25,621
Capital receipts	22,496	17,864	10,447
Grants and contributions	42,598	22,768	9,934
Capital Financing Requirement	38,486	64,578	53,033
Total funding	130,975	132,193	99,982

Note that the capital programme is subject to the availability of government funding.

8. Details of progress with the 2021/22 Programme are given in Appendix A. An update on progress with the Council's most significant capital schemes is shown in Appendix B. It is proposed that the current position be noted.
9. The report on the Housing Revenue Account elsewhere on this agenda contains details of the proposed updated Public Sector Housing capital programme.

Amendments to the Capital Programme

10. Transport

It is proposed that £110,000 is transferred from the additional non recurrent pothole revenue budget for 2021/22 to the pothole capital budget. This transfer will be utilised for the re-surfacing of three roads which have multiple pothole locations, and the roads are continuing to deteriorate.



11. Regeneration

The Institute of Technology (IoT) was completed in September 2021 and the Very Light Railway Innovation Centre (VLRNIC) will be completed in this spring. Both of these buildings are bounded on one side by the Tipton Road. The fence and part of a retaining wall along this stretch of the road are in poor repair and pose both health & safety and security risks to these new buildings. The fence is along a key route into the town and given the investment in the area spend is required in replacing the fence to present an updated and tidy appearance to visitors and commuters. If the fence is left as it is it will detract from the investment made into the IoT and the VLRNIC. The existing retaining wall is bulging due to tree damage, this is proposed to be repaired whilst saving as many trees as possible due to the scarcity of vegetation on Castle Gate Island. The cost of these works is estimated to be £160,000 which can be funded by prudential borrowing, the debt charges for which are to be funded by revenue budgets held by the Regeneration & Enterprise budgets. It is proposed that this scheme is included in the Capital Programme.

12. Very Light Rail wi-fi and generator

Additional works identified as required and funded by Coventry City Council have already been included in the Capital Programme. In addition to this, wi-fi connection to the workshop (£10,000) and a generator to supply power to the workshop (£20,000) are required.

The items detailed above are to be funded by resources held by Coventry City Council. It is proposed that these two additional items are included in the Capital Programme.

13. Digitising Social Care

A bid was made to the Digitising social care programme which is funded by NHS-X. Dudley MBC were awarded £0.224m to continue with the extension of the Successor project.

The NHS-X is a Government unit with responsibility for setting national policy and developing best practice for National Health Service technology, digital and data, including data sharing and transparency.

The funding will be used to help fund the following deliverables:

- Delegation Portal ~ NHS
- Dudley Adult Social Care Major Version Upgrade ~ pre-requisite for the Provider Portal
- Provider Portal ~ Providers
- Automated Transfer of Care record ~ NHS
- Shared Care record (LAS / RIO) ~ NHS
- Marketplace / brokerage (brokerage, directory) ~ Providers and NHS



Capital Projects arising from the Medium-Term Financial Strategy

14. The report on the Medium-Term Financial Strategy includes revenue funding for five capital schemes to be funded by either prudential borrowing or additional income. These five schemes are laid out below. It is proposed that these are included in the capital programme subject to approval of revenue funding by Full Council on 7th March.

15. Crystal Leisure Centre Roof replacement

Property condition reports prepared during the 2021 refurbishment of Crystal Leisure Centre identified that the roof was in poor condition and a subsequent assessment recommended a replacement programme to ensure the future operation of Crystal Leisure Centre was not put at risk. The capital programme budget for the refurbishment of Crystal Leisure Centre did not make an allowance for such significant investment, as the overall leisure centre project (which also included the new Duncan Edwards Leisure Centre and Halesowen refurbishment) had to be managed within an identified budget. It is only within the last few months that the full scope of repair work needed has been identified, hence this additional funding of £600k being sought.

A programme, most likely phased, is being considered in conjunction with Leisure Services, in order to limit the impact on leisure activities wherever possible. The information contained within the condition survey report will also be considered in order to address the worst affected roofs as a priority to ensure that visitors can continue to enjoy the facilities. Competitive tenders will be obtained from suitably qualified and experienced contractors with the local market being encouraged to consider this tender opportunity.

The scheme is to be funded by prudential borrowing with the resultant debt charges to be built into the Council's revenue budget.

16. Red House Cone Restoration

The Red House Glass Cone in Wordsley is the former factory site for Stuart Crystal, the star attraction on site and within the glass quarter is the glass cone which is grade II* listed, schedule ancient monument. The cone was originally constructed in 1837 and is over 100ft high, it is one of only 4 glass cones remaining in the UK and is the most significant because the site not only retains its original ancillary buildings but has to the best of our knowledge the only surviving historic Lehr in the world.

The cone itself is currently closed to visitors due to health and safety concerns, in 2019 following a period of severe weather conditions a considerable amount of debris was falling from the inside of the building. During late 2020 a full architectural survey was carried out and determined the building required a significant amount of conservation and maintenance repair works to preserve the building and stop further deterioration. The cost and proposed schedule of works was determined in 2021 at £1.5m this includes all internal and external conservation and general repairs to



ensure the structure remains sound and includes a water management system to reduce future repair requirements.

The current forecast spend is £1.5million and is to be funded by prudential borrowing, the debt charges for which are to be built into the Council's base budget.

17. Stalled and Derelict Sites

A cross directorate Stalled & Derelict sites working group has been established to oversee the identification and development of priority stalled and derelict sites across the borough. A range of interventions are already being used by departments including empty dwelling management orders, enforced sale, section 215 notice and ultimately compulsory purchase order (CPO) to seek to address problem sites however, in instances where enforcement or other interventions are having limited success, capital funding is required to support with the acquisition or CPO of sites in order to bring forward development.

The current forecast spend is £1million and is to be funded by prudential borrowing, the debt charges for which are to be built into the Council's base budget.

18. Himley Play Area

Approval has been given from Informal Cabinet to approve the business case for the installation of a children's play area and catering facility within Himley Park. Following a recent survey, it is clear that a play area will be a welcome addition to the site. The business case requires an estimated capital spend of £450k. Drawings for the scheme are currently being produced. The scheme is to be funded by prudential borrowing, the debt charges for which are to be funded by additional income generated as a result of the development.

19. Dudley Town Hall Investment

With the new Bistro progressing, £550,000 capital is being sought to improve the interior of the tired and dated Dudley Town Hall. It is proposed to redecorate the main hall, side bar and banqueting suite areas. It is also proposed to refurbish the gentlemen's toilets to match the previously refurbished ladies' toilets. The sound system, lighting and associated rigging will also be done to enable the service to offer a greater range of events. Additionally, new seating will be included as part of the upgrade. Rebranding of the venue will form part of the refurbishment scheme. An implementation programme will be compiled that starts as soon as possible and works around the existing hall commitments.

The scheme is to be funded by prudential borrowing with the resultant debt charges to be funded by additional income generated.



The CIPFA Prudential Code for Capital Finance in Local Authorities

20. The Local Government Act 2003 introduced a system of “prudential borrowing” which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability. The CIPFA Prudential Code sets out the indicators that authorities must use, and the factors they must take into account, to demonstrate that they have fulfilled this objective.
21. Details of the various indicators required, and the proposed figures to be set in relation to each indicator are set out at Appendix C. The Code requires authorities to produce a Capital Strategy. The proposed updated Capital Strategy for the Council is set out in Appendix D.

Minimum Revenue Provision (MRP) Policy Statement

22. Before the start of each financial year each authority must agree its policy on making Minimum Revenue Provision (MRP) for repayment of non-HRA borrowing incurred to fund Capital expenditure, in respect of that financial year. (There is no requirement to make MRP in respect of HRA borrowing).
23. It is proposed that the Council agrees the following MRP Policy for 2022/23:
 - MRP for all borrowing and credit arrangements be calculated on an annuity basis over the initial estimated life of the relevant assets. *(This is unchanged from the 2021/22 Policy. It is how a standard repayment mortgage operates, with less principal repaid in the early years so that the total of interest and principal repaid each year remains constant over the mortgage period).*

Finance

24. This report is financial in nature and information about the individual proposals is contained within the body of the report.

Law

25. The Council’s budgeting process is governed by the Local Government Act 1972, the Local Government Planning and Land Act 1980, the Local Government Finance Act 1988, the Local Government and Housing Act 1989, and the Local Government Act 2003.

Risk Management

26. Risks, and their management, are considered prior to proposals being brought forward to include projects in the Capital Programme. This includes risks relating to the capital expenditure itself, funding of that expenditure (e.g. grant availability and conditions), and ongoing revenue costs and/or income.



Equality Impact

27. These proposals comply with the Council's policy on Equality and Diversity.
28. With regard to Children and Young People:
- The Capital Programme for Schools will be spent wholly on improving services for children and young people. Other elements of the Capital Programme will also have a significant impact on this group.
 - Consultation is undertaken with children and young people, if appropriate, when developing individual capital projects within the Programme.
 - There has been no direct involvement of children and young people in developing the proposals in this report.

Commercial / Procurement

29. All procurement activity will be carried out in accordance with the Council's Contract Standing Orders, and the relevant officers will take the procurements through the Procurement Management Group to monitor compliance at the relevant Gateways.

Council Priorities

30. Proposed capital projects are in line with the Council's capital investment priorities as set out in the approved Capital Strategy.



Kevin O'Keefe
Chief Executive

Iain Newman
Chief Officer, Finance and Legal

Contact Officer: Jennifer McGregor, Senior Principal Accountant
Telephone: 01384 814202
Email: jennifer.mcgregor@dudley.gov.uk

List of Background Papers

Relevant resource allocation notifications.

CIPFA Prudential Code for Capital Finance in Local Authorities.



2021/22 Capital Programme Progress to Date

Service	Budget £'000	Forecast £'000	Variance £'000	Comments
Public Sector Housing	52,434	52,434	0	
Private Sector Housing	6,049	6,049	0	
Environment	6,002	6,009	7	See Note 1
Transport	10,039	10,039	0	
Regeneration	26,365	26,365	0	
Cultural	17,415	17,415	0	
Schools	11,472	11,555	83	See Note 2
Social Care, Health and Well Being	418	418	0	
Commercial and Customer Services	781	781	0	
Total	130,975	131,065	90	

Note 1: Overspend of £7,000 for the Amblecote recreation ground project.

Note 2: Extra costs relating to purchase of the Pens Meadow site.

Progress with Major Capital Schemes

Public Sector Housing

New Council Housing

Completed:

- Forge Road (Stourbridge) – 3 affordable homes, 2 x one bedroom and 1 x two bedroom.
- Hollywell Street – 4 affordable two bedroom homes.
- Branfield Close (Hurst Hill) – 3 affordable homes, 2 x two bedroom and 1 x 3 bedroom.
- Bromley (Pensnett) – 5 affordable two bedroom homes.

On site and progressing:

- Hinbrook Road (Russell's Hall) - 12 apartments, commenced January 2021.
- Commonsides (Pensnett) – 5 affordable homes, 1 x five bedroom, 1 x four bedroom and 3 x two bedroom.

Planning approval achieved and commencement imminent:

- The Vista – 2 affordable two bed bungalows – planned start on site March 2022.
- Corporation Road – 8 affordable homes across 2 sites (two and three bed houses) – planned start on site March 2022.
- Beacon Rise – 11 affordable homes, 8 apartments, 2 x two bedroom and 1 x three bedroom houses.
- New Swinford Hall – conversion to 18 affordable apartments (mix of one and two beds).

Planning approved but no commencement programmed in as yet:

- St Georges Rd, Dudley – 7 affordable homes, 3 x two bed, 3 x three bed and 1 x four bed
- Whitegates Road – 3 affordable homes, 1 x four bed and 2 x one bed.

Schemes submitted for planning:

- Lower Valley Road – 17 affordable homes, 14 apartments (mix of one and two beds) and 3 x two bedroom wheelchair bungalows.
- Swan St, Netherton – 75 affordable units including a sheltered housing scheme of 54 units.
- Envile St, Stourbridge - 10 affordable apartments
- Colley Lane, Cradley – 9 affordable apartments
- Broad Street, Coseley – 9 affordable houses
- Wells Road, Brierley Hill – 6 affordable apartments
- Langstone Road, Russell's Hall – 3 affordable bungalows

Schemes due to be submitted for planning:



There are also ongoing feasibility works on a number of potential affordable sites.

The programme will also support the delivery of:

- The Brierley Hill Future High Streets Fund project by delivering new housing in the Brierley Hill area, subject to the purchase of land from the private sector, now that we have a successful MHCLG bid. Notably Daniels Land and the High Plateau, and rear of the Moor Street Shopping Centre.

Private Sector Housing

Homes for Sale – Himley Road & Brierley Hill:

- 4 new detached homes likely to commence at Himley Rd commencing Feb 22
- Feasibility and design briefs are progressing for Homes for Sale as part of the wider mixed tenure regeneration of Brierley Hill within the Future High Streets Fund project at Daniels Land and the High Plateau, and rear of the Moor Street Shopping Centre.

Environment

Lister Road Depot Redevelopment

The overall project is currently paused to review links with other sites and ensure the best strategic use of space. Further proposals will be brought back to Cabinet and Council in due course. However, it is intended to proceed immediately with the demolition of identified buildings at the Lister Road site to ensure Health & Safety compliance and in preparation for further works to commence once any other proposals are brought back to Cabinet and Council. These demolition works have been completed thus eliminating the Health & safety risks associated with these buildings.

Stevens Park, Quarry Bank Lottery & Council funded project

The refurbishment & extension of Tintern House is essentially complete including a new mess room for Greencare. New community facilities including toilets, community rooms, kitchen, cafe & external terrace are all open to the public.

The Emily Jordan Foundation Projects are actively seeking trainees & running their various projects from the house: 'Spokes' (Bicycle restoration & sales) 'Twigs' (Horticultural training & sales) & 'Go Green' (recycling).

Externally, remedial works to the Horticultural Training Area are underway & the majority of park improvements have been completed.

The new Community Development Officer, Emma Jackson, is in place organising a series of events & activities until Autumn 2024.

Wrens Nest Wardens' Base

The acquisition of 113 and 115 Wrens Hill Road was completed on the 6th August 2021. Design briefs with input from Green Care, Friends Groups and other interested parties will need to be undertaken to enable the proposed use.



Transport

Street Lighting (Invest to Save)

The street lighting lantern conversions to LED technology programme on main roads is now complete.

Regeneration

Dudley Townscape Heritage Initiative

The Townscape Heritage (TH) programme is funded through the National Lottery Heritage Fund which offers grant assistance to carry out repair, reinstatement and refurbishment works to historic buildings, as well as a programme of complementary education and community engagement activities. The Phase 2 TH programme, operating with a grant budget of £1.178m from the NLHF and £300,000 match funding from the Council, commenced in February 2017. Following agreement by the Heritage Fund for an extension to the Grant Expiry Date, in the light of delays because of the pandemic, the programme is now due to run until December 2022.

The programme focuses on buildings in the town centre's historic core. The work at 203/204 Wolverhampton Street has been completed. Other properties within the programme include the following:

- 216 Wolverhampton Street: the project is practically complete and in the final defects liability period.
- 208 and 209 Wolverhampton Street: grant offers confirmed and now, following on with difficulties finding appropriate joinery subcontractors, work is due to progress in new year.
- 204a Wolverhampton Street: work commenced on site in June/July 2021 but experienced difficulties with rendering subcontractors. The work is due to recommence in March, when the weather is more conducive to lime rendering.
- 14 New Street: work underway, but numerous issues have arisen which have required further funding. The external repairs have now been completed and the scaffolding has been dismantled. Internal work to be carried out when current lease comes to an end in March.
- Fountain Arcade: work is currently underway, including repairs to stonework and shopfront reinstatement.
- Plaza Mall: work to façade off scaffold is due for completion shortly and scaffolding will be dismantled. Further enhancement works to the shopfront will then be carried out.
- 207 Wolverhampton Street: grant offer agreed and project due to start in spring 2022, when the weather is appropriate for lime rendering. The project includes comprehensive repairs to the building and reinstatement of shopfront.

A wide-ranging activities programme, running alongside the capital works programme, has been progressed and developed in conjunction with teams in Adult and Community Learning, Museums, Communications and Public Affairs and the Historic Environment Team. A revised programme has been agreed with the Heritage Fund which has been adapted in



light of Covid-19 restrictions. Further activities have been included in the programme which work with delivery partners (Co Lab) who already have established links with the community of Dudley. This has seen the successful 'Growing up in Dudley' project, which has gathered images and oral reminiscences of those 'Growing Up in Dudley' and 'Dudley Days' which held workshops with a small group of participants to create music inspired by connections with Dudley. The TH programme is working with education colleagues to share material produced as part of the programme and develop teaching resources. The project also works closely with the Historic Environment Team to produce information in the form of trails and leaflets to enhance understanding and appreciation of the historic environment. The project continues to work with volunteers where possible. The Heritage Open Days event in September formed the focus for the publication and display of much of the material being produced, including the re-issuing of various Dudley trails, and exhibiting of material gathered through the Growing Up in Dudley initiative. It also saw the production of two new virtual tours, for Priory House and the Former School of Art. A blue plaque has now been installed on the former School of Art to commemorate Percy Shakespeare and was officially unveiled January 2022. A 4-page insert about the programme was included in the autumn (2021) edition of the Home magazine.

Brierley Hill High Street Heritage Action Zone

The High Street Heritage Action Zone Programme (HSHAZ) is a nationwide initiative designed to secure lasting improvements to our historic high streets for the communities who use them. It is Government funded and run by Historic England with the aim of making the high street a more attractive, engaging and vibrant place for people to live, work and spend time. It is designed to unlock the potential of high streets across England, fuelling economic, social and cultural recovery. Brierley Hill High Street was one of 68 High Street across England selected to receive a share of the fund.

The Brierley Hill High Street HAZ is a 4 year programme, due for completion by March 2024. At the start of the programme a grant budget of £1.8m was awarded by Historic England with £400,000 match funding coming from the Council, equating to an overall grant of 81.80% from Historic England. At the end of September 2021 however, this figure was increased further due to an additional £242,171 grant increase provided by Historic England, which with the 18.20% match from the Council provides a total grant increase of £296,052.46. For more information, please refer to the relevant Decision sheet CEX/06/2021 - <http://online.dudley.gov.uk/decision/showdecision.asp?id=5193>

The programme provides grant assistance to third parties to carry out repair, reinstatement and refurbishment works to historic buildings as well as grant assistance towards bringing vacant floorspace back into use. It also provides grant towards public realm improvements, plus there is a programme of complementary education and community engagement activities. The buildings that are considered to be a priority for grant assistance and where the owners are positively engaging with the Council and have appointed a Conservation Accredited Architect include:

- Former Pulse Nightclub, 17 Dudley Road
- 2a and 2 Albion Street



- 96-100 High Street
- Former Brierley Hill Library and Technical Institute, Moor Street
- 3-5 Church Street

In addition, there are several other priority projects where the owners are in the process of appointing a Conservation Accredited Architect and holding pre-application discussions with the local planning authority.

With respect to the public realm parts of the project, a contractor has been appointed and work has now commenced on-site to undertake repairs and architectural reinstatement works to the Brierley Hill War Memorial and its immediate setting (Phase 1), majority of the works for this phase were successfully completed in-time for centenary of the War memorial in November 2021. The remainder of the works will be completed January/February 2022. With respect to the war memorial garden proposals (Phase 2), tenders for this part of the project went out at the beginning of October and the contract was awarded late November. Works on this phase commenced on-site on the 4th January 2022 with a proposed completion date of March 2022. This second phase proposes significant stabilization works to the embankment, structural repairs to the intermediate wall that runs through its centre and the laying out of a soft landscaping scheme.

Community engagement and activities are also being positively progressed and developed in conjunction with Brierley Hill Community Forum, Friends of Marsh Park, Dudley Market, Black County Living Museum and with teams in Adult and Community Learning, Museums, Communications and Public Affairs, Dudley Business First and the Historic Environment Team. There is in-place an Activity Plan for the project. This quarter the centenary celebrations for the Brierley Hill War Memorial were delivered by Council officers and the local community. The war memorial was adorned in a sea of hand-crafted poppies. There was a cascade of poppies fixed the war memorial itself and over 220 individual poppies were fixed to the railings and lampposts throughout the town, each handwritten with the name of the fallen soldier, his age when killed in action and where.

Another major element of the High Street Heritage HAZ is the development of a Cultural Programme. The Arts Council England, National Heritage Memorial Fund and Historic England are providing funding for the development and delivery of the HS HAZ Cultural Programme. On the 25th June it was confirmed by Historic England that the application submitted to them jointly by Brierley Hill Community Forum and Dudley Council for funding for a Cultural programme had been successful and that the total sum of £94,000 was to be awarded. Work is now underway on pulling together a programme of cultural events and activities which are required to accord with the milestones and instalment schedule issued by Historic England. On the 9th December a Progress update report was submitted to Historic England along with the first claim for an interim payment. On the 14th January 2022 an Expression of Interest was submitted to Historic England for Brierley Hill to be the host of a national music commission in the summer of 2022.



Public Sector Decarbonisation

The council has been awarded a grant of approximately £4.4m through the Public Sector Decarbonisation Scheme (PSDS) and managed by Salix.

The primary intention of the funding is to switch sites from carbon-intensive forms of heating such as oil and gas, to electrical forms of heating (air source heat pumps) that have a trajectory to becoming zero-carbon (as the proportion of the UK's electricity generated from renewables increases). Solar photovoltaic (PV) and battery storage will also be installed, and lighting will be upgraded to LED, where possible to help both offset the operational cost of the heat pump usage and balance the electrical load reducing the impact on the network – of prime concern to the electrical network operator as the network in Dudley is known to have capacity problems around the Borough.

The scheme includes Dudley Council House and Town Hall, Stourbridge Town Hall and Library, Himley Hall and Ward House as well as the following schools: Amblecote, Caslon, Cotwall End, Glynne, Queen Victoria, Straits and Wrens Nest Primary Schools.

Works commenced during the summer of 2021 with all the installations at the named schools nearing completion. All are subject to the necessary network operator approval - requested - (Western Power Distribution) before the heating works can go live. Planning applications have been lodged for the works at Council House, Himley Hall and Ward House (now received) with decisions expected shortly. Detailed design considerations are shortly to be confirmed around the work extent for Stourbridge Library. While all works are planned to be completed by March 2022, this timeframe is now very tight with potential impacts whether from adverse weather, delayed planning decisions or supply chain delays. It is intended to place a project change request with Salix to seek an additional 3 months (to June 2022) to ensure sufficient time to implement all the necessary works and absorb impacts from any delaying factors.

Low Carbon Place Strategy

The Council was awarded approximately £2.5m European Regional Development Funding (ERDF) to deliver a project that will reduce carbon emissions. This is a joint project between Housing and Corporate Landlord Services that will reduce carbon emissions from council owned homes as well as corporate buildings such as the Council House. £2.5m of match funding is being met from existing HRA budgets.

In November 2021 the council appointed a new central heating installer for council housing as the previous went into administration. The programme recommenced slowly in December as the contractor mobilises. A project change request has been submitted requesting a further 18 months be added to the programme deadlines, to enable this resultant delay to be accommodated which affects the Housing side of the programme. It should also be noted that where homes are sold under the Right to Buy scheme, but have had the benefit of the grant, the council is required to refund the capital impact of the grant. The programme of energy efficiency improvements to the corporate estate is nearing completion, the final element anticipated to complete in June 2022.



Very Light Rail (VLR)

Track Works:

Two Very Light Rail test tracks between Castle Hill Bridge and Cinder Bank have now been installed with a test passenger platform located at the Cinder Bank end of the tracks due for completion by the end of March 2022. The full track length (including the extension loop) is 2.3 km. The eastern track is bedded on stone ballast and western track on a concrete track form system. This aspect of the project has now been completed and handed over to the Council. The track route is on a disused Network Rail (NWR) freight track-way which is to be leased from NWR.

The additionally approved Loop Extension works are now complete.

The Coventry prototype vehicle is due to arrive later in 2022 for testing.

Additional works identified as required by Coventry City Council have been procured, which are being funded through a grant from Coventry of £1.293m. This includes new equipment, workshop and a Research and Development Halt.

Coventry City Council are finalising a further Grant with the Council for the procurement of additional tools and a Driver Simulator in the sum of £20,000 and £100,000 respectively.

National Innovation Centre (NIC):

A planning application for the proposed new building for the Very Light Rail National Innovation Centre (VLRNIC), including a pedestrian foot bridge link to Tipton Road and links to future Metro line, car parking, rail vehicle test track sidings and linking lines into the VLRNIC engineering hall was submitted on 12th December 2017 and determined with conditions to be discharged on 2nd March 2018.

Building regulations conditional notification was received on 22nd February 2018 and conditional approval received on 25th May 2018.

Funding has now been confirmed from the Government's Get Britain Building (GBB) Fund (£12.350m) and LEP (£0.650m). ERDF grant of £5.000m was also secured, making the total budget for the project £18.000m.

Tenders were received on 10th January 2020 and were evaluated with final recommendation being Clegg Construction as the contractor. Clegg started on site at Castle Hill on 26th October 2020 and the formal Completion date for the Innovation Centre is 25th February 2022. Whilst the Project is progressing well the changes referred to previously have led to delays which are still being assessed by the Contract Administrator but have been indicated by the Contractor, Clegg Construction, to a new completion date of 5th May 2022. Associated costs of the delays, assessed as the responsibility of the Council, are anticipated to be contained within the Contract sum by the Project team.



Metro Complementary Measures

The £9.1 million budget is to fund the works associated with the delivery of the Wednesbury to Brierley Hill Metro extension.

The legal agreement with Transport for West Midlands (TfWM) states that the Council will fund the complementary measures along the route including pedestrian's crossings. The Council has also agreed with TfWM to fund the uplift of materials where the Metro is built through Dudley Town centre in order to provide high quality public realm. Large public realm interventions have been identified along the route at key stops, notably Station Drive (now Dudley Castle), Flood Street and Brierley Hill, to be funded by this programme of works. The £1million accelerated funding associated with the Towns Fund will be used to fund works to adopt Zoological Way, part of the works for the new loop road to access the Metro stop and some of the public realm work along Castle Hill.

Other interventions along the route, which the Council needs to fund, include creating a new wayfinding system to improve legibility, increase walking and cycling to tram stops and to provide a consistent recognizable branded signage across the borough to residents and visitors giving the information that is needed. The consultant to develop the wayfinding system has been appointed through the OJEU process and started work on the system in October 2020. Dudley print map is now available.

Midland Metro Alliance (MMA) are constructing the Metro extension for TfWM. TfWM have approved MMA's costs and the next stage of the design process has started. The Council is now working with TfWM to confirm the costs of the complementary measures, the uplift of materials and the public realm interventions.

CCTV

Phase 1 is predominantly complete and operational with the only outstanding work being to the healthy hubs where 1 out of the 5 has been completed. For the remaining 4, the local network cabling has been done and the hardware is in ICT stores. D&ICT are looking at new funding options to meet the costs of relocating fibre circuits before reprogramming the completion of the remaining 4 hubs.

Work on Phase 2 reflects the initial extension approved at the outset of the project. The main problems faced in this phase have been access to staff and materials throughout the last 18 months. Additional public realm cameras in this phase include:

- Cameras in Sedgley Bilston Street and Wolverhampton Street Dudley – the columns have been erected but we are still waiting on Western Power for installation dates. This is being chased by Street Lighting.
- Coronation Gardens – Completed and fully operational. This includes 2 cameras on 4 Ednam Road, 1 in Coronation Gardens, 1 on the junction by college.
- Castle Gate – design work is complete, and columns will be erected shortly. However, this is also awaiting an installation date from Western Power for power.
- The cameras to Lye town centre have been completed.
- All 12 deployable cameras are now operational and available for use.



Phase 3 work includes the additional cameras requested and approved at Council in 2021, to be sited at Kent Street Upper Gornal, Shell Corner Halesowen, Netherton High Street, Wollaston traffic island, Toys Lane/Furlongs Road Colley Gate and Queensway Halesowen. Initial feasibility studies have been completed but full design and planning is in progress. The original location at Jews Lane/Eve Lane Upper Gornal has now been reconsidered and it is proposed to site a fixed camera in Roseville instead. West Midlands Police are also in favour of this revision. We aim to complete these within Quarter 1 of 2022.

Sites also considered but not originally included were at Foxcote Lane/Wynall Lane which followed concerns over lack of power and network connectivity in the area. However, after revisiting the area, the proposal now is to install a fixed camera on the roundabout of Wynall Lane / Wynall Lane South.

With regard to Queensway Pedmore and Victoria Road Quarry Bank, which at the time had no supportable ASB cases, a site visit will be made by Council Officers and West Midlands Police to reconsider the situation.

Dudley Interchange

Transport for West Midlands (TfWM) has now secured all the funding for the Interchange. TfWM are out to competitive tender to secure a contractor for the works. Gateley Hamer have recommenced the CPO process. Counsel advice recommends that the CPO is split into two - one for the Interchange and associated highways works and another for the Portersfield scheme and highway works. Assuming all land required can be acquired by negotiation then construction for the highways will start at the end of the year and for the Interchange will start in February 2022.

At the September Cabinet it was agreed that DMBC will use its CPO powers to purchase Farm Foods and the properties required for the associated highways. As a result of the need to CPO properties the start date for the Interchange has been moved to January 2023, Completion is expected Summer 2024. The CPO will be submitted to the Secretary of State next month.

An alternative location for the Interchange during construction has been identified.

Ownership of the Photographic Studio on Birmingham Street has been resolved and the purchase price is being negotiated. Site visits have been arranged in preparation of demolition once the sale has been agreed.



Dudley Town Centre Highways Infrastructure (Portersfield Link)

As reported previously the WMCA has conditionally approved funding to support changes to the Highways Infrastructure to create access to the Portersfield development site and improve access to the wider Town Centre. This funding amounts to £6.0m. In addition to ongoing design work, some site clearance has already been carried out to allow for intrusive site investigation to provide information to support the design process. In terms of land acquisition for the highways, a CPO will be developed as part of the overall development of the site. Highway design work has currently been frozen to avoid any abortive spend until the review of the overall development site has been completed.

Black Country Blue Network 2

The surveys have commenced for Castle Hill, Sedgley and Holloway Street sites. It is anticipated that works will start early 2022. Work programme are awaited from the contractor and may need to be reviewed against contractual milestones. Turl's Hill and Coseley sites need to be procured however, there may be some delays to these sites due to staffing issues.

Dudley Town Hall and former Museum

The tender for the Town Hall Bistro refurbishment was won by J R Slee, who are based in Shrewsbury. They are a family business and whilst working on the usual type of projects, specialise in working on Listed Buildings.

Work started on the 18th October 2021 and progresses well on site with demolitions and structural work nearing completion. Work is currently on programme to be complete on 1st April 2022 but, like all capital projects in the current climate, that may be subject to refinement.

Refurbishment of Dudley Council House Campus

Following approval this project is now in the early stages of design with essential remedial work to the roof already on site and progressing well. This is so that external scaffolding will be struck in advance of the Commonwealth Games cycling event. A meeting with Access in Dudley was held and access and disability improvements are now being considered. In addition, a meeting has been held with the Council's equality officer to review the wider campus from staff perspective and comments will be sought from elected members to ensure that all issues with respect to accessibility of main users of the buildings are considered. The provisional programme will see the pre-contract stage completed in early 2022. Following a report to Future Council Scrutiny in June 2021, officers were asked to report back confirming proposals, incorporating comments made at the meeting and highlighting proposed financial and energy related savings to Scrutiny in March 2022. Once started, the construction phases are scheduled to take around 2 years to complete.



Brierley Hill (Future High Streets)

The Council secured £9.99m from the Future High Streets Fund in December 2020. This is to support a programme of activity at Brierley Hill, to be implemented in the period 2021 to 2026. The key objectives are to improve footfall, reduce vacancy rates and improve the diversity of shops and facilities. All Future High Streets Funding has to be drawn down by 2023/24. DMBC match funding, identified through existing approvals, will be used to fund projects within the latter part of the programme. The overall investment value of the programme is in the region of £44m.

Project summaries:

Public Realm and Connectivity Improvements (£4.75m) - Funding to connect the new Midland Metro terminus to the High Street, improve existing public realm connectivity between key buildings and provide new public spaces and pocket parks. Lead designer appointed in the autumn of 2021 to prepare and consult on proposals, with a commencement of initial works in Q4 2021/22. The majority of the public realm works will be implemented during 2022/23 and 2023/24 to be ready in advance of the Midland Metro opening.

Key Retail Sites (£1.05m) - The owners of the Moor Centre have submitted a planning application to remodel the precinct and bring parking closer to the shops. If approved, this will free up the rear car park land for development. The Council wishes to redevelop the site for up to 44 homes. The Future High Streets Fund provides the money for site acquisition and remediation. A purchase agreement to secure the land is currently being negotiated. The shopping precinct redevelopment works are programmed for 2022/23. DMBC build out on land to the rear will be during 2023/24 and 2024/25. Combined overall investment value £8m.

Infrastructure and Air Quality Improvements (£255,000) - Future High Streets will provide support to amend two highway junctions at Venture Way. The intention is to improve pedestrian connectivity between the High Street and medical centre; prevent queuing traffic which has resulted in movement delays; and improve air quality levels. The works are programmed to commence in Q4 2021/22 and complete in Q1 2022/23.

Addressing Housing Need (£3.55m) - Discussions are underway to acquire 10 acres of brownfield land known as Daniels Land and the High Plateau. These are two long-term vacant sites, formerly part of the Round Oak Steel Works that have remained undeveloped for over 40 years. Future High Streets funding will support site remediation and preparation costs. Dudley Council's Housing Department will then construct up to 220 new mixed tenure homes to meet local housing needs. Density and housing numbers may increase following the receipt of urban design advice and the completion of detailed design work. There may also be the opportunity to consider the introduction of leisure uses. Following INTU shopping centres entering administration, discussions have continued with Ellandi retail investment



which is acting on behalf of the creditors that own the Merry Hill Centre and adjacent land. In December 2021, the creditors appointed a new company Sovereign to manage Merry Hill. DMBC is to make contact at a corporate level to discuss how Sovereign and the Council can work together on a number of Merry Hill projects. This will include Daniels Land and the High Plateau. The intention is to please initial activity around the construction of the Metro rail viaduct that crosses the sites during 2022/23, with remediation works and build out to commence in late 2022/23. Completion is anticipated during 2025/26. The overall value of the project is £30m.

Public Library (£308,000) - refurbishment of Brierley Hill public library and ground floor housing department reception area. Scheme designs have been the subject of community consultation and have been well received. Freeholder approval has been received in-principle for the refurbishment works. The estimated cost of works is forecast to be above the identified budget, due to higher-than-expected building materials cost inflation. The building works will be tendered shortly and this will provide final costs certainty. A review is currently being undertaken of additional funding to support the project. The refurbishment works are programmed to commence in the spring and will complete during the summer of 2022.

Public Toilets (£80,000) - Reopening of public toilets to support the High Street visitor return following the coronavirus pandemic, and the provision of welfare facilities for Metro tram drivers. Midland Metro Alliance is making an additional contribution of £38,000 to support the works. Feasibility designs finalised that will also include changing facilities after discussions with stakeholder groups. Works were tendered in January 2022, with a start site during Q4, 2021/22 and completion during Q1 2022/23.

In addition to the Future High Streets Fund award, the Council has secured further investment from the West Midlands Combined Authority. This is to acquire land to support implementation of the High Street Link. A funding agreement between WMCA and DMBC is due to complete in early 2022. This is a long-term vacant gap site where there is the opportunity to provide a new connection from the High Street to the Metro terminus. The Council has appointed an agent and agreement has been reached to acquire the sites. Initial site safety works will commence in spring 2022, with a start on site of the pedestrianisation works in the autumn of 2022.

A Town Board has now been established to oversee the various interventions underway in Brierley Hill. These include the Future High Streets Fund, Heritage Action Zone and delivery of the Midland Metro. It includes Mike Wood MP, DMBC and business, community and educational sector representatives. The first meeting was held in September 2021 and these will continue on a quarterly basis.

Cultural

Leisure Centres

The new Duncan Edwards Leisure opened on Monday 24 January 2022. Very positive feedback received.



Phase 1 of the refurbishment of Halesowen Leisure Centre is complete; again, very well received by customers. Phase 2 which includes improvement to the swimming pool is due for completion on 04 July 2022.

Phase 1 improvements to Crystal Leisure Centre have been completed. The new village style changing rooms and improvements to the leisure pool have received positive comments.

Schools

Schools Basic Need Projects

The next phase of projects to be funded from Basic Need capital grant has been agreed, with Brierley Hill Township secondary school places as a priority. The plans include expansion to both Wordsley and Crestwood Secondary Schools to meet projected growth with an additional 300 pupil places for each school.

Unfortunately, the construction company that were managing both projects went into administration in August and their work on both sites ceased. There was minimal works still to be carried out at Wordsley School therefore Construction & Design, the Councils in house consultants, have picked up the remaining work. The Crestwood School needed a larger amount of work, so it was agreed that the school are continuing with the refurbishment work in the main school building and Construction & Design are completing the works to the new science block and the remaining external works. Both projects still have a small amount of work to be completed.

Numbers for both primary and secondary school places continue to be closely monitored and processes are in place to recommend capital projects to address any projected growth across both sectors.

Special Educational Needs and Disability (SEND) Projects

We are continuing the process of re-profiling our special school and mainstream provision to bring it more closely in line with the current SEND pupil cohort and the special provision capital funding is a key component in this process.

The SEND Special Provision Fund capital grant conditions were previously relaxed due to the coronavirus pandemic allowing us to carry forward unspent grant into the 2021/22 financial year. This grant funding has now been allocated in its entirety to the following projects:

- A new 12 place base for primary pupils with Social, Emotional and Mental Health (SEMH) needs at Hawbush primary school – completed and operational.
- Creation of designated care rooms at Summerhill secondary school and the Glynne primary school to promote the inclusion of children with SEND that include physical disabilities and specific personal care needs – completed.
- Expansion of Woodsetton Special School through a new mobile specifically designed to cater for the needs of children with SEND and to provide the additional



- space the school requires to meet the needs of an increasingly complex cohort of pupils – this was completed last year and has been in use since September 2021.
- Various capital works at Halesbury School in response to independent Accessibility Study – in progress.

In addition to this carry forward, we have received a further allocation of capital funding for SEND. Projects to be funded are still being scoped with the need for detailed feasibility studies to be undertaken but is likely to include further expansion within our maintained special schools. A tender process has now been completed to establish a further primary SEMH base. This tender has now been concluded and the base will be established at Caslon primary school. The base is now operational and work continues to create an outside play area exclusively for the base.

Pens Meadow Special School – Acquisition of Land and Buildings

Negotiations are close to completion and will be sent to legal representatives for both parties shortly, for completion.

CIPFA Prudential Indicators

The indicators set out below are specified in the CIPFA *Prudential Code for Capital Finance in Local Authorities* ("the Code"), which is required to be complied with as "proper practice" by Regulations issued consequent to the Local Government Act 2003. They are required to be set and revised through the process established for the setting and revising of the budget, i.e. by full Council following recommendation by the Cabinet. Indicators for the forthcoming and following years must be set before the beginning of the forthcoming year, but may be revised at any time following due process.

The first group of indicators (1-4) are essentially concerned with the prudence and affordability of the Council's capital expenditure and borrowing plans in the light of resource constraints. The remaining indicator (5) is primarily concerned with day-to-day borrowing and treasury management activity.

The proposed figures for each indicator have been developed in the light of the Council's overall resource position and medium term financial strategy and have regard to the following matters as required by the Code:

- Service Objectives;
- Stewardship of Assets;
- Value for Money;
- Prudence and Sustainability;
- Affordability;
- Practicality.

Affordability and prudence are specifically addressed by the indicators set out below. The other matters listed form a fundamental part of the Council's budget setting, management and monitoring procedures - as summarised in the Financial Management Regime (FMR) which forms part of the Constitution - and with particular relevance to capital expenditure, set out in more detail in the Council's Capital Strategy.

Appropriate procedures have been established for proper management, monitoring and reporting in respect of all the indicators, and the risks associated therewith.

Indicators set for 2021/22, 2022/23 and 2023/24 this time last year have been reviewed and where necessary are proposed to be updated to reflect latest forecasts.

1. Estimated and Actual Capital Expenditure

This indicator forms the background to all the other indicators, given that the overall rationale of the prudential system is to provide flexibility for borrowing to fund capital investment. Estimated capital expenditure is required to be calculated for the next 3 financial years, and actual expenditure stated for the previous financial year, with totals split between HRA and non-HRA capital expenditure.



Subject to the other proposals in this report being agreed, together with those contained in reports elsewhere on the agenda, the proposed indicators are as follows.

	2020/21 £m Actual	2021/22 £m Revised Estimate	2022/23 £m Revised Estimate	2023/24 £m Revised Estimate	2024/25 £m Estimate
Non - HRA	54.9	78.8	68.8	28.8	7.4
HRA	34.2	46.2	70.0	73.7	72.3
Total	89.1	125.0	138.8	102.5	79.7

2. Estimated and Actual Capital Financing Requirement (CFR)

The Capital Financing Requirement is a measure of the Council's underlying need to borrow to fund its capital expenditure once other sources of funding - grants, capital receipts and revenue - have been taken into account. The CFR increases when expenditure is incurred, and reduces when provision is made to repay debt.

The proposed indicators consistent with the level of capital expenditure set out above are as follows.

	2020/21 £m Actual	2021/22 £m Revised Estimate	2022/23 £m Revised Estimate	2023/24 £m Revised Estimate	2024/25 £m Estimate
Non - HRA	260.9	286.5	318.8	325.3	313.2
HRA	470.2	470.2	482.9	514.7	543.9
Total	731.1	756.7	801.7	840.0	857.1

3. Gross Debt and the Capital Financing Requirement.

In order to ensure that in the medium term, debt can be incurred only for capital purposes, this indicator requires that gross external debt does not (except in the short term) exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. Note that debt for this purpose excludes ex West Midlands County Council debt managed on behalf of other authorities.

It is anticipated that this requirement will be met for the years 2021/22 to 2024/25.

4. Estimated and Actual Ratio of Capital Financing Costs to Net Revenue Stream

This indicator is intended to demonstrate the affordability of capital investment decisions in terms of the ratio of capital financing costs to overall resources, expressed as a percentage. The proposed indicators consistent with the level of capital expenditure set out above are as follows.

	2020/21 %	2021/22 %	2022/23 %	2023/24 %	2024/25 %
	Actual	Revised Estimate	Revised Estimate	Revised Estimate	Estimate
Non - HRA	8.6	8.6	8.9	9.9	10.0
HRA	45.9	47.0	45.9	45.4	46.5

5. The Authorised Limit, Operational Boundary, and Actual External Debt

These indicators are intended to ensure that levels of external borrowing are affordable, prudent and sustainable. The Authorised Limit for external debt is a statutory limit (as per. section 3 of the Local Government Act 2003) that should not be breached under any circumstances. The proposed limits set out below have been calculated to take account of the Council's capital expenditure and financing plans and allowing for the possibility of unusual cash movements. If this limit is likely to be breached, it will be necessary for the Council to determine if it is prudent to raise the limit, or to instigate procedures to ensure that such a breach does not occur.

The Operational Boundary for external debt is a management tool for day-to day monitoring, and has also been calculated with regard to the Council's capital expenditure and financing plans allowing for the most likely, prudent, but not worst case scenario for cash flow. Temporary breaches of the operational boundary, due to variations in cash flow, will not be regarded as significant.

Both the Authorised Limit and the Operational Boundary are split between conventional borrowing and "other long term liabilities" such as leases and other capital financing arrangements which would result in the related assets appearing on the Council's Balance Sheet. Such arrangements would include for example finance leases for the procurement of vehicles. Provided that the total Authorised Limit and Operational Boundary are not exceeded, the Director of Finance and Legal may authorise movement between the constituent elements within each total so long as such changes are reported to the next appropriate meeting of the Cabinet and Council.

Note that debt for these purposes includes ex West Midlands County Council debt managed on behalf of other authorities.

	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Revised	Revised	Revised	
	£m	£m	£m	£m	£m
Authorised limit for external debt:					
Borrowing	n/a	876	933	922	931
Other long term liabilities	n/a	15	12	12	11
Total	n/a	891	945	934	942
Operational boundary:					
Borrowing	n/a	805	818	830	865
other long term liabilities	n/a	15	12	12	11
Total	n/a	820	830	842	876
Actual External Debt:					
Borrowing	766.6	n/a	n/a	n/a	n/a
Other long term liabilities	17.0	n/a	n/a	n/a	n/a
Total	783.6	n/a	n/a	n/a	n/a

Dudley MBC Capital Strategy

Background - The CIPFA Prudential Code for Capital Finance in Local Authorities

1. The Local Government Act 2003 introduced a system of “Prudential Borrowing” which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability. The CIPFA Prudential Code sets out the indicators that authorities must use, and the factors they must take into account, to demonstrate that they have fulfilled this objective.
2. The recently updated Code requires that: “In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.”
3. The Strategy will be updated and approved by Full Council at least annually, along with the indicators required by the Prudential Code.

Capital Expenditure

4. A simple definition of Capital Expenditure is that expenditure which gives a future benefit or service potential to the Council for a period of more than one year. It is accounted for separately from revenue (day-to-day) expenditure, and funded from different sources from revenue expenditure.
5. More specifically, expenditure that can be capitalised includes:
 - purchase, reclamation, enhancement or laying out of land;
 - purchase, construction, preparation, enhancement or replacement of roads, buildings and other structures;
 - purchase of plant, machinery, vehicles, furniture & equipment (including ICT hardware);
 - purchase of ICT software programmes;
 - other expenditure defined as capital by the capital grant awarding body financing that expenditure
 - grants (and some loans) to third parties for any of the above.
6. During its life, an asset may pass through up to four basic stages:
 - a. Acquisition or construction;
 - b. Ongoing management and maintenance;
 - c. Major enhancement;
 - d. Obsolescence, decommissioning and disposal.
 Phases (a) and (c) may necessitate capital expenditure.

7. Capital expenditure extends further than direct acquisition and expenditure on assets by the Council. It also includes property and equipment that is leased for a significant part of its useful life or where the lease payments amount to a significant part of its value. Entering into such leases, and other similar credit arrangements, will therefore form part of the Council's capital expenditure and must be authorised by Council and included in the Capital Programme (see process below) *before* any lease is entered into.

Strategic Context

8. Dudley Council has clear ambitions and plans, focussed on delivering priority outcomes for our communities and committed to ensuring that we build a Council which is fit for the future. The Council Plan sets out four priorities. The first three priorities:

- Stronger and safer communities;
- A cleaner greener place; and
- Growing the economy and creating jobs,

reflect the challenge in balancing the needs of vulnerable people, the core universal services that all residents depend on and investment in the economy of the borough to secure the future. The fourth priority "One Council, building an effective and dynamic organisation" ensures we have the organisation we need to deliver the first three priorities.

9. The Council Plan is supported by Director plans that provide more detailed information on the service actions we are taking to deliver our priorities. The plans are reviewed annually in support of the Council Plan.
10. The Capital Strategy is one of the means by which the priorities of the Council Plan will be achieved. We recognise that to accomplish our goals, best possible use needs to be made of existing public sector assets, while resources available for new investment must be deployed as efficiently and effectively as possible.

Links to other Strategies and Plans

11. The Capital Strategy is consistent with the Council's other strategies and plans. Of particular relevance is the Corporate Estate Strategy 2017-22 which reflects the key Council Plan aims, recognising that good asset management should help the Council to
- Empower communities and engender civic pride;
 - Improve the economic wellbeing of an area;
 - Increase co-location, partnership working and the sharing of knowledge;
 - Reduce carbon emissions and improve environmental sustainability;
 - Prioritise and align resources with the Customer Connect initiative to deliver exceptional services for citizens of and visitors to Dudley.



12. The Estate Strategy comprises 3 main parts:
- The current position of the Council's estate;
 - Its desired future position;
 - How we propose to deliver it.

Partnership and External Funding

13. The Strategy not only covers all aspects of Capital expenditure within the Council, but also those areas where the Council works in partnership – for example using its own resources as matchfunding to maximise the overall resources available for its own and its partners' priorities.
14. It also informs the bidding for additional capital resources (e.g. from Central Government and other sources of external grant funding).

Capital Priorities

15. The Council's current capital investment priorities, including those where it is working in partnership, are as follows.

Public Sector Housing

16. Priorities:
- Planned programmes of expenditure to keep our homes in good order by providing efficient investment in key building components such as roofs, electrics, kitchens and bathrooms;
 - Ensuring that as many of the Council's homes as are economically viable are available for occupation to a reasonable standard;
 - Improving fuel poverty and energy efficiency for residents and contributing towards decarbonisation and the climate change emergency;
 - Delivering social care programmes in residents' homes and improvements in sheltered schemes which increase the ability for residents to live independently in their own homes;
 - Delivering regeneration, environmental and community safety improvements to our estates;
 - Strategic stock investment and de-investment programmes in accordance with the Housing Asset Management Strategy 2019 – 2029 and providing necessary investment at affordable levels for communal facilities in flatted developments;
 - Providing new affordable social housing within the borough;
 - Providing an efficient repair service to undertake all statutory and compliance responsibilities, cyclical and routine maintenance.

Private Sector Housing

17. Priorities:

- Continued use of loan, grant and other forms of financial solutions to assist vulnerable occupiers living in the private sector to remain independent in their homes through property repair, improvement and adaptation;
- Winter Warmth / Energy Advice Service providing advice, practical support, equipment and repairs to ensure all vulnerable occupiers keep warm, healthy and heat their homes efficiently;
- Continued use of loan, grant and other forms of financial solutions to bring long term empty private properties back into use;
- Sustaining our improved performance in delivering adaptations for disabled persons through use of Mandatory Disabled Facilities Grants;
- Provision of rent deposit guarantees / loans to private sector landlords / potential tenants to facilitate access to accommodation for persons in need;
- Developing homes for private sale.

Highways and Transport

18. The Transport Capital Programme supports maintenance and improvement works on the Council's highway infrastructure and its associated assets, including street lighting, the repair and maintenance of pavements and public rights of way, structures, bridges and retaining walls.

19. Through effective asset management, the Council will continue to maximise opportunities offered by new technology using innovative ways of maintaining and improving its highway network.

20. By working with the Department for Transport, Transport for the West Midlands and the wider Combined Authority, West Midlands partners, local partners and the community, external funds will continue to be sought for existing and new projects. We will also, using Government Grants, continue to invest and improve the Borough's transport networks to ensure their safety, efficiency and minimise their environmental impact particularly associated with traffic congestion and air quality. A key component of this investment will be the new 5 year City Regions Sustainable Transport Settlement (CRSTS) which is currently in negotiation between Transport for the West Midlands and the Department for Transport.

21. Current priorities:

- Delivery of the Highway Maintenance Programme for roads, footways and footpaths;
- Investment in the Street Lighting and Traffic Signal Infrastructure (to generate greater energy efficiency);
- Works on highway structures, bridges and retaining walls;
- Integrated Transport (minor schemes designed to improve the safety and efficiency of our transport networks, encourage sustainable modes of travel and support wider air quality and public health objectives);
- Completion of major and minor highway schemes and support other transport and regeneration projects.



Economic Regeneration

22. External funds are maximised to support the delivery of key economic regeneration projects and initiatives. This includes the Heritage Lottery Fund, European Regional Development Fund (ERDF), Growing Places, Local Growth Fund, Get Building, Future High Streets Fund Towns Fund and the Levelling Up Fund, and funding accessible via the West Midlands Combined Authority.
23. In Dudley external funding has already been secured to support the regeneration of Dudley Town Centre through the Townscape Heritage Initiative and the Towns Fund for a new university building on Castle Hill. Brierley Hill has been equally successful securing both Future High Street Funding and Heritage Action Zone.
24. The Council will seek to maximise the use of external funds through its engagement in the preparation and delivery of the Black Country Strategic Economic Plan, Black Country European Union Structural and Investment Fund Strategy and the West Midlands Combined Authority Strategic Economic Plan for key strategic projects.
25. The Metro Extension through Dudley to Brierley Hill is potentially an economic regeneration game changer for Dudley. It will help to realise the following key benefits:
 - Support our housing regeneration priorities through improved connectivity to areas of housing development opportunity;
 - Support economic regeneration by improving accessibility to major employment sites including Castle Hill; Dudley Town Centre; our emerging DY5 Enterprise Zone; the Merry Hill Centre; Brierley Hill Town Centre as well as improving access to key visitor attractions such as the Black Country Living Museum and Dudley Zoological Gardens ;
 - Encourage modal shift from private car by delivering a high quality and reliable public transport service;
 - Support an integrated transport network through providing seamless interchange

The Council is working with Transport for West Midlands (TfWM) to facilitate delivery of the Metro and this may also involve capital expenditure on Urban Realm and Highways measures to complement the Metro

26. TfWM is also proposing the creation of a new Transport Interchange for Dudley Town Centre which will replace the existing Bus station and link with Metro and potentially Sprint. A planning application has been submitted and TfWM are seeking financial support through the West Midland Combined Authority Transforming Cities, the Black Country LEP and the Council.



27. A recurring budget funded mainly by borrowing will be used for structural maintenance of Council buildings which cannot be met from other resources. Projects arising from the Council's Estate Strategy, including those in pursuance of the "One Public Estate" strand of the Council's Transformation agenda will also be progressed subject to value for money assessment.

Environmental Services

28. Current priorities are:

- redevelopment of the Lister Road Depot;
- possible alternative sites for the Household Waste Recycling Centre;
- ongoing programme for replacement of vehicles used to deliver services including exploring wider use of electric vehicles;
- delivery of the Green Spaces Asset Management Plan;
- promote and develop our open spaces and nature reserves through Geopark status and accreditation;
- develop a new sustainable Waste Strategy that is compliant with the emerging national picture.

Cultural

29. Current priorities are:

- replacement of Dudley Leisure Centre and major upgrading of Halesowen and Stourbridge Leisure Centres;
- refurbishment of Dudley Town Hall.

Schools

30. The key investment priorities for the use of available capital resources (mainly funded by a number of Government grants) are:

- Maximise the efficient and effective use of resources in collaboration with partners to improve service delivery.
- To work in joint partnership with schools to target available resources in accordance with the asset management programme.
- To address the backlog of urgent repairs and maintenance identified by condition surveys for all schools using fair and transparent prioritisation processes.
- To continue to address the issues of Basic Need requirements ensuring sufficient school places across the primary and secondary schools sector (maintained and non-maintained) through effective place planning processes.
- To continue to develop the infrastructure required to improve the Special Educational Needs (SEN) provision including the issues of Basic Need requirements ensuring sufficient school places for Special Schools in line with the SEND Strategy.
- To continue to maximise bidding opportunities for external funding to replace or upgrade those school buildings with the most urgent need as identified by the principles of Asset Management Planning.



- To continue addressing issues regarding access for disabled persons to all buildings and to ensure appropriate Accessibility Plans are in place for all schools in line with latest regulations.
- To ensure the continuing delivery of the Directorate's asset management plan in accordance with DfE requirements especially for the collation of robust data on school places and condition.
- To ensure revisions to regulations and guidance for school buildings are adhered to and complied with.
- To address effectively issues relating to health and safety, including fire risk, asbestos, legionella and site security.

Social Care, Health and Well Being

31. Working in partnership to address the Borough's Extra Care Housing needs.

Commercial and Customer Services

32. Ongoing programme for replacement and upgrading of ICT infrastructure used to deliver services.

Capital Programme

33. The detailed Capital Programme for the Council's own expenditure on acquisition, development and maintenance of the assets required to deliver service outcomes will be updated on an ongoing basis in accordance with the Governance processes set out below. Taking into account the Council's capital grant allocations, together with affordable levels of "prudential" borrowing and locally generated capital resources in the form of capital receipts and contributions from revenue budgets, the Capital Programme currently being proposed is as follows:

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Public Sector Housing	46,232	70,047	73,675	72,335
Private Sector Housing	6,049	5,527	4,145	1,483
Environment	6,002	13,934	5,000	3,000
Transport	10,149	8,032	2,000	2,000
Regeneration	26,395	25,170	9,931	636
Cultural	17,415	3,392	0	0
Schools	11,472	11,126	7,000	0
Social Care, Health & Well Being	418	829	0	0
Commercial and Customer Services	781	738	738	268
TOTAL	124,913	138,795	102,489	79,722

Property Investment

34. The Council will incur capital expenditure on acquisition or development of property only where the primary purpose is service delivery and/or regeneration, and in the case of the latter then only where a development would not happen without Council involvement, and the potential regeneration gain justifies any financial or other risks. It will not invest in property for the sole or primary purpose of revenue income or other financial return.

Sources of Funding

Grants & Contributions

35. These are mainly provided by Central Government Departments or other Public Sector Agencies and are usually to fund specific projects or broader categories of spend, in line with the funder's priorities. They may be received in response to specific bids, or on a formula allocation basis. They may also require matchfunding from the Council's other capital resources, or from other local partners or spending beneficiaries.
36. To a lesser extent, contributions may be available in the form of "Section 106" planning agreements, Community Infrastructure Levy, or otherwise from local business partners.
37. Some Government capital grant funding is scheme specific to the extent that it cannot be used for anything else ("ringfenced") but is often only notionally allocated to specific areas of spend. Thus it can be spent at the Council's discretion, the only real condition usually being that it must be spent on capital rather than revenue items. However the Council has generally followed a process where such resources are (internally) earmarked to the relevant service area.

Revenue & Reserves

38. To the extent that revenue resources and reserves are available once day-to-day spending needs have been covered, these may be used to fund capital expenditure.

Borrowing (commonly known as Prudential Borrowing)

39. The Council can borrow to fund capital expenditure so long as it has sufficient revenue resources to service the resulting debt charges – principal and interest.
40. Any proposals to fund capital expenditure from borrowing where the revenue costs can be met from existing resources (e.g. "spend to save" type initiatives) are considered by Cabinet and Council in the same way as any other capital projects.
41. Any proposals to fund capital expenditure from borrowing where the revenue costs cannot be met from existing resources must be considered along with other revenue budget pressures as part of the annual revenue budget setting and MTFS review process in the light of overall revenue resource availability.



Capital Receipts

42. Assets (usually land and buildings) no longer required for the provision of services may be declared “surplus to requirements” and sold. The detailed disposal process is set out in the Corporate Estate Strategy.
43. Proceeds from disposals of General Fund assets do not constitute available capital resources, but generate revenue savings by repaying existing borrowing or as a substitute for new borrowing (see above) that would otherwise be required. Proceeds from Right to Buy sales and other Public Sector Housing disposals are currently earmarked for Housing investment.

Budget and Medium Term Financial Strategy

44. As set out above, any proposals to fund capital expenditure from borrowing where the revenue costs cannot be met from existing resources must be considered along with other revenue budget pressures as part of the annual revenue budget setting and MTFS review process in the light of overall revenue resource availability.
45. Likewise capital projects generating net savings may be brought forward, along with other savings proposals, as part of the overall budget and MTFS review process.
46. All forecast debt charges and other revenue costs arising from approved new capital spend (together with debt charges arising from past expenditure funded from borrowing, and the revenue costs of ongoing maintenance of existing assets) will be included in the revenue budget and MTFS of the General Fund or HRA as appropriate.

Treasury Management Strategy

47. Long term borrowing requirements to fund overall capital expenditure not met from other means - the “Capital Financing Requirement” (including the extent to which this can be met internally rather than from external borrowing) and short term cashflow requirements in respect of the Capital Programme and funding, are taken into account in the Council’s Treasury Management Strategy. At 31st March 2021, long term borrowing and similar liabilities for the Council’s own purposes (i.e. excluding debt managed on behalf of other authorities), amounted to £610m. This compared with long term assets held to the value of £1,691m.

Affordability and Risk

48. The Capital Strategy sets out the framework within which individual capital projects are approved for inclusion in the Capital Programme and does not in itself authorise any capital expenditure. Affordability and risks are considered when proposals are brought forward for such inclusion. This will include risks relating to the capital expenditure itself, funding of that expenditure (e.g. grant availability and conditions), and ongoing revenue costs and/or income.



49. Risks relating to (treasury) management of borrowing to fund capital expenditure and overall revenue resource availability to fund debt charges and other revenue costs arising from capital expenditure are explicitly recognised in the Treasury Management Strategy and the overall MTFS (General Fund and HRA) as appropriate.

Governance

Inclusion of projects in the Capital Programme

50. All proposals to include projects in the Capital Programme must be approved by full Council following recommendation by Cabinet. This applies regardless of the source(s) of funding for the project.
51. The only exceptions to the requirement that all capital projects be approved by full Council are:
- i. In cases of urgency, a project may be included in the Capital Programme by Cabinet alone (if the decision cannot wait until the next meeting of Full Council).
 - ii. In cases of urgency, a project may be included in the Capital Programme by the Leader of the Council in consultation with the Chief Officer, Finance and Legal - using the Decision Sheet process (if the decision cannot wait until the next meeting of Cabinet). The Decision Sheet will need to cover the same issues as would be required for reporting to Cabinet (see below) and must also include an explanation of why the normal processes cannot be followed. If the degree of urgency is such that the normal requirements of the Constitution with regard to public notice and “call-in” would prejudice the delivery of the project, approval of the Chair of the appropriate Scrutiny Committee (to waive notice) and Mayor (to waive call-in) will also be required.

Note however that these “urgency” procedures are intended to be used only in exceptional circumstances and are not intended as a substitute for proper project planning. Use of the procedures is reported to the next available Council, or Cabinet & Council meetings as appropriate.

- iii. Other specific standing authorisations have been given to include particular categories of expenditure in the Capital Programme without individual Cabinet approval. These include:
 - Schools projects funded wholly from delegated budgets or fundraising activities (subject to prior approval by the Director of Children’s Services & the Director of Finance and Legal);
 - Various categories of project funded by s106 monies;
 - Regeneration projects in certain areas subject to availability of external funding;
 - Parks & Open Spaces projects funded as a result of “Friends” bids;
 - ICT Strategy projects;
 - Projects funded from a number of regular Government funding allocations
 - Community Infrastructure (CIL) funded projects approved by Cabinet.

Responsible Officers

52. Directors will identify a Responsible (Lead) Officer for each project who will take overall responsibility for coordinating all aspects of the project from initial proposal through to post completion review.
53. The Responsible Officer role is key to the efficient operation of the Council's Capital Programme. Responsible Officer details will be held on the Council's financial systems, and any change must be notified to the relevant accountant so that these can be amended.

Justification

54. Prior to the inclusion of *any* project in the Capital Programme, each proposal must be justified against the following criteria:
- i. contributes towards the delivery of the Council's strategic objectives, e.g. as set out in the Council Plan;
 - ii. contributes towards the achievement of a specific priority/objective(s) as set out in a Directorate Service Plan, and/or arises from agreed capital strategies e.g. Housing Investment Programme, Local Transport Plan, and/or assists the Council to meet its statutory objectives or respond to new legislative requirements, and/or contributes to the achievement of Best Value;
 - iii. can be supported by a coherent funding strategy; will minimise use of the Council's own resources;
 - iv. has a clear and well thought out brief which defines the objectives of the project and specifies any issues which are time critical; is otherwise achievable within the financial year concerned;
 - v. has been fully evaluated against alternative methods of achieving the same objectives, and alternative funding sources. (See Option Appraisal section below.)

Option Appraisal

55. Every capital project must be evaluated against alternative methods of achieving the same objectives.
56. Options appraisal must be an integral part of the decision-making process and the scale and nature of a project will determine the level of options appraisal detail needed to make a decision.

Prioritisation

57. In order that the limited resources available for capital investment are used in the most effective way, it is essential that robust and consistent prioritisation processes are used to determine which projects proceed.

58. In theory, it would be possible devise a methodology for prioritising *all* potential capital projects against the resources available - to maximise the total benefit of the Council's capital investment as a whole. In reality however, this would pose major problems, not least the difficulty in devising a prioritisation methodology which could fairly compare and score bids for schemes of all magnitudes and degrees of complexity across the whole range of Council services.
59. Some Government capital grant funding is scheme specific to the extent that it cannot be used for anything else ("ringfenced") but is usually only notionally allocated to specific areas of spend. Thus it can be spent at the Council's discretion, the only real condition usually being that it must be spent on capital rather than revenue items.
60. However the Council has generally followed a process where such resources are (internally) earmarked to the relevant service area, but with an emphasis on demonstrating appropriate prioritisation *within* service programmes, and *within* spend headings.
61. It is the responsibility of the relevant Directors to make sure that such prioritisation is robust and stands up to scrutiny. Prioritisation should include formal scoring mechanisms or other objective methods wherever possible and appropriate.

Where a project relies on council resources prioritisation is achieved by including the revenue costs in the budget pressures process for consideration against other pressures in light of the overall resource position.

62. It should in particular be noted that even where capital resources are earmarked to particular spend areas, there is usually still a large degree of flexibility concerning allocation to specific projects. Likewise, where resources are being bid for (see below) there will usually be discretion over which particular projects are submitted. In such circumstances it is just as important in gaining best value from available resources to ensure that robust prioritisation is undertaken before bids are submitted.
63. Note that prioritisation and option appraisal are not the same – but are two distinct elements of the overall project selection process. Option appraisal is concerned with choosing the best way of achieving an objective, e.g. how to increase safety on a particular road. Prioritisation is concerned with which projects go ahead within limited resources, e.g. which road safety projects should proceed first.

Reporting

64. At the initial stage of project development, an Asset Decision Proforma (ADP) - see Appendix 1 – is completed in conjunction with Corporate Landlord Services (CLS) to capture key project information. Note that this proforma, and the requirement for CLS input relates to all major property decisions and is not restricted to capital programme approvals. Any issues must be resolved before proceeding to the next stage of the process.



65. Each meeting of the Cabinet receives a Capital Monitoring Report which includes the details of proposals to include projects in the Capital Programme. (Exceptionally there may be a stand-alone report where a major project / service area is involved. In such cases a Proforma should still be completed and submitted as above.)
66. If following receipt of tenders, it is clear that costs will exceed the approved budget - or if any other circumstances change that materially affect the scheme as approved by Cabinet and Council - it will be necessary to report back to Cabinet & Council, in order for the budget to be amended, or any other changes approved.

Project Management & Monitoring

67. Capital expenditure must be in compliance with all relevant Standing Orders, Financial Regulations and Codes of Practice. Directors must ensure that all Responsible Officers are aware of these requirements, and that Responsible Officers are competent in Project Management skills.
68. Expenditure on and progress of each project will be monitored regularly.

Project Review

69. A post completion review of each major capital project should be undertaken by the appropriate Director to ensure all lessons learned are documented and shared with relevant officers.

ASSET DECISION PROFORMA

Key Data

Directorate:	Division:
Lead (Responsible) Officer:	Phone:
Asset <i>(include address, accurate site plan and photos as necessary)</i> :	
Brief description of project <i>(i.e. acquisition via purchase or lease; alteration; extension; major refurbishment; change of use / relocation; disposal via sale or lease)</i> :	

Outcomes

Benefits to service delivery <i>(quantified hard and soft benefits to the Council anticipated from project, including benefits to customers and partners, e.g. shared use)</i> :
Link to Strategic Objectives <i>(refer to specific Community / Council Plan objectives)</i> :
Link to Directorate Asset Plan <i>(refer to specific action / objective)</i> :
Confirmation of consideration of ensuring improved energy efficiency for the asset by planned works <i>(Yes/no - describe outcome)</i>
<i>(For alteration and refurbishment) impact on Asset (i.e. value, useful life, flexibility of use):</i>

Background Processes

Provide details of scoring mechanism or other process used to prioritise this project:
Provide details of option appraisal undertaken in accordance with Standing Orders <i>(including consideration of alternative sites and alternative delivery methods, together with costs/benefits of each)</i> :
Results of Feasibility Study:
Results of Risk Assessment <i>(including identification of key risks)</i> :

Results of Consultation:

Financial

<i>(For acquisition, alteration, refurbishment)</i> - capital cost: £'000 - to be funded from £'000
Financial year(s) of proposed spend:
<i>(For disposal)</i> - expected proceeds: £'000 - costs of disposal: £'000
<i>(For all proposals)</i> implications for revenue expenditure <i>(and if net cost, how funded)</i> : - costs: £'000 - savings: £'000

Signed: _____ (Responsible Officer)	Date: _____
Signed: _____ (Accountant)	Date: _____
Signed: _____ (on behalf of Corporate Landlord Services)	Date: _____
Signed: _____ (Director)	Date: _____

Meeting of the Cabinet – 17th February 2022

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

Revenue Budget Strategy and Setting the Council Tax 2022/23

Purpose

1. To recommend to Council the deployment of General Fund revenue resources, a number of statutory calculations that have to be made by the Council and the Council Tax to be levied for the period 1st April 2022 to 31st March 2023.

Recommendations

2. That Cabinet recommends the Council notes:
 - a) The actions of the External Auditors as set out in paragraph 12.
 - b) The forecast variances to budget in 2021/22 and progress with delivery of savings set out in paragraph 14 and Appendices B and C.
3. That Cabinet authorises the Director of Finance and Legal, in consultation with the Cabinet Member for Finance and Legal and the Opposition Spokesperson for Finance and Legal to approve any changes to the budget proposals resulting from the final Local Government Finance Settlement and final decisions on the West Midlands Combined Authority Transport Levy and non-transport funding contributions, as set out in paragraphs 24 and 35.
4. That subject to any amendments arising from the above, Cabinet recommends the Council approves the following:
 - The budget for 2022/23, and Directorate allocations (including the Public Health budget) as set out in the report.

- That the statutory amounts required to be calculated for the Council's spending, contingencies and contributions to reserves; income and use of reserves; transfers to and from its collection fund; and council tax requirement, as referred to in Section 67(2)(b) be now calculated by the Council for the year 2022/23 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government and Finance Act 1992 as shown in Appendix M of this report.
- That, having calculated the aggregate in each case of the amounts in Appendix M, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, agrees the following levels of Council Tax for Dudley Council services for 2022/23.

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
995.91	1161.90	1327.88	1493.87	1825.84	2157.81	2489.78	2987.73

- The Medium Term Financial Strategy as set out in the report
5. That Cabinet recommends the Council determines that a referendum relating to Council Tax increases is not required in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992, as set out in paragraph 47.
 6. That Cabinet recommends the Council to authorise the Cabinet Members, Chief Executive, deputy Chief Executive and Directors to take all necessary steps to implement the proposals contained in this report, in accordance with the Council's Financial Management Regime.

Background

7. At its meeting on 15th December 2021, the Cabinet approved a preliminary budget strategy as a basis of consultation. This report sets out latest proposals taking into account changes to projected spending and resources resulting from the ongoing review of forecasts and assumptions. Changes to forecasts compared with the figures reported in December are set out in Appendix D.
8. At 31st March 2020 our unringfenced revenue reserves as a proportion of net revenue spend were 17%. At 31st March 2021 our unringfenced reserves¹ were 24% of net expenditure. The most recent comparable information available for other councils shows that average unringfenced reserves were 45% of net expenditure at 31st March 2020.

¹ In order not to distort comparisons, this excludes reserves in respect of Section 31 funding of increased Business Rates Retail relief and Local Tax Income Guarantee grant.

Consultation on Budget Proposals

9. A consultation on budget proposals for 2022/23 was launched on 17th December 2021 and ended on 28th January 2022. A total of 1,222 valid responses were received. These are summarised at Appendix E.
10. Scrutiny Committees considered the provisional budget proposals in their January cycle of meetings. There were no formal resolutions to make recommendations to Cabinet.
11. A link to the report to Cabinet on 15th December was distributed to representatives of Non-Domestic Ratepayers, in pursuance of the statutory duty to consult. Further detailed information (as required under the statutory duty) is being distributed, and any comments will be reported to the Council Tax setting meeting on 7th March.

External Audit

12. The External Auditors (Grant Thornton) presented their 2019/20 Annual Audit Letter to Cabinet on 15th March 2021. They gave a qualified opinion on Value for Money and in particular expressed concerns about the Council's arrangements to ensure that it maintains a sufficient level of reserves to sustain its financial resilience. They are currently working on an updated Value for Money opinion.

Forecast 2021/22 Position

13. In response to Covid-19, the Government has directed significant additional funding to councils. New allocations for the financial year 2021/22 are shown in Appendix A. We anticipate receiving £13.0m of unringfenced funding and further grants totalling £35.8m for specific purposes. It is expected that the latter are matched by specific increases in expenditure or reductions in income.

The forecast General Fund position after transfers from / to earmarked reserves is as follows.

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive	0.0	(0.3)	(0.3)
Adult Social Care	102.2	103.4	1.2
Children's Services	74.2	74.4	0.2
Health and Wellbeing	3.4	2.6	(0.8)
Finance and Legal	4.4	4.5	0.1
Digital, Commercial and Customer Services	0.2	0.0	(0.2)
Housing and Community	6.9	6.6	(0.3)
Public Realm	51.3	52.6	1.3
Regeneration and Enterprise	11.3	14.2	2.9
Corporate, Treasury and Levies	18.1	10.2	(7.9)
Total Service Costs	272.0	268.2	(3.8)
Total Resources	(263.0)	(265.6)	(2.6)
Use of Balances	9.0	2.6	(6.4)

14. Further detail is provided in Appendix B. The significant variances are as follows:

- Pressures of £7.7m from the impact of Covid, mainly in additional costs of Adult Social Care to support the health service and ongoing reduced levels of trading income in a number of services.
- Favourable variances of £13.4m arising as a result of charging costs to Covid specific grants where services are continuing to support the pandemic response, additional grants to partially offset trading and tax income losses and application of the general Covid contingency to the pressures outlined above.
- Net favourable variance of £0.7m that are unrelated to Covid, mainly from the national pay offer being higher than budgeted, offset by lower than expected borrowing costs and additional grant.

15. Progress with delivery of specific savings within the current budget is set out in Appendix C. Performance on delivery of savings supports and is consistent with the forecast 2021/22 position outlined above and in Appendix B.

16. 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. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast deficit on the DSG, mainly resulting from the pressures on the High Needs Block, of £18.7m at 31st March 2022. The Government has regulated temporarily to ensure that this pressure sits within the Dedicated Schools Grant, although there is a risk that there may be an impact on the General Fund from 2023/24. As such this deficit is not included in Appendix B.

General Fund Balances

17. The impact of the outturn shown above leaves the forecast main unallocated General Fund Balance at 31st March 2022 as follows:

	Original Budget £m	Latest Position £m
Forecast balance 31 st March 2021	24.5	24.5
2020/21 outturn (as reported to June Cabinet)		+4.4
Balance at 31st March 2021	24.5	28.9
Planned use of Reserves approved by Council March 2021	(8.3)	(8.3)
Council Decision to amend budgets during 2021/22		(0.7)
Forecast favourable 2021/22 outturn		+6.4
Forecast General Fund Balance at 31st March 2022	16.2	26.3

18. It should be noted that the Council's overall level of unringfenced reserves remains relatively low.

Medium Term Financial Strategy to 2024/25

19. In updating the Council's Medium Term Financial Strategy, 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

20. The Provisional Local Government Finance Settlement 2022/23 was announced on 16th December. This included the following:
- An increase in assumed Business Rate income and underlying Revenue Support Grant in line with inflation. The actual Business Rate multiplier will be frozen, but councils will be compensated for the income shortfall compared with an inflationary uplift.
 - Continuation of the 2017/18 100% Business Rates Retention pilots – including that for the West Midlands.
 - An inflationary increase in the underlying Revenue Support Grant.
 - Additional Social Care Grant of £636m nationally.
 - An inflationary uplift to the Improved Better Care Fund.
 - Continuation of New Homes Bonus funding on the same basis as in the current year.
 - Continuation of the Lower Tier Services Grant of £111m nationally.
 - A new one-off Services Grant of £822m nationally.
 - A new Market Sustainability and Fair Cost of Care Fund of £162m nationally to support reforms to social care charging.
21. The Finance Settlement outlined above is a one-year settlement for 2022/23 only. The Government has indicated that it will review the system of local government finance allocations to individual councils from 2023/24 onwards, taking as a starting point previous work on Business Rate Retention and the Fair Funding Review. The forecasts in this report make a working assumption that overall funding to Local Government and Dudley's share of that funding are the same in 2023/24 onwards as in 2022/23. However, this is a risk and the actual outcome may be better or worse than this assumption.
22. We have responded to the 2022/23 provisional settlement consultation and our response is summarised at Appendix F.
23. At the time of writing, the Local Government Finance Settlement for 2022/23 had not been finalised. It is therefore proposed that Cabinet authorises the Director of Finance and Legal, in consultation with the Cabinet Member for Finance and Legal and the Opposition Spokesperson for Finance and Legal to approve any resulting changes to the budget proposals prior to Council on 7th March.

24. The impact of changes compared with the December report position (which was based on a prudent assessment of the Chancellor's announcements in the one-year Spending Review on 27th October, which did not include detailed allocations to individual councils) is shown at Appendix D.

Council Tax

25. Accounting for Council Tax Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Forecasts reflect a planned charge to the General Fund of £0.3m per year for the next two years, spreading the impact of the deficit in 2020/21 that arose mainly as a result of Council Tax Reduction (CTR) claimant numbers being increased due to the pandemic. For 2022/23, this charge is more than offset by a surplus arising mainly from the fact that CTR claimant numbers in the current year have been lower than expected, leading to a net credit of £0.3m. Tax Income Guarantee (TIG) grant, compensating deficits in 2021/22, has been credited to the General Fund in the current year and this is reflected in the forecast in Appendix B.
26. Although numbers of CTR claimants in the current year are lower than expected, they remain around 1,300 higher than they were before the pandemic. Forecasts for Council Tax income in future years assume that these numbers will gradually return to pre-pandemic levels over the life of the MTFS. Forecasts have also been adjusted to reflect current numbers of households in receipt of discounts and exemptions. Forecasts have also been adjusted to reflect the current rate of new housebuilding.
27. The Provisional Local Government Finance Settlement included proposed Council Tax referendum principles for 2022/23 of a core limit of less than 2% plus an Adult Social Care (ASC) precept limit of 1%. Forecasts in this report are based on a 2.99% Council Tax increase in 2022/23 and assume the same in later years.
28. The impact of changes compared with the December report position is shown at Appendix D.

Business Rates

29. Accounting for Business Rates Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Forecasts reflect a planned charge to the General Fund of £1.8m per year for the next two years, spreading the impact of the deficit in 2020/21 that arose mainly as a result of the impact of the pandemic on businesses. For 2022/23, we expect an additional charge of £13.7m (reflecting the loss of income in the current year mainly from reliefs to retail, hospitality and leisure businesses) offset by a credit of £11.1m mainly arising from a review of provisions for business rate appeals (see below) leading to a net overall charge of £4.4m. The impact of current year reliefs is offset by grant that will be credited to the General Fund in 2022/23. Tax Income Guarantee (TIG) grant, compensating deficits in 2021/22, has been credited to the General Fund in the current year and this is reflected in the forecast in Appendix B.



30. There is ongoing uncertainty concerning the impact of the 2017 revaluation on our Business Rate and grant income, in particular the impact of appeals under what was then a new “Check, Challenge, Appeal” process. For the last four years we have been making provision broadly in line with central government assumptions about the impact of appeals. We have now reviewed this provision in the light of actual appeals received together with external advice on potential future appeals and comparisons with other councils. In light of this review, we have reduced our provision for appeals to around 1.8% of gross rates payable.
31. For future years, we have adjusted our forecasts to reflect empty properties 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 anticipated Retail Price Index.
32. Through the Comprehensive Spending Review the Government has announced further Business Rates reliefs in later years to incentivise property improvements, renewable energy and decarbonisation. It is assumed that the impact of these reliefs will be neutral as the Council will be compensated through grant for loss of income.
33. The impact of changes compared with the December report position is shown at Appendix D.

Combined Authority

34. 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.
35. Forecasts in this report assume that the Transport Levy will increase by 2% in 2022/3. The contribution from business rates is forecast to rise by £1.5m per year at the level of the West Midlands. The non-transport contribution is forecast to be cash flat over the next three years.

Base Budget Forecasts

36. 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.



	2022/23	2023/24	2024/25
	£m	£m	£m
2021/22 base	271.3	271.3	271.3
Pay (note 1)	5.3	8.0	10.7
General price inflation (note 2)	-	3.8	8.0
Income uplift (note 3)	-1.2	-2.5	-3.5
Pensions (note 4)	-0.9	1.0	0.1
Combined Authority (see paras 35-36)	0.4	0.5	0.7
Treasury (note 5)	0.2	2.9	3.4
Remove previous contingency (note 6)	-8.8	-8.8	-8.8
Other adjustments (note 7)	-0.8	-1.2	-1.1
Base Budget Forecast	265.5	275.0	280.8

Notes:

(1) This allows for a pay increase of 1.75% in the current year (based on the employers' latest offer), future increases at 2% per year and a 1.25% uplift in employer's National Insurance from next year.

(2) No general provision has been made for 2022/23, with any specific inflationary issues being reflected in additional spending in paragraph 38 below.

(3) Assumes an increase of 2% per year on fees and charges.

(4) Contributions from 2023/24 will be determined following the 2022 actuarial review. It is currently assumed this will not give rise to any change in underlying contributions. Contributions in individual years are impacted by the current arrangements which give varying annual discounts for 3 year advance payment.

(5) Impact of Capital Programme, treasury management and investment income changes.

(6) The base budget for 2021/22 included a one off £8.8m contingency for covid pressures.

(7) Fall-out of previous one-off items, timing of Leisure Centre works and Metro route enhancements, payments to the Local Enterprise Partnership (LEP) in relation to the DY5 Enterprise Zone, costs of the Portersfield design competition, previously agreed increases in Members' Allowances and other adjustments.

Additional Spending

37. The following table outlines proposed additional directorate spending arising from a combination of demographic, inflationary, pandemic and other unavoidable service pressures as well as improvements to services to residents and growth in organisational capacity to deliver change. Further detail is provided in Appendix G. There has been one change since the December report to reflect ongoing pressure from additional general waste tonnages and this is reflected in the analysis of changes at Appendix D.

	2022/23	2023/24	2024/25
	£m	£m	£m
Chief Executive	0.4	0.4	0.4
Adult Social Care	10.4	12.3	12.3
Children's Services	1.5	1.5	1.5
Finance and Legal Services	0.6	0.6	0.6
Digital, Commercial and Customer Services	1.7	1.6	1.5
Regeneration and Enterprise	1.0	0.8	0.9
Housing and Community	0.8	0.9	0.9
Public Realm	3.7	2.1	2.3
Total	20.1	20.2	20.4

Savings

38. In total the following saving proposals have been identified. Details are set out in Appendix H. There has been one change since the December report to remove the original proposal to charge for green waste collections and this is reflected in the analysis of changes at Appendix D.

	2022/23	2023/24	2024/25
	£m	£m	£m
Adult Social Care	0.5	0.6	0.6
Chief Executives	0.1	0.1	0.1
Children's Services	0.8	0.8	0.8
Digital, Commercial and Customer Services	0.0	0.0	0.1
Regeneration and Enterprise	0.3	0.7	1.9
Housing and Community	0.2	0.2	0.6
Total	1.9	2.4	4.1

Public Health

39. In 2021/22 there is a forecast surplus on the Public Health Grant due to the continued focus in Health & Wellbeing on dealing with the Covid-19 pandemic. This surplus will be added to the ringfenced Public Health Reserve. Programmes of work are being planned, in line with council priorities, to ensure that the best use is made of these reserves.
40. The Spending Review announcement gave a commitment to maintaining the Public Health Grant in real terms for 2022/23. The 2022/23 final allocation of £22.0m represents a 2.81% increase from 2021/22. The grant continues to be ring fenced for use on public health functions including public health challenges arising directly or indirectly from Covid – 19.

41. The overall forecast position for the Public Health Grant funded budget can be summarised as follows:

	2022/23	2023/24	2024/25
	£m	£m	£m
Base budget forecast	22.0	22.6	23.3
One-off spending plans	2.7	0.7	0.4
Total spend	24.7	23.3	23.7
Forecast grant	22.0	22.6	23.4
Deficit	-2.7	-0.7	-0.4
Reserve brought forward	4.3	1.6	0.9
Reserve carried forward	1.6	0.9	0.5

42. The proposed Public Health grant funded budget for 2022/23 is shown at Appendix I.

Medium Term Financial Strategy

43. The principles underlying the MTFS are set out in Appendix J. They apply to all aspects of Council activity, including the Housing Revenue account (HRA). The MTFS reflecting the revised spending proposals set out above, and forecasts of likely resource availability, can be summarised as follows.

	2022/23	2023/24	2024/25
	£m	£m	£m
Base Budget Forecast - see para 37	265.5	275.0	280.8
Additional spending - see para 38	20.1	20.2	20.4
Savings - see para 39	(1.9)	(2.4)	(4.1)
Expenditure funded from Market Sustainability and Fair Cost of Care Fund	1.1		
Total Service Spend	284.8	292.8	297.1
Council Tax	140.1	145.7	151.6
Collection Fund Surplus/(Deficit) – Council Tax	0.3	-0.3	
Retained Business Rates	80.2	89.1	91.6
Business Rate Grant	22.7	17.4	17.8
Business Rate Grant reserve	13.1		
Collection Fund Deficit – Business Rates	-4.4	-1.8	-
Tariff	-5.5	-5.6	-5.8
New Homes Bonus	0.5	0.5	0.5
Improved Better Care Fund (IBCF)	16.6	16.6	16.6
Social Care Grant	17.2	17.2	17.2
Services Grant	4.7	4.7	4.7
Lower Tier Grant	0.4	0.4	0.4
Market Sustainability and Fair Cost of Care Fund	1.1		
Total Resources	287.0	283.9	294.6

Deficit funded from Balances	(2.2)	8.9	2.5
Balances brought forward	26.3	28.5	19.6
Balances carried forward	28.5	19.6	17.1

44. As stated earlier in this report, the Local Government Finance Settlement for 2022/23 is for one year only. For modelling purposes, it is assumed that retained Business Rates, Business Rate grants and the tariff are adjusted in line with forecast RPI. As regards New Homes Bonus, Improved Better Care Fund, Social Care Grant, Services Grant and Lower Tier Grant, these are shown at the same levels as in 2022/23, reflecting a neutral assumption that the overall level of funding to Local Government (and Dudley's share of that funding) will remain the same over the three years of the CSR. In practice, it is likely that the structure of individual grants will change (it is specifically stated that the Services Grant is one-off) and there is uncertainty as to whether the funding for Dudley will be better or worse than the assumptions set out above.
45. The value of the Market Sustainability and Fair Cost of Care Fund in 2022/23 is £1.1m and this is only known for one year. The spending forecast set out above includes a matching allowance of £1.1m for engagement with, oversight of and financial support to the care market within the purposes of the grant. It is assumed that there will be further allocations of grant in the subsequent years and that these will be matched with further spending so that the impact on the Council's overall financial position will be neutral.
46. The table above assumes that Council Tax increases by 2.99% in each year. 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.

Estimates, Assumptions & Risk Analysis

47. 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 overall impact of any changes to the local government finance system from 2023/24 onwards will be neutral when compared to the 2022/23 finance settlement;
 - iii. that underlying net income from Business Rates rises in line with forecast RPI, and that income and expenditure in respect of the Enterprise Zone is in line with current forecasts;
 - iv. that the impact of appeals against Business Rates is contained within the provisions assumed in this report;

- v. that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, that tax collection rates will remain in line with forecast and the underlying tax base will continue to grow as anticipated;
- vi. that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2022/23 and any inflationary pressures in 2023/24 and 2024/25 will be no more than the amount provided for;
- vii. that income and expenditure relating to treasury management activity are in line with forecasts;
- viii. that government policy on maximum underlying Council Tax increases will be the same in later years as in 2022/23;
- ix. that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
- x. that there will be no underlying change in the level of employers' pension contributions from 2023/24 compared with the current MTFS;
- xi. that the net impact of social care reforms (reduced charging income offset by additional government funding) will be neutral;
- xii. that there will be no material losses to the Council as a result of loans, guarantees and/or grant clawback;
- xiii. that spending pressures in relation to Special Education Needs and Disability can be contained within the Dedicated Schools Grant;
- xiv. that spending or income pressures caused by Covid-19 will not be material from 2022/23 onwards or will be met from further additional government funding;
- xv. that arrangements for waste disposal following the ending of the current incinerator contract from March 2023 can be managed within the existing budget allocations and allowances for inflation in this report;
- xvi. that there will be no other unplanned expenditure or shortfalls in income (including any resulting from demographic, economic, legislative or case law pressures) which cannot be met from reserves.

48. The assumptions set out above are subject to uncertainty. While there is a forecast budget surplus in 2022/23, there is currently a forecast deficit of £8.9m in 2023/24 and this represents a significant risk. In the event that outcomes are more negative than the assumptions in this report, then it may be necessary to reconsider spending plans in the MTFS and urgent action to reduce levels of expenditure or increase income may be required. Further analysis of risks is at Appendix K.

Detailed 2022/23 Budget Proposals

49. It is now proposed to recommend to Council the following revenue budget allocations to services.

Revenue Budget Allocations 2022/23

Directorate	£m
Adult Social Care	111.854
Children's Services	80.107
Health and Wellbeing	3.763
Chief Executive	-0.279
Corporate and Treasury	9.857
Finance and Legal	5.051
Digital, Commercial and Customer Services	0.778
Regeneration and Enterprise	11.515
Housing and Community	7.486
Public Realm	54.680
Total Service Budget	284.812

50. Details of each Directorate's budget analysed by main service area are shown at Appendix L.

The amount required from Council Tax Payers to fund the Total Service Budget together with the Band D Council Tax calculation is shown in the following table.

Funding the Revenue Budget 2022/23

Source of Funding	2021/22 £m	2022/23 £m
Dudley MBC Service Budget	271.307	284.812
Less: Retained Business Rates	(84.159)	(80.206)
Tariff	6.009	5.457
Business Rate Grant (inc. reserve)	(12.949)	(35.802)
New Homes Bonus (NHB)	(0.571)	(0.478)
Improved Better Care Fund (iBCF)	(16.139)	(16.627)
Social Care Grant	(12.703)	(17.176)
Services Grant	-	(4.748)
Covid General Grant	(8.815)	-
Lower Tier Services Grant	(0.392)	(0.413)
Market Sustainability		(1.054)
LCTS Support Grant	(2.990)	-
Collection Fund Surplus(-)/Deficit – Council Tax	2.016	(0.263)
Compensation grant reserve	(0.257)	-

Collection Fund Deficit – Business Rates	46.678	4.437
Business Rate Grant reserve	(44.441)	-
Compensation Grant reserve	(1.134)	-
Contribution to/from(-) General Balances	(8.302)	2.172
Dudley's Council Tax Requirement (including Social Care Precept)²	133.158	140.111
Tax Base	91,800.53	93,790.94
COUNCIL TAX (Band D) FOR DUDLEY	1450.51	1493.87

51. The proposed Dudley MBC Council Tax for a Band D property for 2022/23 of £1493.87 represents an increase of 2.99% compared with 2021/22. A referendum will not be required in respect of the Council's own element of overall Council Tax.
52. It is proposed that the Council approves the statutory calculations required by virtue of Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as set out in Appendix M.
53. The total levels of Council Tax, which will be considered by the Council at its meeting on 7th March 2022, will include the precepts for Police, and Fire and Rescue. It will, therefore, be necessary to incorporate the figures for the precepts in the Budget Report to Council.

Finance

54. The Local Government Act 2003 requires the designated Chief Finance Officer of the authority (the Director of Finance and Legal) to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves. The Director of Finance and Legal's report is set out in Appendix N. It should be noted that, although reserves are adequate to set a lawful budget for 2022/23, there are significant risks to the MTFS beyond that point.

Law

55. The Council's budget setting process is governed by the Local Government Finance Acts 1988, 1992, and 2012 and the Local Government Act 2003.
56. Section 67 of the Local Government Finance Act 1992 requires the Council to make calculations concerning its spending and Council Tax for the area. These calculations enable the Council's statutory obligations to be fulfilled.

² For 2022/23 includes £16.643m in respect of the Social Care Precept

57. 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.
58. 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.
59. It is important for Members to note that Sections 30(6) and 31A(11) of the Local Government Finance Act 1992, impose a statutory duty upon the Council to calculate its council tax requirement and to set its council tax for 2022/23 before the 11th March 2022.
60. 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

61. 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. This risk is currently assigned a rating of High. A detailed analysis of risks and uncertainties is included in paragraph 48 and Appendix K.

Equality Impact

62. 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.
63. 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.
64. 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.
65. 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.
66. 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.
67. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
68. In line with the Public Sector Equality Duty, Directors have been asked to identify which savings proposals for 2022/23 may have a significant impact on people who share a protected characteristic and to complete equality impact assessments on these proposals in order to establish the extent of the impact.
69. Following this review, there are no new savings proposals for 2022/23 which have been identified as having a significant equality impact. Equality impact assessments were completed last year for budget savings in the medium term financial strategy which began in 2021/22 and which also span 2022/23. These are published on the council's website at: <https://www.dudley.gov.uk/council-community/equality/plans-policies-and-reports/equality-impact-assessments/>
70. In making decisions on budget proposals, Members need to have due regard to the Public Sector Equality Duty alongside the forecast financial position, risks and uncertainties set out in this report. Actions to mitigate the impact of savings have where necessary been taken into account in equality impact assessments

71. 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

72. Proposals for an Employee Assistance Programme, for a new leadership development programme and to support transition to a new agency model are included in paragraph 38 and Appendix G.

Commercial / Procurement

73. Proposed savings from increasing the Dudley Town Hall catering and bar offer, increased leisure centre income and income from advertising on Boundary signs are included in paragraph 39 and Appendix H.

Council Priorities

74. The aspirations set out in the Council Plan can only be delivered if the Council is financially sustainable.



.....
Kevin O'Keefe
Chief Executive

.....
Iain Newman
Director of Finance and Legal

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List of Background Papers

Provisional Local Government Finance Settlement 2022/23

Medium Term Financial Strategy report to Cabinet, 15th December 2021

Funding provided by Government in response to Covid-19

Name	£m	Comment
General Covid-19 grant	8.8	
Compensation for sales, fees and charges	1.2	Latest estimate
Local Council Tax Support	3.0	
Total Unringfenced	13.0	
Section 31	10.7	Compensates for additional Business Rates relief
Additional Restrictions Grant (ARG)	2.2	
Omicron Hospitality and Leisure	2.2	
Omicron Support Fund	0.4	
Contain Outbreak Management	2.3	
Infection control and Rapid Testing	3.0	
Extension to Infection Control	2.0	
Social Care Workforce grant	3.0	To be mainly passported to providers
Practical Support Grant	0.8	
Track and Trace Support Payments and administration	0.7	New burdens round 5 announced
Local Elections	0.2	
Covid Catch up grant for schools	0.8	
Local Support Programme – Winter scheme	1.2	
National Testing	0.5	
Holiday Activities	1.2	
Holiday Activities 2022	1.3	Announced Dec 2021
Other DFE – Workforce/ Free School Meals and Mental Health	0.1	
Recovery Premium	0.2	

School Led Tutoring	0.2	
WMCA – Transport	0.2	
Household Support Fund	2.6	
Total Ringfenced	35.8	
CCG	TBC	Support hospital discharges, £0.5m claimed to date

2021/22 Forecast Outturn position

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Chief Executives	0.0	(0.3)	(0.3)	(0.4)	0.1	Covid - Use of Covid grants (£0.4m). Non covid - other net pressures £0.1m
Adult Social Care	102.2	103.4	1.2	1.2	0.0	Covid - Increased number of clients and cost of care £5.5m, offset by; use of covid grants (£1.9m), salary savings (£1.6m), inflation contingency (£0.5m) and release of BCF reserve (£0.3m).
Children's Services	74.2	74.4	0.2	0.4	(0.2)	Covid - loss of traded income £0.4m Non covid - net salary savings (£0.2m)
Health and Wellbeing	3.4	2.6	(0.8)	(0.8)	0.0	Covid - 6 months of Env Health and Trading standards salaries charged to COMF (£0.8m)
Finance and Legal Services	4.4	4.5	0.1	0.1	(0.0)	Covid - loss of summons income £0.3m, offset by one off grant income (£0.2m) Non covid - review of insurance reserve (£1.0m), offset by legal

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
						costs associated with digital case £0.8m and Housing Benefit overpayments £0.2m
Digital, Commercial and Customer Services	0.2	0.0	(0.2)	(0.1)	(0.1)	Covid – activity charged to grant (£0.1m) Non Covid - vacancies (£0.1m)
Housing and Community	6.9	6.6	(0.3)	0.0	(0.3)	Non covid - Electrical and Mechanical productivity pressures £0.1m, offset by release of PCSOs budget (£0.3m) and vacancies (£0.1)
Public Realm	51.3	52.6	1.3	1.5	(0.2)	Covid - £0.8m net pressure on waste (additional tonnages collected and agency staff), £0.5m car parking income, £0.2m other Non Covid - recycling commodity volume and prices (£0.6m) offset by street lighting £0.4m

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Regeneration and Enterprise	11.3	14.2	2.9	2.4	0.5	Covid - Leisure centres £1.2m, catering £1.0m, Himley/Halls and events £0.2m. Non Covid - one off receipt from LLP (£0.3m) offset by pressures on Land Development and other Corporate Landlord services £0.5m and CCTV costs £0.3m
Corporate & Treasury	18.1	10.2	(7.9)	(8.8)	0.9	Covid – (£8.8m) contingency, Non Covid – pay award of 1.75% compared to budget 0.3% £2.0m, EZ payment to the LEP 0.3m; offset by pension over recovery (£0.1m), capital slippage and borrowing costs (£1.2m) and other (£0.1m)
Total Service Costs	272.0	268.2	(3.8)	(4.5)	0.7	
Total Funding	(263.0)	(265.6)	(2.6)	(1.2)	(1.4)	Sales, Fees and Charges compensation grant (£1.2m), tax guarantee grant (£0.8m) and Section 31 grant (£0.6m)
Use of Balances	9.0	2.6	(6.4)	(5.7)	(0.7)	

Delivery of existing Medium Term Financial Strategy

	£'000	Comment
2021/22		
Adults		
Ensure the Disabled Facilities Grant contributes to relevant equipment costs.	450	Implemented
New Support to Carers contract	50	Implemented
Acquired Brain Injury Service - cease SLA with Dudley CCG.	100	Implemented
Automation of business processes through Successor social care IT system	50	Implemented
Streamline the Lye Community Project	50	In progress
Cease the moving and handling team and transfer functions to Occupational Therapy	50	In progress
Maximise contributions to social care (Fairer Charging)	580	In progress
Glebelands contract remodelling.	30	Delayed
Supported Living Package reviews in Mental Health	20	Delayed
Review and update the charging policy for transport	160	In progress
Contract out aspects of the money management function	30	Delayed
Reduce a Supported Living contract by 50% when current extension ends (Mental Health)	80	Implemented
Integrated Commissioning Hub restructure - assume straight 5% saving whilst still creating Cross Directorate / Council Programme resource	70	Implemented
Restructure of Mental Health Team and efficiencies from exit of Section 75 agreement.	250	In progress
Streamline of the invoice processing functions following the implementation of Successor Social Care IT system	60	Part of pressures
Continuing Health Care contributions to offset general fund expenditure on complex Learning Disability care	500	Delayed
Reduction of 50% of the budget for hospital avoidance placements	290	Part of pressures
Reduce the Residential Care Placement for older people budget by 5% to reflect the increasing shift to domiciliary care.	120	Part of pressures
Residential Care Charging Fraud Initiative – tackle fraudulent asset disposal in regard to Residential Care financial assessment and charging	200	In progress
Total	3,140	
Children's Services		
Reduced contribution to the Regional Adoption Agency	50	Implemented
Vacancy review	50	Implemented

	£'000	Comment
Removal of low level weekend working	100	Implemented
Managed step down from external residential placements	425	In progress
Movement of external placements into internal residential placements	375	In progress
Transfer of children to Special Guardianship Order status	40	Implemented
Review of Independent Fostering Agency placements	80	Implemented
Review of home to school transport for SEND children	220	In progress
Total	1,340	
Digital, Commercial and Customer Services		
Closure of Dudley Council Plus on Saturdays	10	Implemented
Total	10	
Regeneration and Enterprise		
Dudley Town Hall - increase the catering and bar offer.	50	Delayed
Confirmed success of Accelerated Towns Fund bid, £1m of prudential borrowing debt charges reduced	60	Implemented
Adult and Community Learning - maximising of costs charged to external grant which funds the service, leading to saving on core budget	50	Implemented
Reduction in costs, Enterprise Zone Management & Skills budget	150	Implemented
Bereavement: Memorial Safety budget	10	Implemented
Himley – staff re-structure	40	Delayed
Bereavement: stop locking cemetery gates	30	Delayed
Leisure Centres: Options Plus Discount scheme - reduce or remove certain categories	20	Delayed
Reduce Dudley Business First controllable budgets - based on 2019/20 outturn	50	Implemented
Review of vacant posts/spare hours in CLS	30	Implemented
Wider re-structure within Regeneration & Skills following a retirement	60	Implemented
Total	550	
Housing and Community		
Housing - reduction in revenue contribution to capital for Housing Assistance Grants	150	Implemented
Total	150	
Public Realm		
Mandatory Works Management System headroom	20	Implemented
Release Bulky Waste Trial growth	50	Implemented

	£'000	Comment
Release current headroom for Clinical Waste and review annually	70	Implemented
Reduction in the resources required to improve the condition of the Borough's football pitches.	40	Implemented
Total	180	

Where savings have been partly implemented or delayed, the financial impact is reflected in the 2021/22 outturn forecast in Appendix B or is being met from directorate earmarked reserves.

Changes compared with December report

	2022/23 £m	2023/24 £m	2024/25 £m
Previous forecast (surplus) / deficit	(1.8)	9.4	2.3
Changes to Spending Proposals:			
Increase to Transport Levy	0.3	0.3	0.3
Revised treasury management costs, etc.	(0.4)	0.2	0.6
Expenditure from Market Sustainability Grant	1.1		
Increased waste tonnages	0.2	0.2	0.2
Removal of proposal to charge for green waste	1.9	1.9	1.9
Total Changes to Spending Proposals	3.1	2.6	3.0
Changes to government funding:			
Remove estimated funding	8.0		
Lower Tier grant	(0.4)		
Increase in Improved Better Care Fund	(0.5)		
Increase to Social Care Grant	(4.5)		
New Services Grant	(4.7)		
Adjustment to Tariff cap	0.3		
Reduction to New Homes Bonus	0.1		
Assumed share of Government funding from 2023/24		(1.7)	(1.7)
Market Sustainability Grant	(1.1)		
Changes to local resources:			
Council Tax	(0.4)	(0.1)	0.2
Business Rates	(0.3)	(1.3)	(1.3)
Total Changes to Resources	(3.5)	(3.1)	(2.8)
Latest forecast deficit	(2.2)	8.9	2.5

Public Consultation on 2022/23 Budget – Analysis Report**Introduction**

The analysis in this report relates to the public consultation on the council budget for 2022/23, which started on 17th December 2021 and finished on 28th January 2022. This report considers all valid responses received during the consultation period.

The consultation asked members of the public to help plan future investment in council services by ranking six service areas in priority order from most to least important. Questions on demographics were also asked so the characteristics of respondents could be compared to those of the borough population as a whole. A final question asked for comments on how the council could improve.

Analysis and Responses

This report looks at the responses to the primary question on the priority order of services, followed by an examination of the demographic characteristics asked of respondents in the consultation. The suggestions received for improvements are not presented here; a full list of these comments will be provided separately for consideration.

The council received 1,246 responses to the consultation. As the budget relates to those living in Dudley Borough, respondents were asked to provide a postcode and house number so their resident status could be corroborated. Of the 1,246 consultation responses 24 did not provide verifiable address information, so were discounted.

The following analysis is based on the resultant 1,222 valid responses. A data table accompanies each question with charts illustrating the results at the end of the Analysis Report

Ranking of Services in Order of Priority

This question asked respondents to “Please rank the services below in the order you think we should be investing in them from 1 to 6 (1 being most important to you and 6 least important). You can only use each number once. Please rank every service”. To aid interpretation responses have been transformed so that a higher number indicates a greater service importance. For example, a service ranked as 1 (most important) is assigned a score of 6, 2 a score of 5 and so on. Once this methodology was applied, average scores were calculated for each service (see Table 1).

Table 1: Service Average Score (Where 6 = Higher Priority)

Service Area (ordered by highest to lowest average score)	Average Score
Adult Social Care – older people and the care system	4.4
Children's Services – young people and children in care	4.0
Health and Wellbeing – ensuring people are healthy and well	3.5
Environment – improving our roads, recycling and open spaces	3.4
Regeneration and Enterprise – building a better borough and boosting the economy	2.9
Housing – tackling homelessness and private landlord enforcement	2.8

Adult Social Care has the highest average service score with 4.4, followed by Children's Services with 4.0, Health and Wellbeing with 3.5 and Environment with 3.4. The remaining two service areas have scores below 3.0.

Demographic Characteristics

A further section of the consultation ("About yourself") asked people about their demographic characteristics. The analysis of responses by these characteristics are based on the 1,222 people with a valid borough address. Note as questions in this section were optional some respondents did not provide demographic information. Comparisons are given to the demographics of the borough population aged 18 and over using the most recent data available.

Gender

1,157 people provided information on gender. The gender split was 48.9% male and 51.1% female. This differs marginally from the Dudley Borough figures (see Table 2).

Table 2: Gender of respondents compared to Dudley Borough

Gender	Number of Responses	% of Responses	% Dudley Borough
Male	566	48.9	48.5
Female	591	51.1	51.5
Total	1,157		
<i>No response given</i>	65		

Source for Dudley Borough figures: Mid-Year Population Estimates 2020, population aged 18 and over, Office for National Statistics
Note: Percentages may not total to 100.0% due to rounding

Age

1,163 people answered the question about age. The number and percentage of responses by age group are given in Table 3. Comparison to the Dudley Borough figures shows the consultation responses have an under representation in the age groups below 45 and a converse over representation in the 45 to 64 and 65+ age groups.

Table 3: Age of respondents compared to Dudley Borough

Age	Number of Responses	% of Responses	% Dudley Borough
Under 25	5	0.4	9.4
25-44	183	15.7	31.2
45-64	506	43.5	33.4
65+	469	40.3	26.0
Total	1,163		
<i>No response given</i>	<i>59</i>		

Source for Dudley Borough figures: Mid-Year Population Estimates 2020, population aged 18 and over, Office for National Statistics

Notes: Percentages may not total to 100.0% due to rounding

The Dudley Borough population aged 18 to 24 has been used to calculate the percentage for the under 25 age group. The number of responses from people aged under 18 is 0.

Ethnic Group

1,154 people provided information on their ethnic group. 95.3% of responses came from White ethnic groups. This indicates this group is overrepresented in the consultation when compared to the Dudley population. The detailed breakdown of numbers and percentages is given in Table 4.

Table 4: Ethnic group of respondents compared to Dudley Borough

Ethnic Group	Number of Responses	% of Responses	% Dudley Borough
White	1,100	95.3	92.0
Black	6	0.5	1.4
Mixed	15	1.3	1.0
Asian	16	1.4	5.1
Other	17	1.5	0.5
Total	1,154		
<i>No response given</i>	<i>68</i>		

Source for Dudley Borough figures: 2011 Census Table LC2109, population aged 18 and over, Office for National Statistics

Note: Percentages may not total to 100.0% due to rounding

Long-term illness, health problem or disability

1,165 people answered whether they had any long-term illness, health problem or disability which limits their daily activity. 26.4% of respondents indicated they had a limiting condition, compared to the borough figure of 23.5%. Please see Table 5 for the full results.

Table 5: Long-term illness, health problem or disability of respondents compared to Dudley Borough

Long Term Illness	Number of Responses	% of Responses	% Dudley Borough
Yes	307	26.4	23.5
No	858	73.6	76.5
Total	1,165		
<i>No response given</i>	<i>57</i>		

Source for Dudley Borough figures: 2011 Census Table DC3302, population aged 16 and over, Office for National Statistics
Note: Percentages may not total to 100.0% due to rounding

Area of residence of respondents

Postcodes were used to assign each respondent's location to their area of residence. This analysis examines how the geographic distribution of respondents compares to that of the borough's population, as shown in Table 6. The Dudley Central area is underrepresented as are Brierley Hill and Halesowen, but their proportion of responses are much more similar to those seen in the borough population. Dudley North and Stourbridge are both overrepresented.

Table 6: Area of residence of respondents compared to Dudley Borough population distribution

Area of Residence	Number of Responses	% of Responses	% Dudley Borough
Brierley Hill	249	20.4	20.5
Dudley Central	221	18.1	22.7
Dudley North	214	17.5	16.3
Halesowen	245	20.0	20.3
Stourbridge	293	24.0	20.1
Total	1,222		

Source for Dudley Borough figures: Mid-Year Population Estimates 2020, population aged 18 and over, Office for National Statistics

Note: Percentages may not total to 100.0% due to rounding

The areas of residence used in this analysis consist of groups of electoral Wards as defined below:

Area of Residence	Constituent Wards
Brierley Hill	Brierley Hill; Brockmoor and Pensnett; Kingswinford North and Wall Heath; Kingswinford South; Wordsley
Dudley Central	Castle and Priory; Netherton, Woodside and St Andrews; Quarry Bank and Dudley Wood; St James's; St
Dudley North	Coseley East; Gornal; Sedgley; Upper Gornal and Woodsetton
Halesowen	Belle Vale; Cradley and Wollescote; Halesowen North; Halesowen South; Hayley Green and Cradley South
Stourbridge	Amblecote; Lye and Stourbridge North; Norton; Pedmore and Stourbridge East; Wollaston and Stourbridge

Analysis Charts

Chart 1: Service average score (where 6 = higher priority)

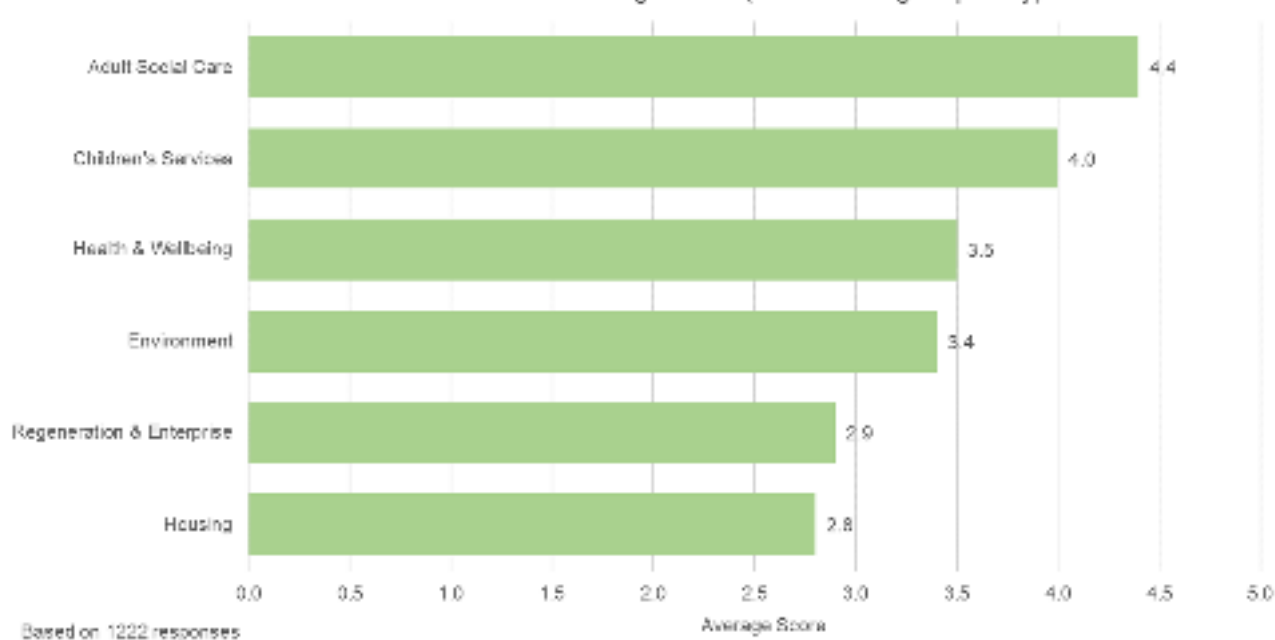


Chart 2: Gender of respondents compared to Dudley Borough

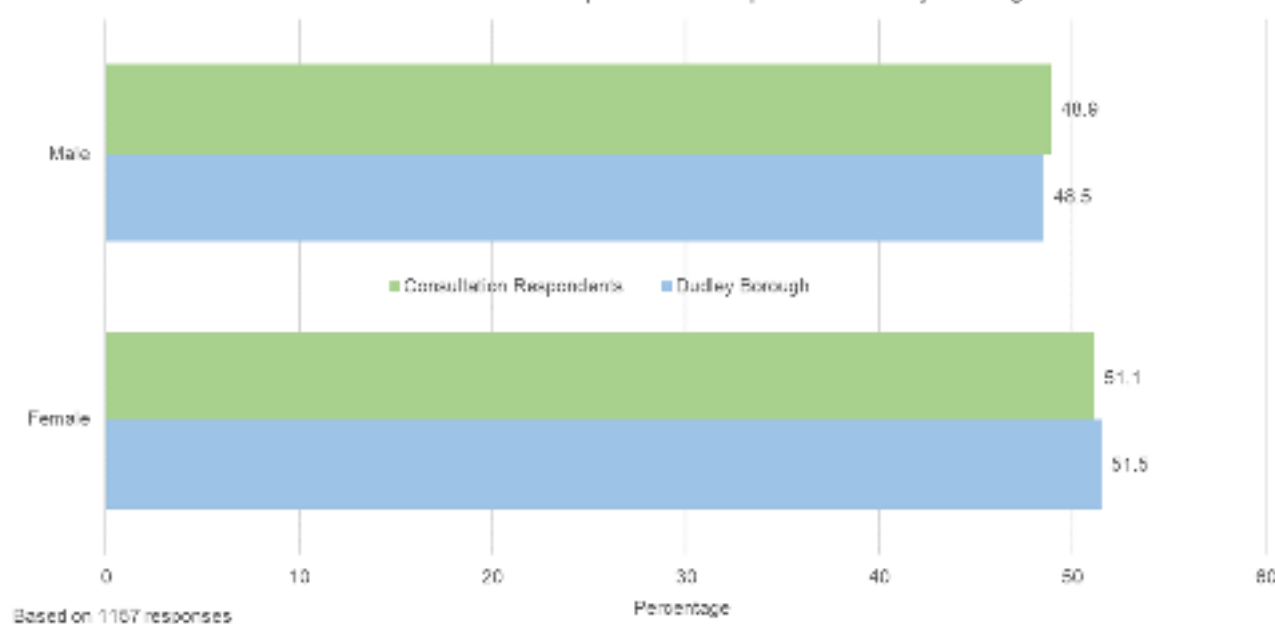
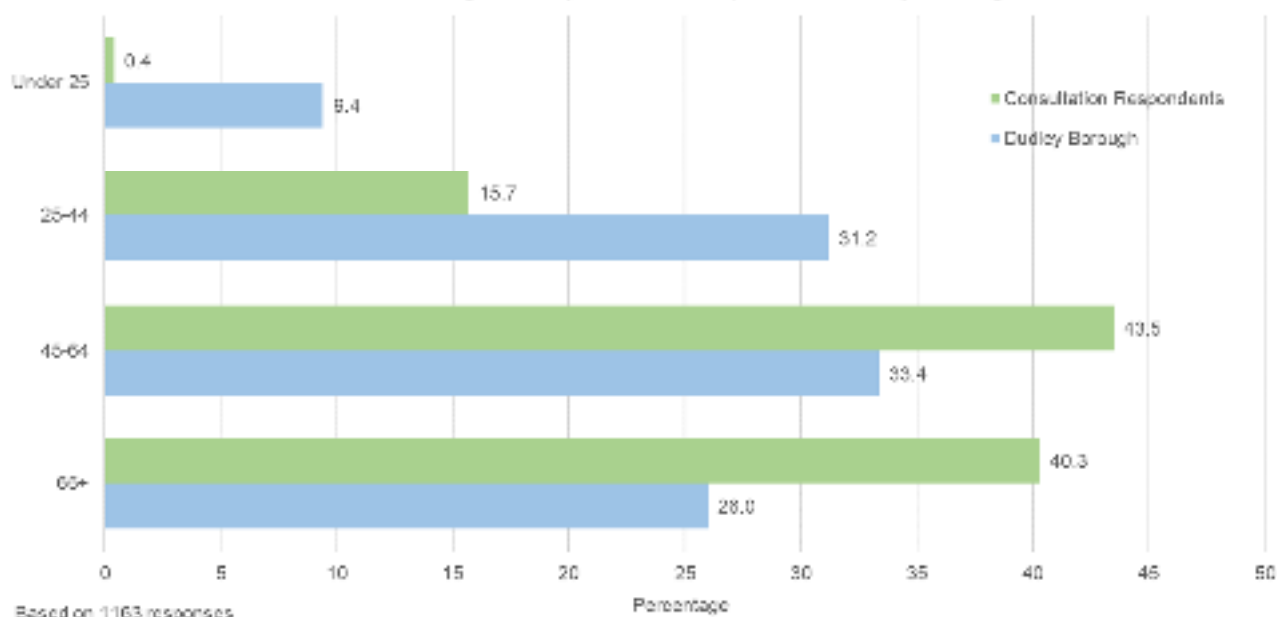


Chart 3: Age of respondents compared to Dudley Borough



Notes: The Dudley Borough population aged 18 to 24 has been used to calculate the percentage for the under 25 age group. The number of responses from people aged under 18 is 0.

Chart 4: Ethnic group of respondents compared to Dudley Borough

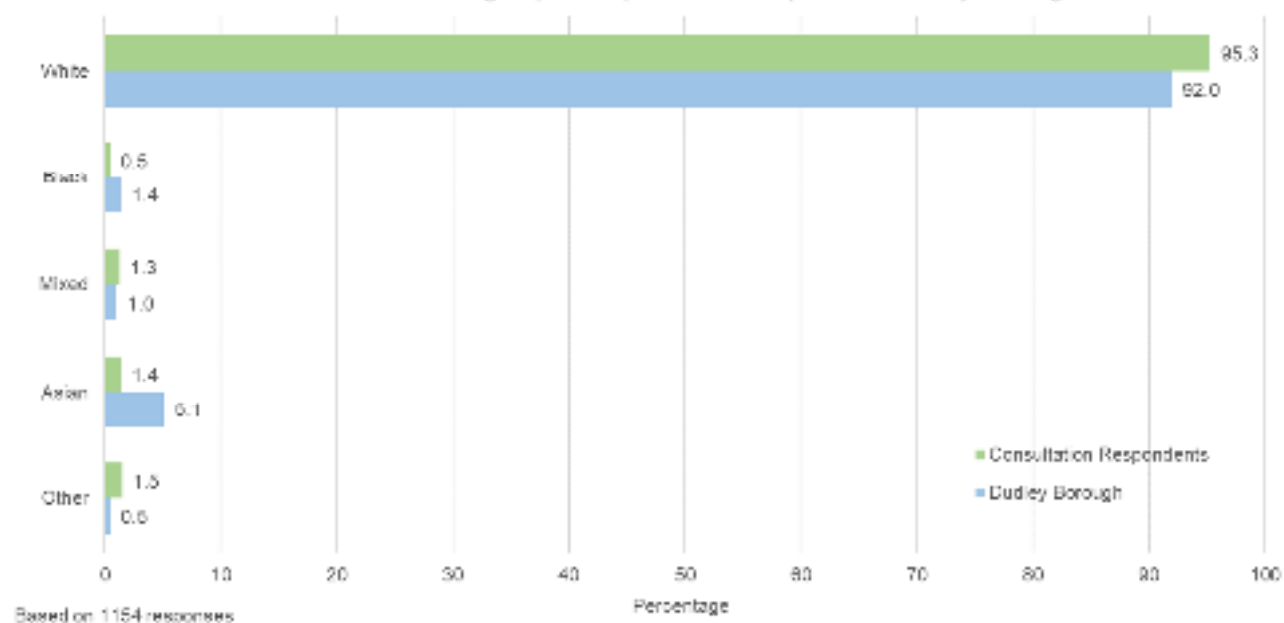


Chart 5: Long term illness, health problem or disability of respondents compared to Dudley Borough

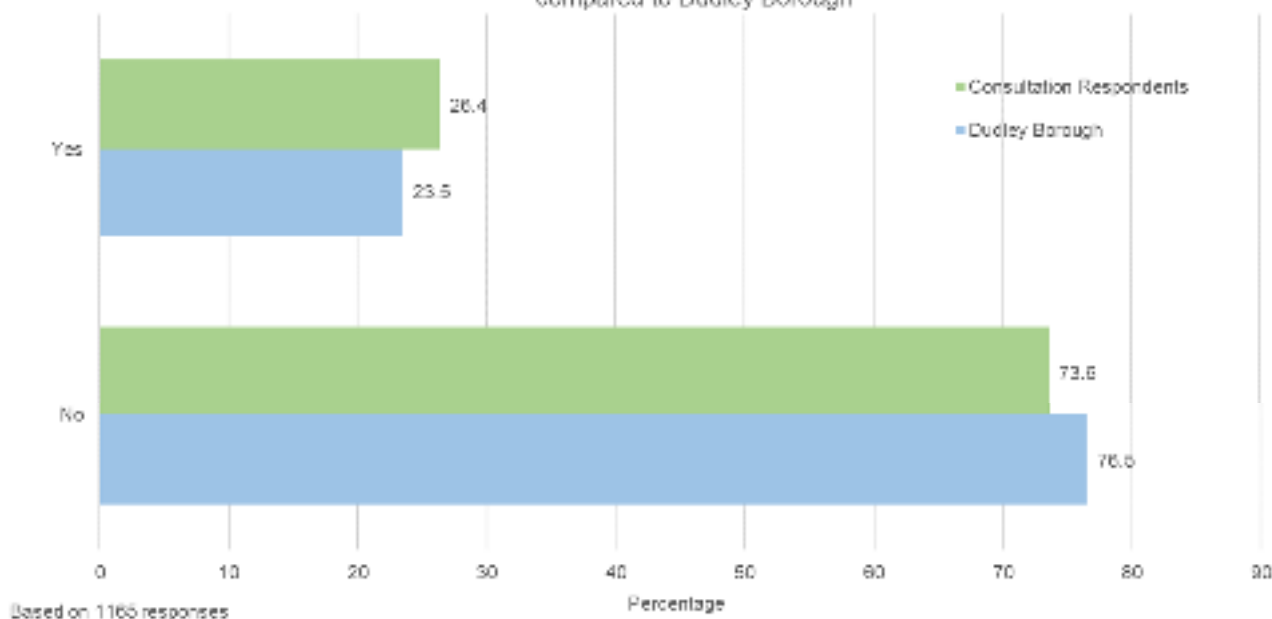
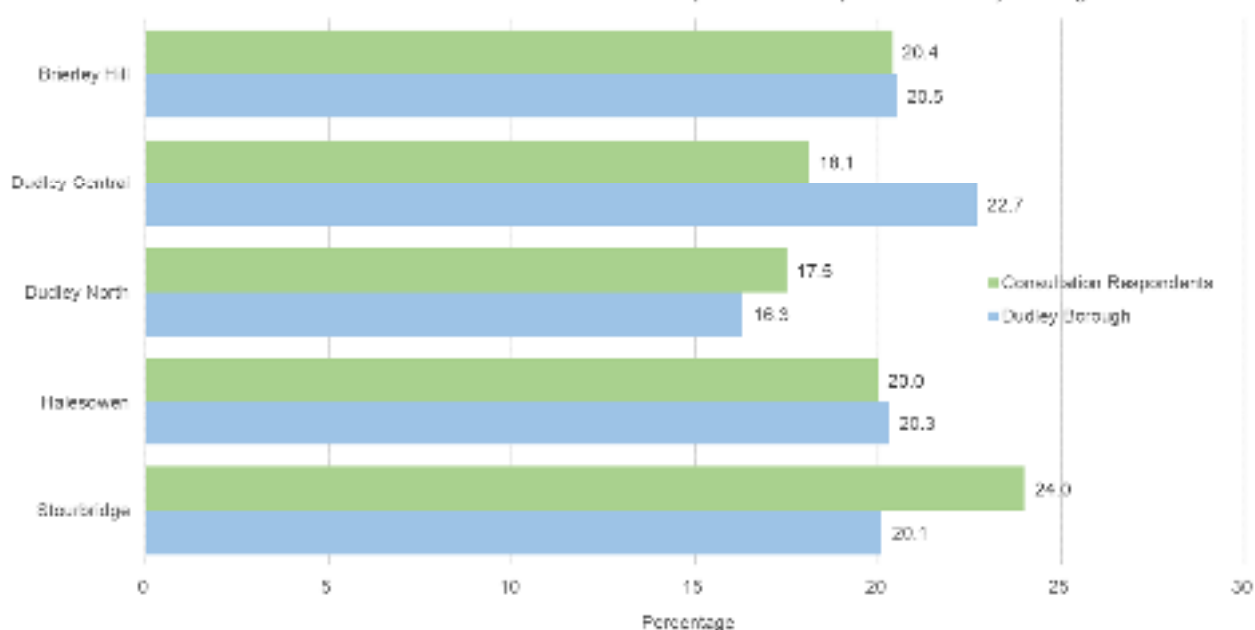


Chart 6: Area of residence of respondents compared to Dudley Borough



The areas of residence used in this analysis consist of groups of electoral Wards as defined below:

Area of Residence	Constituent Wards
Brierley Hill	Brierley Hill; Brockmoor and Pensnett; Kingswinford North and Wall Heath; Kingswinford South; Wordsley
Dudley Central	Castle and Priory; Netherton, Woodside and St Andrews; Quarry Bank and Dudley Wood; St James's; St
Dudley North	Coseley East; Gornal; Sedgley; Upper Gornal and Woodsetton
Halesowen	Belle Vale; Cradley and Wollescote; Halesowen North; Halesowen South; Hayley Green and Cradley South
Stourbridge	Amblecote; Lye and Stourbridge North; Norton; Pedmore and Stourbridge East; Wollaston and Stourbridge

Summary of response to the Provisional 2022/23 Settlement

A summary of our responses to the main issues raised in the consultations is as follows:

1. We supported the proposed methodology for distributing underlying Revenue Support Grant³ in 2022/23, including the rolling in of 2 New Burdens grants, welcoming the stability provided by the proposals.
2. In respect of to the council tax referendum principles proposed for 2022/23, we reiterated our belief that as a matter of principle democratically-elected councillors should be trusted to make decisions balancing service needs against affordability.
3. We agreed with the proposals for allocating Social Care Grant in 2022/23 according to assessed need, noting however that we can see no logic for limiting the equalisation component. This limitation will result in a few relatively affluent Social Care authorities receiving more (from this grant and the Social Care precept) than their proportion of assessed need, at the expense of all other authorities. We welcome the fact that a significant proportion of the additional funding provided by the Comprehensive Spending Review is being directed to authorities with adult social care responsibilities.
4. We agreed with the proposals for allocating Improved Better Care Fund grant in 2022/23 (on the basis of assessed need and potential Social Care Precept income) welcoming the stability provided by continuing with the same methodology as for 2021/22.
5. We agreed with the proposals for distributing the Market Sustainability and Fair Cost of Care fund in 2022/23 (on the basis of relative needs for adult social care)
6. We do not agree with the Government's proposals for a one-off 2022/23 Services Grant when it is intended, among other things, to compensate for a the impact of National Insurance increase to fund social care which will not a one off issue but will be an ongoing pressure on our budget.
7. We reiterated our opposition to the New Homes Bonus (NHB) in principle. We would argue that there should be no new allocations for 2022/23 and the element of the top-slice from RSG not required to fund legacy payments should be allocated in proportion to the Settlement Funding Assessment.

³ For Dudley, underlying Revenue Support Grant is reflected in the calculation of our Tariff as part of the 100% Business Rates Retention pilot.

8. We opposed the proposed approach to paying Rural Services Delivery Grant in 2022/23 on the basis of sparsity measures given that this payment is not underpinned by any calculations of the additional costs resulting from sparsity.
9. We supported the proposal for the element of the new Lower Tier Services Grant to fund service pressures. We opposed the funding floor element, which would appear to be directed towards authorities who are seeing a substantial reduction in New Homes Bonus without any regard to their spending needs and argued that the whole grant should be allocated on the basis of relevant assessed spending need.

Additional Spending

Adult Social Care	2022/23 £'000	2023/24 £'000	2024/25 £'000
2021/22 MTFS saving no longer achievable - Reduction of 50% of the budget for hospital avoidance placements	290	290	290
2021/22 MTFS saving no longer achievable - Reduce Residential Placement budget by 5%	120	120	120
Standard cost nursing placements increased demand	350	350	350
High cost nursing and mental health placements in demand	1,520	1,520	1,520
Residential increased demand	1,290	1,290	1,290
Covid 19 hospital related discharges and emergency community placements	1,350	1,350	1,350
Reablement increased demand	960	960	960
Higher percentage of clients are exempt from paying a contribution towards their care	500	500	500
Budget to manage market pressures due to rising costs of care	4,010	5,950	5,950
Total	10,390	12,330	12,330

Children's Services	2022/23 £'000	2023/24 £'000	2024/25 £'000
Resource to support the SEND/Children with Disabilities Improvement Programme	260	260	260
Social Worker pay	660	660	660
Edge of Care - intensive work to support children at risk of moving into care to remain with their families	620	620	620
Total	1,540	1,540	1,540

Chief Executive	2022/23 £'000	2023/24 £'000	2024/25 £'000
Chief Executives Strategic Contingency Provision (projects, events and promotional activity and support for the Borough Vision and Council Business Planning)	160	160	160
In house support team to make the successful transition to a new Agency model	70	70	-
Christmas light switch on events in each township area	20	20	20
Black Country Festival events in each township area	20	20	20
Reestablishment of a Leadership Development programme for managers and aspiring leaders Leadership Development will strengthen capability in delivering the borough and Council aspirations of the future, operate effectively within a commercial and outcomes focussed environment and work across our system for the benefits of the residents of the borough.	80	80	80
Introduction of an Employee Assistance Programme (EAP) Platform that will provide mental health and wellbeing to employees.	30	30	30
Internal communications and engagement officer	20	40	40
Total	400	420	350

Finance and Legal Services	2022/23 £'000	2023/24 £'000	2024/25 £'000
Revenue & Benefits - reduction in subsidy relating to benefits overpayments	400	400	400
Revenue & Benefits – increased numbers of care leaver Council Tax exemptions	80	80	80
Financial Services - additional accountant capacity	40	40	40
Additional Staff necessary to meet the increased demand for Legal Services including additional capacity for prosecution work	110	110	110
Total	630	630	630

Digital, Commercial and Customer Services	2022/23 £'000	2023/24 £'000	2024/25 £'000
Known impact of Microsoft price increase at next renewal of Enterprise Agreement	170	170	170
Additional costs arising from investment in new firewall technology	0	90	90
Digital platform - procure alternative semi-built solution	540	520	480
Reduce staff turnover target within ICT	100	100	100
Central web content authoring - 3 FTE Content Designers for Central Web Authoring Team	130	130	130
Additional costs to introduce a rolling desktop refresh programme, including purchasing equipment that better meets the needs of colleagues given the new ways of working.	690	540	540
Total	1,630	1,550	1,510

Regeneration and Enterprise	2022/23 £'000	2023/24 £'000	2024/25 £'000
Crystal Leisure Centre Roof – revenue implication of £600k capital investment	30	30	30
Red House Cone restoration works revenue implication of £1.5m capital investment	80	80	80
CCTV – costs of deployable cameras, increased staffing of control room and additional ICT costs	320	320	320
Fire Safety at non HRA sites.	50	50	50
Corporate Landlord staffing (Strategic Asset Management team)	120	120	120
Planning Enforcement staffing and CPO of sites identified for regeneration	100	100	100
Bereavement Services staffing	30	30	30
Corporate Landlord staffing (Construction & Design team)	50	50	50
Impact of National Living Wage on outsourced Cleaning Contract for Admin Buildings	20	40	60
Resources to maximise opportunities to secure external funding and grants to support the ambitions of the borough across regeneration, public realm, housing, tourism, levelling up	100	0	0

Regeneration and Enterprise	2022/23 £'000	2023/24 £'000	2024/25 £'000
Resources to support the development of a destination management strategy and plan to develop Dudley as a key destination of choice.	130	0	0
Total	1,030	820	840

Housing and Community	2022/23 £'000	2023/24 £'000	2024/25 £'000
Library contract inflation provision	240	310	380
Private sector housing enforcement including traveller officer post	50	50	50
Service provision to comply with duties under the Domestic Abuse Act	240	240	240
ASB enhancement - new service model	50	50	50
Community Safety enhancement	200	200	200
Total	780	850	920

Public Realm	2022/23 £'000	2023/24 £'000	2024/25 £'000
Commonwealth Games 2022 - Public Realm Infrastructure costs & Events programme	500	0	0
Car Parks at Rye Market and Pool Road	60	60	60
Street Cleansing Vehicles (increased capacity)	80	80	80
Highway resurfacing	1,000	500	500
Street Cleansing / Borough Enhancements	200	200	200
Green Care & In Bloom	100	100	100
Tree Planting	50	50	50
Gully Emptying's move from a 5 year cycle to a 3 year cycle	90	90	90
Nuisance Trees	100	100	100
An additional Highways Inspector	50	50	50

Public Realm	2022/23 £'000	2023/24 £'000	2024/25 £'000
Additional resource required to manage the impact of Ash Dieback (a disease killing Ash Trees in large numbers across the UK). This will be achieved by cataloguing and monitoring the trees condition as well as undertaking necessary remedial works.	400	20	20
Cost associated with collecting and disposal of increased household waste tonnages	200	200	200
Weed Control trial	70	0	0
Car Parks R&M	120	120	120
Waste disposal - inflation pressures across the three main disposal contracts	230	470	710
Food Waste collection trial	200	0	0
Technical resources to provide support to corporate programmes	230	0	0
Total	3,680	2,040	2,280

Proposed Savings

Adult Social Care	2022/23 £'000	2023/24 £'000	2024/25 £'000
Streamline the Lye Community Project	50	50	50
Cease the moving and handling team and transfer functions to Occupational Therapy	60	60	60
Glebelands contract remodelling.	30	30	30
Review and update the charging policy for transport	60	60	60
Contract out aspects of the money management function	30	30	30
Reduce a Supported Living contract by 50% when current extension ends (Mental Health)	0	160	160
Integrated Commissioning Hub restructure - assume straight 5% saving whilst still creating Cross Directorate / Council Programme resource	90	90	90
Restructure of Mental Health Team and efficiencies from exit of Section 75 agreement.	150	150	150
Total	470	630	630

Children's Services	2022/23 £'000	2023/24 £'000	2024/25 £'000
Managed step down from external residential placements	425	425	425
Movement of external placements into internal residential placements	375	375	375
Total	800	800	800

Chief Executive	2022/23 £'000	2023/24 £'000	2024/25 £'000
Income from Boundary signs	40	40	40
Total	40	40	40

Digital, Commercial and Customer Services	2022/23 £'000	2023/24 £'000	2024/25 £'000
Reduction in Customer Services advisors	0	0	120
Total	0	0	120

Regeneration and Enterprise	2022/23 £'000	2023/24 £'000	2024/25 £'000
Enter into a commercial lease for Halesowen Cornbow Hall	0	100	100
Estate rationalisation - Regent House Dudley	50	150	150
Estate rationalisation - Cottage St Offices, Brierley Hill	30	30	30
Estate rationalisation - The Mere Education Centre	0	40	40
Himley - increase in car park income generation due to recent price increase. Per Decision Sheet DRE/25/2021.	20	20	20
Himley - net increase in car park income and secondary spend due to increased visits as a result of the proposed installation of Play Area.	0	70	90
Halls - net increase in income from ticket sales, bar and food as a result of increased number of shows following additional capital investment per recent Business Case	100	150	210
Leisure Centres - increase in income as a result of increasing the price of peak usage of the leisure pool at CLC and badminton	100	100	100
Leisure Centres to be self financing within 3 year period.	0	0	1,170
Bring bars back in-house for Stourbridge Town Hall & Cornbow Hall	10	10	10
Total	310	670	1,920

Housing and Community	2022/23 £'000	2023/24 £'000	2024/25 £'000
Efficiencies resulting from new Libraries service / contract	0	0	360
Remove funding earmarked to match fund PSCO recruitment with Police	250	250	250
Total	250	250	610

Proposed use of Public Health Grant 2022/23

	£000	£000
Community Council	660	
Supportive Environments	982	
Parks and Physical Activity	226	
Communities & Healthy Places		1,868
Children 5+	2,962	
Children 0-5	6,191	
Children & Young People		9,153
PH Health Protection	423	
Long Term Conditions	425	
Healthcare		848
Health & Wellbeing Management		2,020
Healthy Aging	1,130	
Commissioning for Intelligence	573	
Sexual Health	2,012	
Working Age Adults	1,081	
Substance Misuse	3,148	
Emergency Planning	183	
Adults' Public Health		8,127
Healthcare		
Total Spend		22,016

Underlying Principles of the Medium Term Financial Strategy

General

1. The Council's financial planning and budgeting will be undertaken on a medium-term basis (at least 3 years).
2. The starting point for each year's budget and the MTFS will be the previous year's "base budget", plus appropriate provision for anticipated:
 - Pay inflation;
 - General provision for non-pay inflation as appropriate;
 - Capital Programme implications (debt charges and running costs / savings);
 - Changes in functions and funding arrangements;
 - Fallout of specific grants and other income;
 - New specific grants;
 - Treasury activities impact (investment & borrowing rates);
 - Other necessary adjustments.
3. The Council's final budget and MTFS will be determined according to the Council's priorities, ensuring that funding is allocated according to the corporate vision, aims, and objectives.
4. Detailed directorate budgets will flow from the MTFS, with provision for pay inflation allocated to directorates, together with the financial impact of specific spending pressures and savings items.
5. Plans will reflect the resources allocated to directorates as part of the MTFS and set out how services will be delivered within these constraints.
6. The Council's budget will be linked to performance to enable the effectiveness of the allocation of resources to be fully assessed.
7. Directors are responsible for delivering planned service outputs within cash-limited budgets.
8. The financial implications of the Council's partnership working will be reflected in the MTFS.
9. An annual Budget Review process will be undertaken by the Chief Executive, Directors, and Members in accordance with an agreed plan and timetable with the objective of setting the following year's Budget and Council Tax and reviewing the MTFS.

10. The Budget Review will accord with the Council's statutory duties including consideration of the public sector equality duty in Section 149 of the Equality Act 2010. The detailed review process to be used will be subject to annual revision as necessary.

Reserves and Balances Policy

11. In consultation with the Director of Finance and Legal, earmarked reserves may be established from within cash-limited budgets to properly reflect ongoing financial commitments, fund future service developments (in line with Council priorities) or expenditure of an uneven nature (e.g. renewal of equipment).
12. All earmarked reserves will be periodically reviewed. Any reserves no longer required for their original purpose will be transferred to General Balances.
13. General Balances will be managed to enable spending pressures and resources to be balanced over the medium term.
14. In accordance with legislative requirements, the Director Finance and Legal will report to the Council (when considering the budget for the following financial year) on the adequacy of the proposed levels of reserves.

Risk Assessment and Management

15. A comprehensive financial risk assessment will be undertaken for all parts of the revenue and capital budgets, including any lessons learned from previous experience.
16. The significant risks will be reported to Members for consideration when setting the budget and Council Tax, and when approving Capital projects as appropriate. These risks will also be taken into account when determining appropriate levels of reserves as set out above.
17. A specific risk assessment will also be undertaken for any proposals to increase or reduce expenditure.
18. Financial and other risks will be actively managed as part of the Council's established policies and procedures.
19. Directorates are required in the first instance to manage financial risks and accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets or from earmarked reserves - only seeking allocations from General Balances where this is proven to be impossible.

Income

20. Fees and charges will be kept under review, including consideration of areas where charges are possible, but are not currently made. Any cost subsidy must be justified in terms of its contribution to the Council's strategic aims.
21. Directorates will also monitor on an ongoing basis all opportunities to generate extra income to meet new service pressures or fund existing expenditure, thereby reducing pressures on bottom line budgets and Council Tax.

Budget Realignment – Pressures

22. As part of the annual budget review, proposals will also be considered for additional expenditure to meet spending pressures arising from:
 - Legislative change;
 - Demographic change;
 - Customer needs;
 - Performance standards / Government targets;
 - Fall-out of specific grants, or other reductions in income;
 - Specific non pay inflation, to the extent this exceeds cash limited budgets or any general provision.
23. Each pressure will be considered in the light of:
 - Its impact on Council priorities;
 - A risk assessment of not funding the pressure;
 - The possibility of funding from external or capital resources.
24. Proposals will be prioritised in terms of their necessity and contribution to the Council's priorities. A risk assessment will also be made of the impact of not taking the proposal forward.
25. A package will be agreed in the light of overall resource availability.
26. The impact of agreed budget increases on service outputs will be monitored as part of the Council's overall performance monitoring processes to ensure that the intended outputs have been achieved.

Budget Realignment - Value for Money Efficiency Review

27. All services will be subject to regular reviews to ensure the best use is being made of resources across the Council. This will include a detailed justification of resources required after determining service objectives; establishing the level of service needed to meet those objectives. Where relevant, evidence from other authorities will be used to inform the reviews.

Budget Realignment - Other Savings

28. Each year all revenue budgets will be reviewed as part of an overall agreed process and timetable to assess their contribution to the Council's strategic aims. Particular focus will be on those areas of non-statutory expenditure, or where spend is in excess of statutory levels.
29. As a result of the above, proposals will be brought forward for savings in light of the Council's overall financial position. In particular, options will be considered which might result from:
- Additional income from fees and charges;
 - Additional external funding;
 - Review of low priority spending.
30. Each saving will be considered in the light of:
- A risk assessment relating to achievability;
 - A risk assessment relating to service and equality impacts that take into consideration the public sector equality duty under the Equality Act 2010. Members will effectively assess potential impacts on protected groups, consider how to mitigate them and demonstrate how communities and groups have been consulted with as part of the decision making process.
 - Any one-off costs involved in achieving the saving.
31. Once approved, the implementation of any budget reductions will be monitored as part of normal budget and output monitoring processes.

Capital Programme

32. The Council's Capital Programme will complement the revenue budget in achieving the Council's priorities. It will be constructed and developed in accordance with the principles outlined in the Council's approved Capital Strategy.
33. All known revenue costs arising out of capital spend will be included in the revenue budget.

34. Where proposals are made to use the flexibilities offered by the “Prudential Borrowing” regime to undertake unsupported borrowing, these (and their revenue implications) will be considered as part of the annual budget review process in the light of overall revenue resource availability and the contribution of the proposed expenditure to achieving the Council’s aims.

Treasury Management

35. All borrowing and/or investment activity will be carried out in accordance with the approved Treasury Strategy and, and within the Prudential Indicators set annually by the Council.
36. This will include forecasting the main Balance Sheet items at least 3 years forwards to ensure optimal borrowing / investment decisions, and as a basis for subsequent monitoring.

Performance Management

37. The delivery of required service outputs and the achievement of financial performance targets will be monitored by budget holders, as an integral part of the Council’s performance management framework.
38. As set out above, particular emphasis will be given to monitoring the impact of budget growth and savings.

External Funding and Partnerships

39. In addition to income from fees and charges discussed above, the Council will maximise external funding in the form of specific grants from the Government and other sources towards expenditure which will enable its aims and objectives to be achieved.
40. With regard to specific grants, the anticipated level of funding (where known) over the medium term is taken into account when reviewing budgets as part of the MTFS - particularly where new/ increased grant funding can contribute to meeting budget pressures, or where the fallout of existing grant may create a budget pressure in itself if the need for the underlying expenditure is ongoing.
41. The Council seeks to ensure that its many partnerships continue to be appropriate means of delivering its aims and objectives in a value for money manner. For the key partnerships operating throughout the Council, the joint plans agreed with partners and other stakeholders will include detailed financial elements - including each partner’s medium term financial (or other resource) commitment. These will be consistent with the Council’s budget and MTFS.

- 42. The Council will also seek to ensure where possible that the mainstream budgets and financial plans of our partners reflect the Council's (and the community's) priorities.
- 43. For all external sources of funding or partnership support, an exit strategy will be put in place.

Consultation

- 44. The Council Plan which determines the priorities for the MTFs, Capital Programme and annual revenue budget are subject to extensive consultation with the general public and other stakeholders and partners.
- 45. In addition, public consultation will be undertaken as appropriate during the budget process.
- 46. In accordance with the Council's Constitution, the Scrutiny Committees are consulted on the Cabinet's budget proposals and any related specific issues relevant to their Council Plan and service responsibilities. In framing their responses, the Scrutiny Committees are asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.
- 47. The Council is required by law to consult with representatives of Business Ratepayers each year before the final budget and Council Tax are agreed.

Risk Assessment

1. The following table sets out the significant risks which Members must consider prior to agreeing a budget and MTFS, albeit that these risks become more difficult to assess within a medium term timescale.

Risk	Impact
Pay inflation exceeds forecasts	Forecasts allow for an increase of 2% per annum. A 1% increase in pay inflation would cost around £1.3m extra per year.
Government grant income is less than assumed	We have assumed that the final 2022/23 finance settlement and any specific grant income is in line with forecasts; that in subsequent years income from general and specific grants are cash flat (except where government have indicated real terms increases); and that the underlying impact of any local government funding reforms is neutral. The latter is a significant area of uncertainty (with the potential to be either negative or positive).
Underlying Business Rate income lower than assumed	The ultimate impact of appeals in particular creates considerable uncertainty. A 1% shortfall in income would reduce annual resources by £1.0m.
Cost of Council tax Reduction (CTR) exceeds forecasts and tax base does not grow as anticipated	The impact of a 1% variation in total cost of CTR would amount to around £0.2m. We have assumed the underlying tax base will continue to grow to reflect anticipated developments. Failure to grow would reduce annual resources by around £0.7m cumulatively.
Price inflation is more than provided for.	There is no provision for general price increases on non-pay budgets for 2022/23. With the exception of specific pressures provided for, all non-pay budgets will be cash limited and any inflationary pressures will need to be managed within directorate budgets and through efficient procurement. We have provided for non-pay inflation from 2023/24 in line with Government inflation forecasts. 1% price inflation in excess of provision would cost around £1.9m extra per year.
Income and expenditure relating to treasury management activity are not in line with forecasts	All General Fund borrowing is at fixed rates, and maturity dates are spread in order to mitigate risk. A 1% increase in interest rates compared with current assumptions would cost £3.9m in total more than budgeted for over the life of the MTFS.

There will be no other unplanned expenditure or shortfalls in income that cannot be met from reserves.	Unforeseen costs or costs greater than estimated - including those arising from demographic, legislation and case law pressures – may be unavoidable. A 1% loss of income (excluding grants & interest) would cost around £0.4m per year.
Reduction in maximum underlying Council Tax increases without the need for a referendum.	A 1% reduction in Council Tax increase would cost around £1.3m per year.
Adult Social Care budget is insufficient to meet demand, market and other pressures.	A 1% increase in care charges over the budget allowed would cost £1.1m per year
Underlying increase in employers' pension contributions in 2023/24 compared with current MTFS.	A 1% increase in the contribution rate would cost around £0.1m per year.

2. Actual outcomes in respect of the above risks, or in general, may be more positive or more negative than assumed. In the event that outcomes are more negative, it may become necessary to take urgent action to reduce levels of expenditure or increase income. In this respect, the uncertainty about the outcome of any local government funding reforms is particularly significant.

Analysis of Proposed 2022/23 Budget by Service Area

	£'000
Physical and Sensory support 18-64	5,980
Learning Disability support 18-64	39,689
Mental Health support 18-64	3,877
Support for older Adults 65+	37,576
Support for Carers	264
Social Care activities	10,102
Adult Social Care Information and Early Intervention	4,367
Adult Social Care commissioning and service delivery	8,768
Other Services	1,231
Total Adult Social Care	111,854
Registrars, Events and Other Services	-279
Total Chief Executive	-279
Schools	18,559
Youth Service	1,489
Children & Families Social Services	55,358
Other Children's Services	4,701
Total Children's Services	80,107
Other Corporate costs	778
Total Digital, Commercial and Customer Services	778
Transport Levy	12,831
Other WMCA contributions	1,547
Flood Defence Levy	113
Other Corporate and Treasury	-5,688
Contingency (Market Sustainability)	1,054
Total Corporate and Treasury	9,857
Elections & Electoral Registration	782
Tax Collection & Benefits	2,307
Coroners, Democratic and Other Costs	1,962
Total Finance and Legal	5,051

Public Health	730
Environmental Health & Consumer Protection	3,033
Total Health and Wellbeing	3,763
Private Sector Housing	1,258
Homelessness & Welfare	778
Libraries and Archives	4,507
Community Safety	652
Other Services	291
Total Housing	7,486
Waste Collection & Disposal	21,953
Street Cleansing	3,779
Traffic Management & Road Safety	1,161
Flood Defence & Land Drainage	345
Highways Maintenance (including depreciation)	19,573
Other Engineering & Transportation Services	2,029
Recreation & Sport and Open Spaces	5,707
Other Services	133
Total Public Realm	54,680
Cemeteries & Crematoria	-2,177
Culture and Heritage	2,446
Recreation & Sport and Open Spaces	2,774
Planning, Building and Development Control	2,250
Economic Regeneration	3,078
Environmental Initiatives	543
Adult Learning	940
Community Safety	536
Other Services	1,125
Total Regeneration and Enterprise	11,515
Total Service Budget	284,812

Details of Calculations to be Determined by the Council

1. That the following amounts be now calculated by the Council for the year 2022/23 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:
 - (a) £ 722.892m being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act. *(The Council's spending, contingencies, contributions to reserves, and specified transfers from the general fund to the collection fund.)*
 - (b) £ 582.781m being the aggregate of the amounts which the Council estimates for the items set out in Sections 31A (3) of the Act. *(The Council's income, use of reserves, and specified transfers from the collection fund to the general fund.)*
 - (c) £ 140.111m being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its council tax requirement for the year.
 - (d) £1493.8650 being the amount at (c) above divided by the Council Tax base 93,790.94, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year.
 - (e) Dudley Council Tax for each Valuation Band

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
995.91	1161.90	1327.88	1493.87	1825.84	2157.81	2489.78	2987.73

being the rounded amounts given by multiplying the amount at (d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different bands.

**Report of the Director of Finance and Legal as required by
Section 25 of the Local Government Act 2003**

1. Section 25 of the Local Government Act 2003 requires the designated Chief Finance Officer of the Authority (the Chief Officer, Finance and Legal Services) to report to it on the following matters and the Authority must then have regard to that report when making decisions about the statutory budget calculations:
 - (a) the robustness of the estimates for the purposes of the statutory budget calculation;
 - (b) the adequacy of the proposed financial reserves;
2. The estimates which comprise the budget proposed in this report have been completed by my staff and staff in Directorates, on the basis of known commitments, an allowance for pay awards and spending pressures and an appropriate assessment of the potential risks and uncertainties. We have also had regard to the availability of external funding, particularly specific Government grants and partnership funding and income levels from fees and charges. The proposals for additional spending are based on specific initiatives or projects or provide a cash-limited allocation for a particular activity. The proposals for efficiency and other savings result from a detailed review of existing spending and represent a realistic estimate of what can be saved if the action proposed is implemented.
3. The table below shows the forecast level of unringfenced General Fund revenue reserves consistent with the budget being proposed.

	Actual Balance 31.3.21 £m	Forecast Balance 31.3.22 £m	Forecast Balance 31.3.23 £m
Unearmarked General Fund Balance	28.9	26.3	28.5
Insurance	5.7	5.5	5.5
Covid Grants	4.3	0.0	0.0
Social Care ICT	1.0	0.4	0.0
Other Grants	1.4	2.0	1.1
Other Corporate Reserves	2.9	0.9	0.4
DGfL & Paragon equalisation	3.2	3.3	3.3
Schools Trading	1.8	1.8	1.8
Business Rates Grant	45.1	13.1	0.0
Local Tax Income Guarantee Grant	2.2	0.0	0.0
Total Earmarked Reserves	67.6	27.0	12.1
Total Unringfenced Reserves	96.5	53.3	40.6

4. The Insurance reserve will continue to be maintained at a level consistent with the insurable risks borne by the Council and the level of outstanding claims at any time and will fluctuate accordingly.
5. The Covid Grant reserve represents the balance of a number of Government funded grants targeted to supporting the Local Authority's response to Covid 19.
6. The Social Care ICT reserve has been set aside to support the development of Successor.
7. The Other Grants reserves includes unspent balances from grants in relation to Homelessness, Domestic Abuse, along with the equalisation account for the Impact project.
8. Other Corporate reserves includes resources for Community Forums, Adult Social Care, Regeneration and OFSTED.
9. The DGfL and Paragon equalisation reserves represent Government revenue support for these PFI schemes received in advance and will be expended over the remaining life of the projects.
10. The Schools Trading reserves are balances held by schools to support their community and pupil focused activities.
11. The Business Rate Grant reserve carries forward consistently additional income received in lieu of business rates. The balance at 31.3.21 mainly comprises grant received to cover increased relief for retail, leisure, hospitality and nurseries in 2020/21. This offset the impact on the Collection Fund of the lost income, which was charged to the General Fund in 2021/22.
12. The Local Tax Income Guarantee Grant reserve carries forward compensation for a proportion of 2020/21 Council Tax and Business Rates losses.
13. In addition to the above, the Council also holds ringfenced revenue reserves which can be used only for specific purposes:
 - a. HRA reserves which can be used only for Public Sector Housing;
 - b. Reserves arising from unspent Dedicated Schools Grant (DSG);
 - c. Public Health reserves arising from unspent ringfenced Public Health Grant.

14. At 31st March 2020 our unringfenced revenue reserves as a proportion of net revenue spend were 17%. At 31st March 2021 our unringfenced reserves⁴ were 24% of net expenditure. The most recent comparable information available for other councils shows that average unringfenced reserves were 45% of net expenditure at 31st March 2020.
15. The budget proposals for 2022/23 generate a contribution to the unearmarked General Fund balance. However, based on current income and spending forecasts, a significant contribution of £8.9m from the unearmarked General Fund balance will be required in 2023/24 and a further contribution of £2.5m will be required in 2024/25. The estimated level of the unearmarked General Balance at 31st March 2025 is £17.1m (a reduction of £11.8m from the position at the beginning of the current year).

In my professional opinion:

- (a) The estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in this report, are robust.
- (b) 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 2022/23.
- (c) Although adequate to set a lawful budget for 2022/23, 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 2022/23 and assume similar increases in later years. There are significant risks to the forecast and Members should note that, if these risks materialise, there will be a need to reduce spending plans and/or raise additional income in order to avoid imprudent reductions to the level of reserves. This will be challenging in view of the context set out above.

Iain Newman
Director of Finance and Legal

⁴ In order not to distort comparisons, this excludes reserves in respect of Section 31 funding of increased Business Rates Retail relief and Local Tax Income Guarantee grant.

Meeting of the Cabinet – 17th February 2022

Joint Report of the Deputy Chief Executive (in relation to Director of Housing and Community Services) and the Director of Finance and Legal

Deployment of resources: Housing Revenue Account and Public Sector Housing Capital

<u>Purpose</u>	
1.	<p>The purpose of this report is:</p> <ul style="list-style-type: none"> • To set rents for council homes. • To review rents for garages, garage plots and access agreements. • To set charges for sundry services. • To set the Housing Revenue Account (HRA) budget for 2022/23 in the light of the latest government announcements on housing finance and our latest spending and resource assumptions. • To present the latest HRA financial forecasts for 2021/22. • To update the capital expenditure budget for strategic investment and necessary programmed maintenance of the Council's housing stock for 2021/22 to 2026/27. • To approve the Medium Term Financial Strategy and 30 Year Business Plan for the HRA.
<u>Recommendations</u>	
2.	<p>It is recommended that Cabinet:</p> <ul style="list-style-type: none"> a) approve the increase in rents for HRA dwellings by 3.99% from 4th April 2022 (paragraphs 5 - 6); b) approve changes to service charges as detailed in paragraphs 7 and 9; c) approve the maintenance of current heating and lighting charges for sheltered housing with an average weekly charge of £14.92, as detailed in paragraph 8;

- d) approve the increase in the current charge for pitch licences at Oak Lane by 3.99% as outlined in paragraph 10;
- e) approve an increase of 2.3% for water charges at Oak Lane, from £6.78 to £6.94 per week (paragraph 10);
- f) approve an increase in the leaseholders' administration fee from £130 to £140 per annum, and to maintain the charge for the leasehold information pack at £75 (plus VAT), as outlined in paragraphs 11 and 12;
- g) approve an increase of 6.5% (£1 per month) for private Telecare clients and a review of charging arrangements, as outlined in paragraph 13;
- h) note the ongoing review of garage sites and plots (paragraph 15);
- i) approve a charge of £12 per week for new garages (paragraph 16);
- j) recommend that Council note the latest HRA financial forecast for 2021/22 and the HRA budget for 2022/23 outlined in Appendix 1, noting consultation arrangements outlined in paragraph 4;
- k) recommend that Council approve the public sector housing revised capital budgets for 2021/22 to 2026/27 attached as Appendix 2, noting consultation arrangements outlined in paragraph 4;
- l) recommend that Council authorise the Director of Housing and Community Services and the Director of Finance and Legal Services to bid for and enter into funding arrangements for additional resources to supplement investment in the public sector housing stock as outlined in paragraphs 34 and 35 and that expenditure funded from such resources be added to the Capital Programme;
- m) recommend that Council authorise the Director of Housing and Community Services, in consultation with the Cabinet Member for Housing and Community Services, to manage and allocate resources to the capital programme as outlined in paragraph 36;
- n) recommend that Council confirm that all capital receipts arising from the sale of HRA assets (other than any receipts that may be specifically committed to support private sector housing) should continue to be used for the improvement of council homes (paragraph 36);
- o) recommend that Council authorise the Director of Housing and Community Services to continue to buy back former right to buy properties, to buy other properties, and to buy land where required to assemble a viable site for housing development, subject to a robust assessment of good value for money and sustainability in terms of lettings, maintenance and major works (paragraph 37);
- p) authorise the Director of Housing and Community Services to procure and enter into contracts for the delivery of the capital programme, as outlined in paragraph 38;

	q) receive the HRA medium term financial strategy and thirty year business plan attached as Appendix 3.
<u>Background</u>	
3.	The HRA is a ring-fenced revenue account and deals with landlord functions associated with public sector housing. The Housing General Fund deals with private sector issues, such as homelessness and general housing advice, and is included in another report on this agenda. The separation of expenditure and income between the HRA and the General Fund complies with government guidance. The costs of improvement and programmed maintenance of the Council's housing stock are treated as capital expenditure and are accounted for separately.
	<u>Budget Consultation</u>
4.	Officers have met with the Board of the Dudley Federation of Tenants' and Residents' Associations (DFTRA) and the Housing Board in November 2021 to discuss proposals for rent levels and sundry charges in 2022/23 onwards and the priorities in the HRA budget, including the capital programme. These proposals were also detailed in the Review of Housing Finance report, which was presented to Cabinet in October 2021 and formed the basis of a report to the Housing and Public Realm Scrutiny Committee in November 2021.
	<u>Rent Increase</u>
5.	The self-financing system introduced in April 2012 for Housing assumed that rent increases would be in line with government guidance at the time relating to social housing rents: that is, a maximum increase of September CPI plus 1%. From April 2020, social housing providers returned to this policy, following the four years of rent reductions (2016/17 through to 2019/20) announced in the July 2015 budget. It is therefore proposed that the next rent year will start on 4th April 2022 and that weekly rents will be increased by 3.99% compared to 2021/22 levels. This is lower than the maximum allowable increase of 4.1% and takes into account the need to ensure sufficient resource to manage the service effectively but at the same time recognises the impact on tenants. The HRA budget for 2021/22 and the thirty year long-term financial forecast for the HRA are both based on this level of increase.
6.	The average weekly rent will be £82.89 from April 2022, compared to a current average weekly rent of £79.71.
	<u>Service Charges</u>
7.	In addition to the rents discussed above, we currently apply service charges in certain properties in respect of items such as furniture and garden

	<p>maintenance. It is proposed that these service charges be increased by 2.3%, based on the average rate of inflation from April to August 2021.</p>
8.	<p>We also apply service charges to around 344 properties in our eleven sheltered housing schemes in respect of heating and lighting. These charges vary according to the scheme and the size of the properties and may be offset against the winter fuel payment received by tenants, plus any cold weather payments. Housing Benefit will also cover these charges where applicable. We are reviewing current charges and the electricity and gas costs incurred at each scheme, and we propose that charges be maintained with no increase for 2022/23. Where possible, as a result of refurbishment and investment in more efficient heating systems, charges will be reduced accordingly. The average weekly charge will remain £14.92 over 52 weeks.</p>
9.	<p>The Council offers laundry tokens for sale for the use of tenants at five high rise blocks (two in Brierley Hill and three in Dudley). It is proposed that charges be maintained at the current rate of £2.60 per token.</p>
10.	<p>It is proposed that pitch licences at Oak Lane be increased by 3.99%, in line with the proposal for general rents, and that weekly charging for water be increased by 2.3% from £6.78 to £6.94 per week, based on the average rate of inflation from April to August 2021.</p>
11.	<p>The Council currently charges an administration fee of £130 per year to its leaseholders, to cover the costs of managing the properties. It is proposed to increase this to £140 from 1 April 2022 in order to continue to move towards full cost recovery. This charge was not increased in 2021/22 given the low rate of inflation at the time and the economic pressures resulting from the pandemic.</p>
12.	<p>It is proposed that the charge of £75 (plus VAT) per leasehold information pack, introduced from 1 January 2015 to cover the costs of compiling information relating to the sale of council flats, be maintained at the current level with effect from 1 April 2022.</p>
13.	<p>The Council currently charges private residents who are in receipt of Telecare services (provision of an alarm service, and also standalone equipment such as pill dispensing service and GPS tracking watches) £15.30 per month, and also charges Housing Association tenants varying amounts for this service. It is proposed to increase these charges by 6.5% to £16.30 per month from 1 April 2022, and also to increase charges to Housing Association tenants by 6.5%. Income generated will be used to increase investment in and development of the service, particularly in the context of the move to digital telephony over the next five years, which will have a significant impact on this service. It is also proposed to review the present arrangements whereby private residents are charged but council tenants are not. Any changes as a result of this review will be the subject of a full consultation process, will take into account the impact of potential charges on</p>

	service demand and users' financial circumstances, and will include transitional arrangements to protect and support current service users.
	<u>Garage rents, garage plots and access agreements</u>
14.	It was agreed by Cabinet in February 2008 that inflationary increases for garages, garage plots and access agreements be made every three years, with the next increase to take effect from 2023/24.
15.	<p>The internal review of garage sites and plots is progressing, with identification of sites that are popular and would benefit from improvement, or less popular, including where there are issues of anti-social behaviour. Initial classification has identified potential options to:</p> <ul style="list-style-type: none"> • Retain and invest • Dispose for development • Seek alternative use (for example off road parking, micro-businesses or community gardens) <p>Following completion of the initial desktop exercise, it is proposed that local consultations with tenants and residents will take place in relation to specific sites, including discussions with ward members. This will be an ongoing process, reviewing the most effective use of our garage sites and plots in order to benefit local communities.</p>
16.	It is proposed to build new garages where required, to replace older garages that are no longer fit for purpose and where there is demand. These new garages will be larger to meet planning standards and it is proposed that the weekly rent will be £12 per week. This is in line with charges made by neighbouring authorities.
	<u>Proposed HRA budget 2022/23 and latest HRA budget forecast 2021/22</u>
17.	The proposed HRA budget for 2022/23 (together with the latest forecast for 2021/22) is attached as Appendix 1 . This budget is based on recent trends and our latest assessment of government policy on housing finance.
18.	<p>The key elements of the self-financing system that now operates in relation to local authority housing are:</p> <ul style="list-style-type: none"> • Abolition of the HRA Subsidy system and retention of all rental income. • A one-off allocation of housing debt based on an affordability calculation. • Transfer of investment, borrowing and inflation risks to housing authorities. • Flexibility to borrow, following prudential guidelines. • Continued compliance with central government HRA Ringfence guidance. • Continued compliance with central government rent policy.

19. The current budget for 2021/22 (approved by Cabinet in February 2021) shows a surplus on the HRA of £2.959m at 31st March 2022. The latest forecast for 2021/22 shows a surplus at the same date of £3.472m. It is not proposed to revise the budget, but to report the forecast variances against the original budget. This variance reflects latest forecasts, with the main changes being:
- Increase in balance brought forward from 2020/21;
 - Increased revenue repairs and maintenance costs largely relating to enhanced compliance works and reorganisation of workstreams to improve service quality;
 - Reduction in revenue contribution to capital expenditure, redirecting this resource to revenue repairs and maintenance as above;
 - Increased management costs responding to higher demand and pressure on services, partly funded from reserves brought forward from the previous year;
 - Homeloss and disturbance payments lower than budgeted in line with reprofiling of capital investment works requiring decant and rehousing;
 - Lower forecast expenditure on Discretionary Housing Payments based on latest data.

These adjustments result in an increase in the budgeted surplus for the year from £2.959m to £3.472m, which represents almost 4% of the total budget for the year.

The impact on HRA balances is shown below:

	Budget £m	Outturn £m
Balance at 31 March 2021	4.1	5.3
Budgeted use of balances	-1.1	
Forecast 2021/22 outturn		-1.8
Balance at 31 March 2022	3.0	3.5

20. The proposed HRA budget for 2022/23 takes account of the proposed rent increase of 3.99% on the 4th April 2022 (paragraphs 5 - 6).

21.	<p>The proposed budget for the HRA includes an increase in pay costs of 1.75% in the current year, based on the employer's current offer, and 2% for 2022/23 with an uplift of 1.25% in employer's National Insurance from 2022/23. Further details are contained in the MTFS report which is also on this agenda. There remains no provision for general price increases on non-pay budgets, and to ensure that the challenge is met, we continue to promote an "every penny counts" approach with and for all budget managers.</p>
22.	<p>Decision Sheet DOH/04/2021 gave approval for restructuring the Housing and Community Directorate senior management team and indicated that further approvals would be required for reorganisation below this level. Further restructuring is now proposed in order to continue to develop new services and improve core services in line with feedback from stakeholders and service aspirations which has highlighted the need for:</p> <ul style="list-style-type: none"> • Increased emphasis on landlord health and safety compliance; • Increased community and neighbourhood engagement and focus; • Greater community safety role; • More visible and accountable service; • Increased links with wider regeneration plans and the green agenda; • Service development to meet the requirements of the White Paper, the National Regulator for Social Housing and the Housing Ombudsman <p>Following this approval to restructure the Directorate, work has been taking place to define the detailed proposals for service redesign that will support the improvements required. Additional resource to achieve this has been built into the proposed 2022/23 budgets.</p>
23.	<p>The proposed HRA budget for 2022/23 includes a budget for housing management of £22.7m. This covers the day to day management of properties including income collection, tenancy management, sustainment and enforcement, fraud prevention, support for vulnerable tenants and lettings and void management. As noted in the preceding paragraph, additional resource to fund service reorganisation and development has been included in this budget.</p>
24.	<p>Since 2014/15, the HRA has topped up the Discretionary Housing Payments (DHP) allocation received from central government. This allows for discretionary additional benefit payments to meet housing needs, mainly where a tenant has had housing benefit or Universal Credit (housing element) reduced as a result of underoccupancy penalties or the benefit cap. Many awards relate to council housing tenants, although awards are also made to tenants of housing associations or tenants in the private rented sector. The proposed budget for 2022/23 includes a contribution of £250,000, which will be added to the grant from central government. Although this is a reduction on previous years' budget</p>

	allocations, it better reflects actual demand and allows redirection of resources to support neighbourhood management proposals.
25.	<p>The proposed HRA budget for 2022/23 includes a budget for repairs and maintenance of £27.5m. This reflects:</p> <ul style="list-style-type: none"> • Undertaking all required statutory and compliance responsibilities such as servicing of gas appliances, electrical installation condition reports, maintenance on specialist electrical systems, warden call equipment and alarms, asbestos inspections and surveys, lift servicing, repairs and inspections, periodic testing of water hygiene systems and maintenance arising from fire risk assessments; • Undertaking responsive repairs and routine void works; • Dealing with planned areas of revenue spend such as stock condition and safety reports; • Addressing revenue implications of strategic stock management decisions; • Cyclical maintenance such as painting of communal areas and social decorations for vulnerable residents.
26.	<p>The proposed HRA budget for 2022/23 includes a budget for interest payments of £17.5m. This covers the payments that are due on the debt taken on as part of the self-financing settlement and the subsequent additional borrowing under the Local Growth Fund. This budget will increase in future years to service the additional borrowing arising from the proposed enhanced investment programme.</p>
	<u>Public Sector Housing Capital Programme 2021/22 to 2026/27</u>
27.	<p>We must have a long-term rolling programme of investment to maintain the condition of council owned homes, to improve living standards and provide affordable homes for residents. A £310m five year public sector capital programme reflecting latest forecasts is shown at Appendix 2. Projected expenditure for 2021/22 has reduced significantly compared to the original budget, as activities have been curtailed by the continued impact of Covid 19 and ongoing supplier constraints. This has resulted in slippage to future years.</p>
28.	<p>When self-financing was introduced, it included a cap on new borrowing above a set maximum level. This was removed following the autumn Budget in 2018, so that the HRA is free to borrow to fund additional investment so long as it complies with the principles of Prudential Borrowing, in the same way as the General Fund. We have been considering our detailed options given this new flexibility. Expenditure funded by additional borrowing will be aligned to the principles of the Housing Asset Management Strategy 2019 - 2029, which was approved by Cabinet in October 2019. It is essential that where we are increasing our borrowing level that this results in a financial gain for the HRA, whether this is additional rental income from new build and improved lettability of existing stock, or reduced repairs, maintenance and</p>

	<p>management costs as a result of improvement and refurbishment of existing stock. The strategy will also include demolition or disposal of stock that is no longer desirable or viable (operationally or financially) to improve long term sustainability by meeting housing needs. We will, in summary, borrow to fund:</p> <ul style="list-style-type: none"> • Sustainable stock aligned to changing demographics and local housing need. • Additional new build on currently vacant sites, which will increase rental income. • Demolition / significant remodelling and refurbishment of existing stock, which may reduce rental income at least in the short term but will also reduce repair and maintenance costs on some of our red and amber stock, where these properties are not paying their way. • New build to replace some of our current red and amber stock demolished / remodelled as above, which will increase rental income and would enable us to provide more popular and sustainable homes.
29.	<p>The proposed five year capital programme at Appendix 2 includes an enhanced capital programme developed in line with these principles. The financial consequences to the HRA revenue budget have also been factored into our medium to long term budget planning. These include changes to rent income, reduced maintenance liabilities, revenue costs associated with capital projects (e.g. homeloss and disturbance payments), interest payments on additional borrowing and voluntary revenue provision for repayment of the principal on this additional borrowing. Grant funding will be accessed where possible to support investment. The Council continues to be qualified as a Homes England Investment Partner and is also qualified to participate in the new Affordable Homes Programme 2021 – 26.</p>
30.	<p>This programme includes overall budget allocations for a blended programme of new build, refurbishment, regeneration, estate improvements and disposals. We have worked with Ark Consultancy, a specialist housing consultancy organisation, to develop a procedure for community engagement and consultation which will aid prioritisation and development of specific estate regeneration projects. As these specific projects are identified and agreed, they will be reported to Cabinet as part of the regular HRA monitoring and budget setting reports.</p>
31.	<p>Initial consultation has taken place, with representatives of the Housing Board, the High Rise Living Forum and DFTRA, through a focused and independently facilitated exercise, to identify principles and priorities. This exercise considered options for the main types and levels of work being considered and tenants' and residents' views of these, as well as their views on how the Council should go about prioritising these options. Work will continue to build positive and productive relationships with tenants and</p>

	<p>residents, actively seeking their involvement and their views in ongoing asset management planning work. To progress this, a second phase of consultation and engagement has now also taken place, involving a pilot consultation on several area-based options, which will further develop strategic thinking in relation to types of interventions and scheme options for asset management planning work within the available resources identified. Our aim is to implement our Asset Management Strategy with an approach to communication and engagement that works effectively and allows tenants and residents to influence decision-making and participate in building a consensus for investment priorities.</p>
32.	<p>The proposed capital programme reflects the priorities of the Council Plan, the views of members and residents as expressed via the Housing Board, DFTRA and wider consultation events, and the Housing Asset Management Strategy 2019 - 2029. Strategic, planned investment therefore continues to target our key priorities as set out in the HRA Business Plan.</p>
33.	<p>The key investment strands over the period from 2022/23 to 2026/27 are as follows:</p> <ol style="list-style-type: none"> a. Maintaining Existing Homes – essentially core investment in existing stock replacing key components to ensure homes remain decent in accordance with the Government's minimum tolerable Decent Homes Standard and ensuring that the value of the council's assets is protected. This is a £74.4m 5 year programme, including <ul style="list-style-type: none"> • Internal improvements for example to replace kitchens, bathrooms and undertaking major plastering repairs; • Replacement of external doors and fire doors in flatted developments; • Re-roofing works; • Double glazing replacement programme dealing initially with replacement of first generation double glazing installed in the mid 1990s; • Electrical related works; • Structural and health and safety related works. b. Major Works to Empty Homes – a £41.3m 5 year rolling programme is proposed specifically addressing essential major improvements when homes are empty but continuing the principle of deferring unnecessary ad hoc expenditure in empty homes to efficient planned programmes. c. Decarbonisation and Fuel Poverty – a £22.5m programme over 5 years contributing to the climate change emergency, decarbonisation and helping to reduce fuel poverty. Work will replace inefficient boilers / heating with modern, efficient systems, install heating in unheated homes where residents have persistently refused heating, and undertake insulation works.

- d. **Independent Living** – a 5 year £29.6m programme that addresses the HRA contribution to the council's priority of Independent Living and aims to reduce pressures on health and welfare costs. The budget includes:
- Over £11m for adaptations to peoples' homes following assessment by Occupational Therapists, providing major adaptations such as level access showers, ramps and extensions in a tenure-blind service and also providing over 1,250 minor adaptations such as hand and grab rails each year;
 - Provision of over £16m for improvements to sheltered accommodation to fund improvements identified following a current review of sheltered scheme needs, including the significant remodelling of Woodhouse Court and Jack Newell Court which will be part-funded by £4.8m of Affordable Housing Grant from Homes England;
 - Provision of over £2m to address improvements in Telecare technology.
- e. **Community and Estate Regeneration** – £12.6m of investment over 5 years is proposed to regenerate communities and provide safe, sustainable estates where people want to live now and in the future. Feasibility work and strategic investment in estates will aim to deliver a range of programmes developed through local consultation, consistent with the priorities identified through community and estate consultations as part of an approach based on neighbourhood plans, that reflect neighbourhood and local priorities.
- f. **Strategic Stock Management** – a £34.3m programme is proposed specifically to address strategic investment and / or de-investment in the Council's housing stock. This proposal is consistent with the approved Asset Management Strategy 2019 – 29 'better homes, better places, better lives', which highlights that consideration needs to be made concerning the future viability of a further circa 2,500 homes over the next 10 years, following the completion of a comprehensive and robust consultation exercise with our residents, resident groups and stakeholders. Whilst consultation, viability and investment appraisal work is ongoing financial provision is proposed for future strategic stock investment and / or de-investment in flatted developments, but with the proviso that any specific scheme approvals will be sought at a future Cabinet. The budget also includes provision for significant remodelling and alterations to homes that have high investment needs, but continue to address high levels of housing need.
- g. **New Council Housing** – continuing the current new build programme with £95.6m over 5 years. This budget will provide

	<p>around £25.3m to address the replacement of around 170 homes through the Right to Buy replacement programme, and a further £70.3m to address additional housing provision of around 470 new homes that may not be eligible to be delivered through Right to Buy, and / or can therefore be subject of additional external grant bids, for example, schemes that are delivered with Affordable Housing Grant from Homes England, or as part of the Brierley Hill Future High Streets project.</p>
34.	<p>Approval is sought to continue discussions with government departments and agencies such as Homes England (formerly the Homes and Communities Agency), Energy Service Providers, West Midlands Combined Authority, the Local Enterprise Partnership and similar organisations and to bid for, enter into negotiations and / or seek tenders as appropriate to progress increasing resources to supplement the housing capital programme. This may be used, for example, to access funding to support new build and estate regeneration schemes or to progress carbon saving and / or power generating schemes to improve fuel poverty across the borough.</p>
35.	<p>It is proposed that any additional resources obtained under paragraph 34 be added to the Capital Programme accordingly and the Director of Housing and Community Services and the Director of Finance and Legal be approved to enter into any such grant or funding agreements necessary to deliver the schemes.</p>
36.	<p>To ensure effective utilisation of all resources that become available, Cabinet is requested to authorise the Director of Housing and Community Services, in consultation with the Cabinet Member for Housing and Community Services, to manage the programme so as to use all the resources that become available and commit expenditure to that amount and to report progress and actions to the Cabinet. In doing this, Cabinet is requested to confirm that all capital receipts arising from the sale of HRA assets (other than any receipts that may be specifically committed to support private sector housing grants) should continue to be used for the improvement of council homes. In view of increased funding for Disabled Facilities Grant now received via Better Care Fund allocations, it is not proposed for this medium-term period that the HRA makes a contribution to private sector housing grants, though this will be kept under review.</p>
37.	<p>Cabinet on 29 October 2014 and Council on 1 December 2014 authorised the Director of Adult, Community and Housing Services – now equivalent to the Director of Housing and Community Services - to buy back former right to buy properties and to buy other properties, either via mortgage rescue or on the open market, subject to a robust assessment that the property will be purchased at a discounted price that offers good value for money and will be sustainable in terms of lettings, maintenance and major works, and recommended that Council approve that these be added to the capital</p>

	programme as they are purchased. Cabinet on 11 February 2019 and Council on 18 February 2019 agreed that this authorisation be extended to cover land as well as properties, where this is required in order to assemble a viable site for development, and subject to the same requirement for a robust assessment that the purchase will offer good value for money and will facilitate a development that is sustainable in terms of lettings, maintenance and major works.
38.	To facilitate implementation of the programme, the Cabinet is requested to authorise the Director of Housing and Community Services to prepare specifications and undertake procurement in accordance with Standing Orders and Financial Regulations. Cabinet is also asked to agree that the Director of Housing and Community Services be authorised to enter into and award contracts on their behalf.
	<u>Medium Term Financial Strategy / Thirty Year Business Plan for Landlord Housing</u>
39.	With the abolition of the HRA Subsidy system and the introduction of self-financing for housing authorities from April 2012, the Council now has an increased level of autonomy and flexibility regarding housing finance. The HRA budget is no longer dependent on annual Government settlements, although the rent increase will still be determined annually. It is therefore possible to set indicative budgets for a longer period and to develop a longer-term financial and business strategy.
40.	Although the HRA enjoys some increased flexibility, the HRA ring-fence remains in force, and the Council is also expected to have regard to the Government's national rent policy. Under the self-financing settlement, Dudley has taken on a significant increase in housing debt, which must be serviced. The medium term financial strategy and thirty-year business plan is provided at Appendix 3, which sets out the context of the HRA for the next five years and summarises the overarching financial strategy and risks that will apply to the HRA over the longer term.
41.	<p>The financial strategy for landlord housing is the subject of a continuing consultation process that includes tenants and residents.</p> <p>The key elements of this financial strategy, which presents an overall Thirty Year Business Plan and covers a rolling five year period in more detail, include:</p> <ul style="list-style-type: none"> • maintain the Decent Homes Standard; • provide high quality affordable housing to provide safe homes that people want to live in and meet our diverse housing needs; • manage our stock strategically to ensure future viability of affordable housing;

	<ul style="list-style-type: none"> • improve the energy efficiency of the housing stock and address fuel poverty; • invest in housing stock and minimise the number of void properties; • review the suitability of the housing stock and explore the feasibility of new build to increase stock and / or replace properties that are in poor condition or that do not meet modern requirements; • improve the offer for supported living to meet the needs of an aging and vulnerable population; • address the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living; • deliver community and estate regeneration, improving quality, sustainability and safety; • ensure value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement; • provide opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals. • set rents having regard to government rent policy for social housing and our investment needs. • support the aims of the Council Plan - promoting strong, caring communities through the provision of decent housing in a safe and clean environment. <p>The HRA Business Plan is shown at Appendix 3.</p>
<u>Finance</u>	
42.	<p>Section 76 of the Local Government and Housing Act places a duty on the Council to ensure that no action will be taken that may cause a deficit to arise on the HRA at 31 March 2023. A duty is also placed on the Council to review the financial prospects of the HRA from time to time. Reviews and regular monitoring carried out confirm that the HRA will be in surplus at 31 March 2023 and therefore complies with the requirements of the Act.</p>

Law

43. HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. Sections 167-175 in Part VII of the Localism Act 2011 abolish the HRA Subsidy system (Sections 79-84 in Part IV of the Local Government and Housing Act 1989) and introduce self-financing. The HRA is also governed by Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities) guidance on the operation of the HRA ring-fence published in November 2020.

Risk Management

44. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget, including the HRA budget, so as to meet its statutory obligations within the resources available. This risk is currently assigned a rating of High. A detailed analysis of risks and uncertainties is included in Appendix 3.

Equality Impact

45. The proposals take into account the Council's Policy on Equality and Diversity.
46. This is a financial report concerned with forecasting of income and application of resources. Some areas of proposed expenditure are intended to promote independence and improve quality of life for protected groups.

Human Resources / Organisational Development

47. The report includes budget provision for a restructure, which will be progressed in line with existing HR / OD policies. Overall, the restructure is intended to strengthen the capacity to deliver and manage services and will not result in a reduction in posts. However, it is proposed that some existing job roles will be changed. While this will create a number of opportunities for development and progression, and any individuals affected will have the opportunity to be considered for alternative or amended roles, it cannot be guaranteed that there will be no redundancies or redeployments.

Commercial / Procurement

48. The proposals in the report relate to our statutory functions as a social housing landlord, and therefore there are no direct commercial implications.

Health, Wellbeing and Safety

- | | |
|-----|--|
| 49. | The proposals in the report relate to our statutory functions as a social housing landlord and will contribute to the health, wellbeing and safety of our tenants. |
|-----|--|

Council Priorities

- | | |
|-----|---|
| 50. | <p>The proposals in the report will support our aims for Housing summarised in the Council Plan:</p> <ul style="list-style-type: none">• the provision of excellent services for tenants• offering high quality housing• supporting vulnerable people |
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Balvinder Heran

Iain Newman

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Balvinder Heran
Deputy Chief Executive

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List of Background Papers - none

Appendix 1

HRA Budget and Forecast 2021/22 and Proposed Budget 2022/23

	Original Budget 2021/22 £000s	Latest Forecast 2021/22 £000s	Forecast Variance 2021/22 £000s	Proposed Original Budget 2022/23 £000s
Income				
Dwelling rents	-87,633	-87,379	254	-90,952
Non-dwelling rents	-610	-850	-240	-891
Charges for services and facilities	-200	-190	10	-204
Contributions towards expenditure	-1,391	-1,428	-37	-1,341
Interest on balances	-25	-18	7	-8
Total income	-89,859	-89,865	-6	-93,396
Expenditure				
Management	19,868	20,791	923	22,702
Management – homelessness and disturbance	315	0	-315	0
Responsive and cyclical repairs	23,392	26,533	3,141	27,515
Transfer to Major Repairs Reserve	25,025	24,892	-133	25,285
Interest payable	17,420	17,313	-107	17,472
Revenue contribution to capital expenditure	2,500	0	-2,500	0
Discretionary Housing Payments	550	250	-300	250
Other expenditure	1,893	1,934	41	1,986
Total expenditure	90,963	91,713	750	95,210
Surplus / Deficit in year	1,104	1,848	744	1,814
Surplus brought forward	-4,063	-5,320	-1,257	-3,472
Surplus carried forward	-2,959	-3,472	-513	-1,658

Appendix 2

Proposed capital programme 2021/22 to 2026/27

Thematic Programme	2021/22 original £000s	2021/22 latest £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Maintaining Existing Homes	11,859	14,018	16,104	13,721	14,680	14,739	15,150
Major Works to Empty Homes	8,136	9,238	8,219	8,329	8,150	8,260	8,370
Fuel Poverty and Decarbonisation	4,309	5,265	5,689	4,350	4,168	5,087	3,205
Independent Living	16,292	6,040	14,995	4,465	4,012	3,054	3,096
Community and Estate Regeneration	2,518	2,608	3,185	3,039	2,102	2,115	2,128
Strategic Stock Management	3,768	3,244	3,961	14,006	4,718	9,726	1,931
New Council Housing	12,576	5,819	17,894	25,765	34,505	12,882	4,549
Total	59,458	46,232	70,047	73,675	72,335	55,863	38,429

Resources

	2021/22 original £000s	2021/22 latest £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Borrowing	3,600	0	12,700	31,850	29,650	16,700	0
Major repairs reserve	25,025	24,892	25,285	25,673	26,045	26,400	26,758
Revenue contribution to capital	2,500	0	0	0	0	0	0
Usable capital receipts	24,010	15,508	24,556	11,820	11,996	12,263	11,171
Less usable capital receipts transferred to support private sector housing capital	0	0	0	0	0	0	0
Other (grants)	4,323	5,832	7,506	4,332	4,644	500	500
Grand Total	59,458	46,232	70,047	73,675	72,335	55,863	38,429

Appendix 3

Medium Term Financial Strategy for Landlord Housing (MTFS(LH)) and Thirty Year Business Planning Strategy for Landlord Housing

Purpose

1. The Medium Term Financial Strategy for Landlord Housing (MTFS(LH)) has set out how the Council plans to balance spending pressures and available resources over the medium term, taking into account risks and uncertainties. It relates specifically to the Housing Revenue Account (HRA) and the capital programme for improvement of the Council's own housing stock.
2. The MTFS(LH) should be read in conjunction with the Council's overall Medium Term Financial Strategy (MTFS). The underlying principles set out in the overall document apply equally to the MTFS(LH).
3. In the context of the introduction of Self-Financing for public sector housing, the abolition of the HRA subsidy system and the increased autonomy and flexibility for housing authorities to manage their stock, a Thirty Year Business Plan has been developed. This takes into account issues including investment need, treasury management strategy, financial projections and tenants' engagement.

Background

4. The financial strategy for landlord housing takes into account the delivery of the Decent Homes Standard and the new opportunities and challenges arising from the introduction of the self-financing system. This is the subject of an ongoing consultation process that includes tenants and residents. The key elements of our financial strategy, which will cover a rolling five year period, are to:
 - maintain the Decent Homes Standard;
 - provide high quality affordable housing to provide safe homes that people want to live in and meet our diverse housing needs;
 - manage our stock strategically to ensure future viability of affordable housing;
 - improve the energy efficiency of the housing stock and address fuel poverty;
 - invest in housing stock and minimise the number of void properties;
 - review the suitability of the housing stock and explore the feasibility of new build to increase stock and / or replace properties that are in poor condition or that do not meet modern requirements;
 - improve the offer for supported living to meet the needs of an aging and vulnerable population;
 - address the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living;
 - deliver community and estate regeneration, improving quality, sustainability and safety;

- ensure value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement;
- provide opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals.
- set rents having regard to government rent policy for social housing and our investment needs.
- support the aims of the Council Plan - promoting strong, caring communities through the provision of decent housing in a safe and clean environment.

The proposed budget and the MTFS(LH)

5. Ongoing resources are required to maintain the Decent Homes standard, and deal with properties where the age of the fittings mean that a replacement is required, and non-decent properties as they become void. The rolling five-year capital programme includes resources to maintain the Decent Homes Standard.
6. Regular stock validation surveys have been undertaken to externally validate and support existing stock investment information for the housing stock. The detailed output of this is now embedded within the thirty year investment cost plan, which is continually updated to reflect investment undertaken and newly arising investment need.
7. The Housing Asset Management Strategy has the following key priorities:
 - Provision of quality affordable housing to provide safe, affordable homes that people want to live in – investment in our core stock and tackling empty homes efficiently;
 - Managing our stock strategically to ensure future viability of affordable housing;
 - Measuring and identifying stock quality and performance with de-investment, demolition and / or disposal of non-viable stock;
 - Provision of more affordable housing to meet our diverse housing need – developing more affordable homes and mixed tenure estates;
 - Improving the offer for supported living to meet the needs of an aging and vulnerable population;
 - Addressing the housing and community needs of our residents and estates, particularly around health and wellbeing, addressing fuel poverty and promoting independent living;
 - Delivering community and estate regeneration, improving quality, sustainability and safety;
 - Ensuring value for money through our housing services – maximising resources, income and opportunities for commercialism supported by efficient procurement;

- Providing opportunities through construction to create jobs, employment, apprenticeships and training opportunities, making a positive impact on the economic prospects for the borough for businesses and individuals.
8. Our forecasts are based on recent financial trends and our current assessment of the Government's housing finance policy and, like any forecast, should be regarded with caution (risks to the forecast are considered later). In view of our commitment to stock retention and maintenance of the Decent Homes Standard, it is proposed that we continue when necessary to give consideration to the following:
- ongoing review of spending and resource forecasts;
 - further efficiency and other savings, including those achievable from use of partnerships;
 - review of the existing housing stock provision to consider de-investment options and re-configuration of high investment need and low demand homes;
 - addition to and replacement of the housing stock via new build programmes;
 - the level of housing debt;
 - service charges¹.
9. Whilst in some areas the volume of smaller responsive repairs has generally decreased due to recent investment, particularly around central heating, there is an emerging trend of increasing investment need to deliver major improvements to homes and to maintain decent homes, which was only ever a minimum tolerable standard, to a housing stock that is, on average, over 60 years old. Delivering planned programmes of improvements in cyclical, strategic programmes (such as the current planned boiler and double glazing programmes) is the optimal solution to delivering value for money through efficient procurement and planned works delivery.
10. A proposed rolling capital programme has been developed as a continuation of the existing programme to maintain current standards and improvements following the achievement of the Decent Homes standard, and in line with the priorities of the Housing Asset Management Strategy. This includes a new build programme which will meet Right to Buy Replacement targets assuming that government rules will continue as they are currently.
11. Following the abolition of the HRA Borrowing Cap and the development of our Asset Management Strategy 2019 – 2029, resources have been allocated to future years based on an indicative blended programme of new build, refurbishment, estate improvements and disposals that will use our additional borrowing capability, within prudential guidelines, to support enhanced investment in our stock. We are currently developing a procedure for community engagement and consultation which will aid prioritisation of specific estate regeneration projects. As these specific projects are identified and agreed, they will be reported to Cabinet

¹ Government subsidy calculations assume charges over and above the rent for special services to flats and for supported housing – the HRA is financially disadvantaged as a result of not applying these charges.

as part of the regular HRA monitoring and budget setting reports. It is essential that where we are increasing our borrowing level that this results in a financial gain for the HRA, whether this is additional rental income from new build and improved lettability of existing stock, or reduced repairs, maintenance and management costs as a result of improvement and refurbishment of existing stock. The strategy may also include demolition or disposal of stock that is no longer desirable or viable (operationally or financially) to improve long term sustainability by meeting housing needs. We will, in summary, borrow to fund:

- Sustainable stock aligned to changing demographics and local housing need.
- Additional new build on currently vacant sites, which will increase rental income.
- Demolition / significant remodelling and refurbishment of existing stock, which may reduce rental income at least in the short term but will also reduce repair and maintenance costs on some of our red and amber stock, where these properties are not paying their way.
- New build to replace some of our current red and amber stock demolished / remodelled as above, which will increase rental income and would enable us to provide more popular and sustainable homes.

12. The table below summarises the thirty year financial business plan (based on the PriceWaterhouseCoopers self-financing 30 year model, and detailed in the HRA Estimates 2022/23 detailed 30 year financial plan). This is updated annually and will take into account changes in policy. It reflects our current approach of stock retention, maintenance of the Decent Homes Standard, investment in the maintenance and improvement of our stock, and regard to national rent policy.

	Years 1 -5	Years 6 - 10	Years 11 - 15	Years 16 - 20	Years 21 - 25	Years 26 - 30
	£m	£m	£m	£m	£m	£m
Income						
Dwelling rents	-380,180	-515,372	-564,719	-618,682	-677,649	-735,255
Other	-99,705	-13,055	-14,030	-15,089	-16,236	-17,483
Total Income	-479,885	-528,427	-578,750	-633,771	-693,885	-752,738
Expenditure						
Management and maintenance (net of retained surpluses)	260,397	281,250	302,441	325,254	350,005	376,875
Depreciation and transfer to Major Repairs Reserve	128,295	138,532	152,762	168,661	186,216	205,597
Revenue Contributions to Capital / Debt Repayment	3,072	14,129	29,047	45,355	63,164	75,765
Interest Payments	88,121	94,515	94,500	94,500	94,500	94,500
Total Expenditure	479,886	528,427	578,749	633,770	693,885	752,738

Risks to the financial forecast

13. The main risks to the financial forecast are considered below:

Risk	Impact
Inflation higher than forecast	<p>While increased inflation has an impact on costs, in the case of the HRA, it also affects resources, through the rent increase (or decrease) applied.</p> <p>If cost inflation (pay and / or prices) is lower than general inflation as used to determine rent levels, this will have a positive budgetary impact.</p> <p>However, if cost inflation (pay and / or prices) is higher than general inflation as used to determine rent levels, this will have a negative budgetary impact.</p> <p>High inflation particularly for food and fuel costs is having an adverse impact on our tenants, and high inflation in relation to construction work is also impacting on our programmed capital works. This includes the potential impact of leaving the EU and ways in which any adverse impacts can</p>

	be mitigated. Contracts with suppliers have been negotiated with this in mind.
Income levels not achieved	<p><u>Rent loss from void properties</u></p> <p>We have seen over recent years an increase in void properties, which has resulted in an increased rent loss of up to 3% of total rent available, although this is now reducing and is well below that level.</p> <p>We have seen an increase in the number of hard-to-let properties, for instance two-bedroom flats, particularly in high rise blocks, and some three-bedroom houses.</p> <p>We are working on improving processes to reduce the time that properties are empty.</p> <p>The cost for each 1% void loss is around £1m per annum.</p> <p><u>Rent loss from non-payment of arrears</u></p> <p>Many tenants now receive Universal Credit direct and are therefore be responsible for paying their own rent. Tenants in receipt of housing benefit still have their rent paid as a transfer from Benefits.</p> <p>The long-term impact of Universal Credit on rent collection rates is difficult to assess at this stage, but the risk of non-collection of rent has increased as more rental income must be collected direct from tenants. Prior to the introduction of Universal Credit, around 65% of rent was transferred via Housing Benefit with around 35% paid direct by tenants. This has now reversed, with in 2021/22 only 30% transferred via Housing Benefit and 70% being collected directly from tenants. The management cost of collecting rents has also risen as more payments are made direct by tenants rather than via transfer from the Benefits system.</p> <p>We are working actively to mitigate the risk of loss of income, including tenant profiling, pre-tenancy training, support for tenants experiencing financial difficulties, increased automation and</p>

	<p>other efficiencies in the income recovery process, and partnership working across the council and with DWP, CAB and other agencies. These measures are proving highly effective in mitigating the risk of increased rent loss, as well as helping to sustain tenancies.</p> <p>In addition to Universal Credit, tenants may also be affected by underoccupancy charges (since April 2013) and the reduced Benefit Cap (since November 2016).</p> <p>We expect the final phase of the Universal Credit rollout (managed migration for existing claimants) to take place at some point but as yet we have no firm dates and no detail from DWP on how this process will be undertaken.</p> <p>During 2020/21, the impact of Covid 19 adversely affected many of our tenants and this has continued in 2021/22. We have provided a service that has focused on welfare and support rather than enforcement and have worked with many tenants to help them to sustain their tenancies, ensure that they claim benefits that they are entitled to, and allow them to set up affordable rent payment plans.</p> <p>We make a prudent annual provision for bad debts.</p>
Change in rent policy	<p>The requirement for social landlords to reduce their rents by 1% annually from April 2016 for four years had a significant impact on future budgets and required us to revise our HRA Business Plan to reflect this lost income.</p> <p>Compared to our forecasts for 2015/16 original budgets, this ongoing, cumulative rent reduction represented a loss of income of almost £28m by 2019/20.</p> <p>From April 2020, the maximum rent increase returned to the September CPI plus 1% formula and our projections take this into account, albeit with prudent assumptions around inflation levels.</p>

	<p>We have had assurance that this national formula for rent increases will be in place at least until 2025.</p>
<p>Changes to other Government housing policies</p>	<p>We always keep under review proposed changes in Government housing policy and the potential impact on the HRA.</p> <p>We are particularly aware that there may be increased regulation around fire safety following the Grenfell tragedy, which would lead to increased costs both from capital works and ongoing maintenance and management requirements.</p> <p>We are reviewing the implications of the Social Housing White Paper, which sets out wide-ranging proposals to transform and strengthen the regulatory regime for social housing, and the proposals for a restructure of the Housing service are designed to align our service priorities with the requirements of the White Paper and the demands of the National Regulator of Social Housing (NROSH).</p>
<p>Interest rates higher than forecast</p>	<p>Our debt on housing properties is around £470m following the introduction of self-financing. Hence, interest rate risk is much more significant than it was under the subsidy system.</p> <p>Risk is mitigated by borrowing at fixed rates and spreading repayment dates to minimise refinancing risk.</p> <p>As the HRA takes out additional borrowing we will mitigate the risk of interest rate rises in the same way.</p>
<p>Reduction in property values in the borough</p>	<p>Any reduction in property values will reduce the value of usable capital receipts.</p>
<p>Reduction in land sales and capital receipts</p>	<p>We recognise that with a new council house building programme we are likely to be disposing of fewer housing sites.</p>

Reinvigoration of Right to Buy	<p>The Government has increased the cap on Right to Buy (RTB) discount from £26,000 to £84,200 per property, and in future years this will continue to increase by inflation annually. The maximum discount for houses has also been increased to 70%, and in May 2015 the requirement to have been a council tenant for 5 years before exercising right to buy has been reduced to 3 years. The changes have resulted in increased sales from the last quarter of 2012/13 onwards, although sales have been fairly consistent at around 180 – 200 per year from 2013/14 onwards.</p> <p>However, because the value of the maximum discount has increased and there has been a reduction in the average value of the properties sold, increased sales will not necessarily result in a proportionally greater value of capital receipt income.</p> <p>New regulations have replaced the capital receipts pooling arrangements and require councils to build replacement homes for all extra homes sold under Right to Buy.</p>
Suitability of stock	<p>Some of our stock is old and not particularly suited to modern styles of living. In addition, changes to the benefit system mean that some of our properties are less attractive than they were previously (e.g. two-bed high rise flats or three-bed maisonettes which are often technically underoccupied). We are already experiencing difficulty in letting such properties, which leads to a loss in rental income and also potentially an increase in security costs and an increase in anti-social behaviour.</p> <p>Work is ongoing to assess the sustainability of the housing stock addressing the net present value of housing investment needs and rental income against demand, resulting in an assessment of the housing stock at an individual unit level, and leading to proposals which may include stock remodelling, disposal and or</p>

	demolition according to the principles in the Asset Management Strategy.
Availability of borrowing	Following the removal of the HRA borrowing cap, we are exploring options for the prudent use of additional borrowing power to improve and increase our stock. An indicative programme is included for approval in the rolling five year capital programme and tenant engagement and consultation work is in progress relating to specific proposals.
Regulation	From April 2020 housing authorities are subject to the National Regulator of Social Housing and we are working with the Regulator to ensure compliance. The Social Housing White Paper sets out proposals for a proactive consumer regulation regime, including active oversight of landlord performance, regular inspections of landlords with more than 1,000 properties, enhanced consumer standards, an emphasis on tenant voice and community engagement, and transparency and clarity of information provided.
Decarbonisation	We are reviewing the impact of decarbonisation requirements which will take effect over the next two decades, in particular the effect on heating systems in our properties.
Unforeseen costs or costs greater than estimated	Any unbudgeted costs would have to be met from economies or reductions in planned spending in the year in which they arise or from any balances available in that year.

Prudential indicators

14. The Local Government Act 2003 introduced a system of “prudential borrowing” which allows councils to set their own borrowing limits subject to criteria of prudence and affordability. These criteria are set out in more detail in the CIPFA Prudential Code which specifically requires us to set a number of prudential indicators. The full range of prudential indicators are to be set as part of another report on this agenda. Those indicators that relate to HRA capital expenditure are set out below:

	Latest forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Ratio of financing costs to net revenue stream: HRA	46.9%	45.8%	44.7%	46.2%
Capital expenditure: HRA	£46.2m	£70.0m	£73.7m	£72.3m
Capital Financing Requirement: HRA	£470.2m	£482.9m	£514.6m	£543.9m

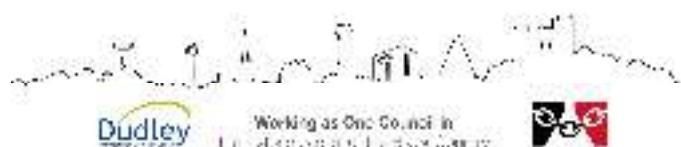
15. The ratio of financing costs to net revenue stream shows the costs of servicing housing debt as a percentage of total HRA income. This is a measure of the affordability of debt.
16. The forecast debt charges resulting from anticipated borrowing are fully reflected in the Housing Revenue Account budget at Appendix 1 of the report.
17. The HRA Capital Financing Requirement is a measure of the share of the Council's overall portfolio of debt and investments that results from public sector housing capital expenditure. The limit on the HRA CFR imposed on implementation of self-financing was £464.1m. Additional borrowing under the Local Growth Fund was available in 2015/16 and 2016/17 and this increased the HRA CFR to £470.2m. The debt charges resulting from this new borrowing will be funded by the rental stream from the additional homes provided.
18. These indicators have been updated to take account of proposed additional borrowing now that the limit on the HRA CFR has been lifted.

Partnerships

19. We continue to deliver on partnership working and currently have a number of such arrangements, for example:
 - A strategic partnership for delivery of new council housing under a framework arrangement to 2024;
 - Strategic partnerships that are being delivered in accordance with the principles of Sir John Egan's report 'Rethinking Construction'. Through innovative payment mechanisms, incentivising good performance and modern methods of collaborative working, partnerships are delivering improved services at a measurably lower cost and have allowed valuable and limited resources to be re-invested in the housing stock.
20. Funding partnerships have also been forged including with Homes England (formerly the HCA) to support new council housing and historically with energy

service providers to increase resources for reducing carbon emissions under the Government's ECO (Energy Company Obligations).

21. Procurement consortia are also used (e.g. the LHC Framework, Procurement for Housing) and other partnership arrangements will also continue to be used where appropriate, forming partnerships with established bodies to deliver procurement efficiencies.



Meeting of the Cabinet – 17th February 2022

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

Invitation to become an Opted-in Authority - Public Sector Audit Appointments

Purpose of Report

1. To consider a proposal to opt in to the national scheme for auditor appointments.

Recommendation

2. It is recommended that Cabinet recommends to Full Council to opt in to the national scheme for auditor appointments.

Background

3. The Council's external auditors, Grant Thornton, have been in place since financial year 2012/13, initially under compulsory arrangements that were set up following the abolition of the Audit Commission and then from 2018/19 under optional national arrangements managed by Public Sector Audit Appointments Ltd (PSAA). From 2023/24 the Council has the option of appointing its own external auditors or opting in again to the PSAA arrangements.
4. If the Council opts to appoint its own external auditors, then it will need to:
 - establish an audit panel;
 - manage the auditor procurement and cover its costs;
 - monitor the independence of the appointed auditor for the duration of the appointment;
 - deal with the replacement of any auditor if required; and
 - manage the contract with the auditor.
5. PSAA is a not for profit company established by the Local Government Association (LGA). It is specified as the appointing person for principal local government bodies. This means that it will be able to make auditor appointments for 2023/24 onwards to principal local government bodies that choose to continue to opt in to

the national arrangements. Further details of the scheme are set out in the invitation to opt in (attached as Appendix 1).

6. It is anticipated that opting into the PSAA arrangements will enable the Council to secure high quality, independent, cost-effective external audit services while avoiding the costs associated with directly managing the contract. It will also give an opportunity to support collaborative working by appointing the same auditor to the Constituent Councils of the Combined Authority and to the Combined Authority itself.
7. The deadline for opting in is Friday 11th March 2022. Audit and Standards Committee on 7th February 2022 endorsed the proposal to recommend to Full Council (28th February 2022) to opt in to the national scheme for auditor appointments.

Finance

8. The current cost of external audit, including audit of grants, is approximately £203,000 per year.

Law

9. The Authority is required to comply with Part 3 of the Local Audit and Accountability Act 2014 in relation to the appointment of local auditors. Section 7 of the Act requires the Authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.

Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the 2014 Act and the Local Audit (Appointing Person) Regulations 2015, and has the power to make auditor appointments for audits of the accounts from 2018/19 on behalf of the Authority.)

Risk Management

10. The proposals contained in this report do not create any material risks.

Equality Impact

11. There are no equality issues arising from this report.

Human Resources/Organisational Development

12. There are no human resources/organisational development implications arising from this report.

Commercial/Procurement

13. Opting in to the national arrangements will not require procurement resources.



Council Priorities

14. An effective framework of governance, risk management and internal control will assist the Council in achieving its priorities.



Iain Newman
Chief Officer Finance and Legal

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Kevin O'Keefe
Chief Executive

List of Background Papers

Appendix 1 – Invitation to opt in to the national scheme for auditor appointments

22 September 2021

To: Mr O'Keefe, Chief Executive
Dudley Metropolitan Borough Council

Copied to: Mr Newman, S151 Officer
Councillor Taylor, Chair of Audit Committee or equivalent

Dear Mr O'Keefe,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

Meeting of the Cabinet - 17th February 2022

Joint Report of the Director of Regeneration and Enterprise and the Director of Finance and Legal

Halesowen Business Improvement District (BID) re-ballot

Purpose

1. To advise Cabinet of the Halesowen BID proposal for re-ballot for a new five year term and to consider the timeline.

Recommendations

2. It is recommended that the Cabinet:-
 - Approve the BID proposal and timeline.
 - Agree for Halesowen BID to proceed to a re-ballot in Summer 2022.

Background

3. BID's are business led partnerships, created following a ballot, to deliver additional services to local businesses over a defined period, normally 5 years.

A BID is a defined area in which a levy is charged on all non-domestic ratepayers in addition to non-domestic rates. Such a levy can only be collected by the local authority and it is then passed on to the BID company less an amount for the cost of collection and administration.

A BID can only be established following approval of a proposal setting out what the BID will do. The levy will be used to develop such projects which will benefit businesses in the local area. This should be in addition to services provided by the local authority.

The Halesowen BID is seeking to go to re-ballot for a new five-year term proposed to start 1st August 2022. The timeline for the second term ballot is included at Appendix 2.

If successful, the BID will continue to be delivered by Halesowen BID Company (HBC), a not-for-profit company that will support the businesses in the town to deliver the BID Business Plan. It will be managed by a BID Manager and Board which will be made up of a business representatives from within the proposed BID area.

The proposed Business Improvement District (BID) area covers not only the Town Centre but also the surrounding areas and consist of more than 330 active companies with some 30 premises currently vacant in total.

For a re-ballot a BID proposer is required to develop a BID proposal (included at Appendix 1) and submit this to the local authority:-

The proposal should set out the services to be provided and the size and scope of the BID. It will also set out who is liable for the levy, the amount of levy to be collected and how it is calculated.

The proposed BID levy will raise approximately £600,000 over the 5-year life of the BID. The amount of levy that will be required from each business levy payer will be calculated at 1.25% of the rateable value (RV). The BID proposal is legally binding, but the business plan can be changed.

Within the BID Proposal Halesowen BID have developed a Mission Statement to help shape the work and focus of the BID's second term,

"Together we'll prosper by creating a brighter and stronger town; a visitor magnet and a thriving, attractive business destination; enjoying a clean, safe and pleasant area by all those that live, work and socialise within it".

The second term will focus on the delivery of three main strategic objectives for the BID area namely:

- Experiential Destination
- Environmentally Focused
- Economy Focused Support

Where a BID includes undertaking additional work to that provided by the local authority, normally a baseline is established so that this "additional" work can be clearly identified. In the case of the Halesowen BID this work only makes up a small part of the three objectives, however the related baseline activity is commencing now.

A formal agreement between The BID company and the local authority will be produced which will mirror the existing agreement.

Once the Halesowen BID is in place for a new term, a monitoring group will be established to monitor the performance of the BID levy collection. This group will include the BID director, and representatives from the authority's Revenue & Benefit service, with Legal and Financial services representatives being called upon as required.



Finance

4. There are two direct financial implications for the Council arising from this report:
- The Council will forward fund the BID levy at the start of each financial year to support the BID's cashflow and to enable them to develop an annual programme of activity.
 - Business properties occupied by DMBC or empty business properties owned by DMBC in the BID area, will be liable for the levy.

Law

5. The Local Government Finance Act 1988, part 4 of the Local Government Act 2003 ("the Act") and the Business Improvement Districts (England) Regulations 2004 and or any subsequent regulations or enactment or consolidation of the Local Government Finance Act 1988 Act or the Act or the regulations which provide a legislative framework for the establishment and operation of a BID.

Risk Management

6. There are no identified material risks to the Council resulting from the report. Financial risks resulting from the forwarding funding of the BID levy are mitigated by the fact that Revenue & Benefits are responsible for collecting the BID levy on behalf of Halesowen BID.

A BID monitoring group will also be established which will include representation from the Council's Revenue & Benefit Service together with legal representatives (where required) to monitor any associated risks that emerge as part of the implementation of the BID's business plan.

Equality Impact

7. There are no equality impact implications arising from this report.

Human Resources/Organisational Development

8. There are no direct HR/OD impacts associated with this report as any work associated with this decision will be undertaken by the existing Halesowen BID team. Where additional specialist support is required to conduct the re-ballot this will be procured directly by the Halesowen BID team. Existing teams within the Council who already work with and support Halesowen BID will continue to do so should the re-ballot be successful.

Commercial/Procurement

9. There are no direct commercial implications associated with this report.



Council Priorities

10. Supporting the re-ballot for a new five year term for Halesowen BID supports the council priorities of *Regenerating the Borough* and *Growing a Strong Visitor Economy* in addition to supporting the aspirations of the Borough Vision of creating "*vibrant towns and neighbourhoods which offer a new mix of leisure, faith, cultural, residential and shopping uses*"

The Halesowen BID's strategic objective of "*An Eco-Friendly Future*" also aligns with the Council's aims to reach net zero Carbon emissions by 2041.



Helen Martin
Director of Regeneration and Enterprise



Iain Newman
Director of Finance and Legal

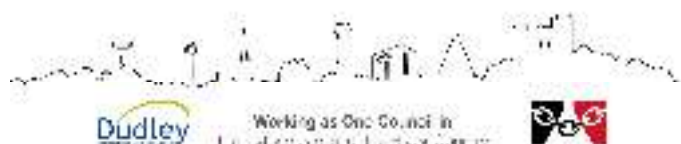
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Appendices

Appendix 1: Draft BID Proposal

Appendix 2: Draft BID Timeline

List of Background Documents



**Halesowen Town Business Improvement District
2022 – 2027**

Full Proposal Document - FINAL DRAFT V4

Contents

Introduction	3
Section 1: The Need for a Business Improvement District (BID)	4
1.0 Why Halesowen needs a BID	4
1.1 Consultation Process	7
1.2 Halesowen BID Mission Statement	10
1.3 BID Strategic Objectives	10
1.4 BID Area	11
Plan of BID Area	12
1.5 BID Duration	13
1.6 BID membership	13
1.7 BID Levy	13
1.8 BID Ballot	15
1.9 BID Levy Collection Costs	15
1.10 Working with existing service providers	16
Section 2: What the Business Improvement District will do	17
2.0 An Experiential Destination	17
2.1 An Eco-Friendly Future	19
2.2 A Thriving Local Economy	20
Section 3: Working arrangements	22
3.1 Governance and finance	22
3.2 Operation of the BID	22
3.3 Finance & financial reporting	25

Introduction

Halesowen is one of the many hidden gems located within the Black Country with a population of over 60,000 people. Each year the annual Christmas Light Switch On attracts in excess of 40,000 visitors to the town and the Black Country 10K and 5K road races sees in excess of 1,100 of entrants each year take to the local streets. As well as a number of local events managed by Halesowen BID.

With a local college located on the periphery of the town boasting some 6,000 full and part-time students it appears consistently in the top 10% of colleges for examination performance thus attracting young people from all over the county. With its links to major motorway and public transport networks it has subsequently attracted new businesses, young families and working professionals to benefit from this convenience.

The proposed Business Improvement District (BID) area is home to some 350 businesses, which includes amongst others InTouch Games, Ruskin Properties, Travelodge, Asda & Aldi, which has created numerous employment opportunities.

However, the difficulties our businesses face in the post-pandemic economy and challenging competitive economic environment, means that the town needs to consider how it faces the future. This is of paramount importance if we are to ensure the continuing prosperity of all our businesses and the livelihoods of those that depend upon them.

Following extensive consultation across the proposed BID area, this Proposal will be put to a Ballot on **10th June 2022** with the Ballot Day on **11th July 2022** of all businesses in the proposed BID area, administered by Dudley Metropolitan Borough Council (DMBC).

The development of the BID Proposal has been supported by DMBC and Black Country Chamber of Commerce.

If successful, the BID will be delivered by Halesowen BID Company (HBC), a not-for-profit company that will support the businesses in the town to deliver the BID Business Plan. It will be managed by a BID Manager and Board which will be made up of a representation of business people from within the proposed BID area.

The proposed start date for a Central Halesowen BID is **1st August 2022**.

The BID will work in partnership with all the existing statutory organisations for which Baseline Statements will be agreed where applicable. These will ensure that the BID only invests levy payers' funds in activity that is **additional** to that which the statutory organisations already have a responsibility to deliver. These will be identified separately and will be agreed between the parties prior to the BID coming into operation.

The BID will deliver operational and marketing activity for the BID area and levy payers for a five year period until 2027 funded by the levy described in this document.

Section 1: The Need for a BID

1.0 Why Halesowen needs a BID

Halesowen is still falling victim to the increase in out of town and online shopping. Whilst the work of the BID in its past term has stabilised footfall and in some cases encouraged greater footfall. During the reopening of the town we saw huge growth in footfall year on year and in June 2020 we were reported as the fastest recovering high street, post-pandemic, in the UK. Without the much needed investment the area could lose the current gains and stability in trade. Businesses across the town have praised the BID for their work in developing and maintaining Halesowen's reputation as a visitor magnet and its stronger image.

A determined drive is needed to encourage our independent retailers to continue to increase the overall footfall for Halesowen in order for it to remain a desirable shopping destination. With the support and tools the BID has to offer we will continue to see a thriving town that is full of shoppers, as well as a source of employment, growth and prosperity.

Maintaining standards in the town has become a main role for the BID and therefore by finding further solutions to improve them is an absolute priority. The continued existence of a new way of working together in Halesowen, through a Business Improvement District, will continue to provide new innovative solutions and forward thinking approaches to the overall look and feel of the town; continue to provide elements that are no longer affordable for the local authority, like Halesowen-by-the-Sea; encourage new employers to see Halesowen as a town in which their businesses can thrive and tackle challenges that will enable new and existing businesses to compete in the future. The BID has provided much needed support for new businesses and for levy payers with continued activity throughout the pandemic and services such as webinars, property advice, grant support & collaborative marketing.

The key challenges:

- Economic growth is difficult and therefore businesses increasingly need to work together to reduce costs, benefit from economies of scale, increase brand awareness and share risk to sustain and improve their turnover and profitability.
- The development of on-line trading activity has challenged traditional methods of retail management; even more-so after the recent pandemic, therefore new facilities and new ways of delivering what the customer and client want need to be developed as well as supporting business owners in working within the digital age.
- The increasing reduction in DMBC funding will result in further key services and initiatives gradually being cut back making it more difficult to attract visitors and for businesses to compete on a level playing field.
- The increasing expectations of customers and clients (including shoppers, residents, students, investors) mean that businesses have to improve standards continuously to thrive and survive. The saying 'it isn't broken, why fix it', no longer applies as customers demand more and are

looking for added value in their shopping experience and therefore this experience needs to be constantly improved upon to meet ever rising expectations. The BID has currently supported businesses in making changes to adapt to new customer expectations and provided advice and guidance on handling new policies and procedures, most notably in regards to the pandemic.

- Growing competition from other surrounding towns and cities will attract visitors away from Halesowen as a result of investment being put into their regeneration, such as West Bromwich following their successful ballot. The convenience of out of town shopping centres such as Merry Hill with their offering of free parking spaces including electrical charging points, free Wi-Fi access, and restaurants all under one roof is also gradually taking business away from Halesowen. However; with the closure of national stores there are opportunities for small independents to thrive and encourage shoppers from larger shopping centres back to the high street, the time to act is **now**.

The BID can continue to resolve areas that were out of control of the local authority and other organisations. By application to funds and grants totalling over £180,000 the BID has invested in a range of services and provisions that have supported our businesses and helped Halesowen maintain a strong image. Examples of this are improvements to the signage across our business parks, installation of CCTV, the introduction of a security radio network, Safety & PPE initiatives, business training and ensuring the town becomes inclusive to all visitors. with further applications for investment and the continued hard work of the BID team we can continue our role in fulfilling the aims laid out in this Business Plan.

Halesowen's Brand Development & Marketing Strategy

The issues:

- The BID has established a much larger presence across social media, local press, local and national television as well as remaining a key focus for public figures both in and out of office.
- External marketing has assisted in promoting attractions and events and with the success of our 2020 borough wide digital Christmas Lights switch on event we were able to work closely with Dudley MBC & Black Country Radio to bring Christmas joy and advertisement for local businesses to over 60,000 members of the community.
- The town continues to engage with everyone through its annual schedule of events, however due to the recent pandemic our visitors have not been able to experience the same memorable activities as we used to provide. We will aim to exceed expectations with events throughout 2022 - 2027

Halesowen as a Destination

The issues:

- Due to limited DMBC resources street and environmental cleaning standards are not as good as they potentially could be. Fly tipping on the pavements is a major issue as are graffiti laden walls and shopfronts.

- Events such as Halesowen in Bloom and the Christmas Lights add a touch of colour to the town and make it a much more pleasant place in which to be, however these are becoming more and more difficult to sustain due to increasing costs. More needs to be done to make the town attractive all year round and to build upon our current successes.
- Gone are the traditional 9am - 5pm shopping hours, with staff now working shifts, working from home and enduring longer days, the town needs to adapt to these changes. In order to attract young professionals into the town, a focus needs to be made on developing the nightlife available in a controlled and responsible manner.
- With the provision of extra CCTV and a stronger police street presence, we can begin focusing on developing a nightlife in Halesowen.
- Businesses in the town are often unaware of what is happening and they lack knowledge of the support that is available to them. Nor do they know how to resolve issues that impact on their businesses or have the time to follow them up in a satisfactory manner.
- With almost 5,000 students attending Halesowen College each year, dozens of visitors to The Cornbow Hall every week day and many hundreds attending the town's Leisure Centre, there is currently no information readily available which provides them with an introduction of the town and what is on offer. This is also applicable to visitors from out of town who arrive not knowing where to go and what there is on offer. There is a need for a 'Welcome' Information Pack to be developed to ensure that everyone receives the most from their visit and for adequate 'way finding' signage and directional information.

Halesowen as a Business Hub

The issues:

- Halesowen's strategic position on the main east/west routes from Birmingham to Stourbridge and Kidderminster and its close proximity to the M5 motorway, rail links and Birmingham International Airport makes it the perfect destination for start-up businesses and existing businesses seeking new locations. The BID has been able to support new businesses with claiming grant funding and finding new premises as well as marketing support and networking with other local businesses. The BID has more to do to provide resources and advice on key areas of business or to enable established businesses to coach others. We have the location and the facilities or the potential for their provision but we can do more to ensure they thrive.
- In addition, SMEs (Small to Medium sized Enterprises) are unsure of what to do when it comes to choosing the correct premises from which to conduct business. Because of the lack of guidance available, they simply choose to go elsewhere. The BID has proven that we can assist in providing this guidance.
- All businesses face rising costs and therefore are constantly looking for ways in which to save money. The BID is implementing more support for businesses to assist them financially. There is an aim to further reduce business spending during the next BID term.

- The BID has been fundamental in providing support for businesses looking to apply for grant funding. Most businesses are unable to spend time searching for grant funding and Local Authority support packages. There must be continued support for businesses hoping to receive specific funding if we intend to allow our local businesses to flourish.

Halesowen as a Connected Town

Often businesses located on the periphery of the town get left out of the action occurring within the centre. There is an opportunity to connect the town as well as the surrounding areas to create a greater visitor experience.

- We are privileged to be situated in an area of the Black Country that is connected by major public transport links. The BID has improved signage in and around the town as well as working hard to improve signage at Rowley Regis Train Station.
- The BID has long campaigned for improved parking and whilst we have achieved some success in being able to provide 2 hours free parking in the town, more can be done to ensure that we compete with Merry Hill shopping centre in order to improve footfall.

1. Consultation Process

September 2021

- March 2022

Halesowen BID Proposal Team will commence the consultation process with all the business properties within the defined proposed BID area.

A multi-faceted approach was used which included; face-to-face meetings, a survey and workshops. The BID Manager and members of the BID Development Team will carry out the consultation work.

The purpose of this research is to; confirm contact details of the key decision makers within each business, inform them of the BID process and the benefits that a BID could continue bringing to the town, and to obtain their views on how Halesowen could be improved.

Newsletters and information. Newsletters will be produced and **delivered by hand** to all of the businesses located within the defined area. They will be circulated with full information on the intention of the Halesowen BID company to seek to promote a Business Improvement District for Central Halesowen and give full information in summary as to the implications of this proposal. Full information will be given as to how to contact the Town Manager and about open days and Q&A sessions that will be available.

Feedback in general has been favourable, particularly from the individual traders who see the day to day efforts of the BID team to help support Halesowen Town Centre. They have understood how the BID has been an

essential part of their businesses' future and their hope to continue to thrive and expand. The feedback has been initially face-to-face. Only a very small number have expressed outright opposition to the proposal.

Press Releases and press publicity. We will implementing extensive press publicity in The Halesowen news and The Express and Star throughout the period from September to March 2022 and representatives of these media will be invited to most of the BID Q&A activates and committee meetings meetings, resulting in articles appearing in all three publications.

Open days and workshops. We will host two open Q&A sessions to which all traders and businesses will be invited, one in The Cornbow Hall in late October and the other in the Cornbow Hall in February.

Additionally, the Halesowen BID Office will be open for anyone looking to find out more about the BID proposal and the impact this will have on the town and the local traders.

Shared office buildings will also be visited where any tenants will be able to meet with the BID representatives to discuss the BID and find out more information.

Surveys. Between September 2021 and February 2022 the BID Company will conduct a survey of all the business premises within the proposed BID area to obtain data and information about the decision makers at each location. This will involve extensive one-to-one discussions with many of the traders and businesses. The full implications of the proposal will be fully explained and the ramifications for each business fully explored.

There are more than 350 individual businesses within the proposed area embracing retail, finance and professional services, manufacturing and warehousing and service industries such as car maintenance and repair and other similar businesses. A number of the premises are occupied by charities comprising some 10 charity shops, 4 charity headquarters and one regional charity office.

The survey interviews will include in most instances an explanation of the nature of a BID, the implications for each individual business and to gauge the reaction of the interviewee as to their likely attitude to the proposal. In all cases explanatory leaflets were left giving full information about the proposal and how to contact the BID Manager.

Of the 350 plus businesses, we anticipate over 150 positive responses in support of the initiative, 8 opposed. The remainder are difficult to gauge as they are mainly national companies with decision makers located elsewhere.

In these latter cases, letters explaining the proposals will be sent by post to the declared head offices and addressed to the persons understood to be the decision makers in January and February 2022 with full contact information and enclosing explanatory leaflets.

Survey questions included:

1. Do you know what the Halesowen BID is?
2. Do you understand the implications for your business?
3. Does Halesowen require the support of the Halesowen BID?
4. What initiatives by the BID would you expect that would help your business?
5. When asked to vote on these proposals, are you likely to vote in favour or against?
6. Are you interested in becoming actively involved in the management of the BID if it receives a vote in favour?

2. Halesowen BID's Mission Statement

"Together we'll prosper by creating a brighter and stronger town; a visitor magnet and a thriving, attractive business destination; enjoying a clean, safe and pleasant area by all those that live, work and socialise within it".

3. BID Strategic Objectives

The Halesowen BID will focus on areas of activity that businesses within the BID area have informed us are important through the consultation process already undertaken:

- **Experiential Destination** – We need to create fresh, modern and exciting experiences for our town's visitors to enhance their engagement with our levy payers
- **Environmentally Focused** – enhance the appearance of our town whilst incorporating new ways to take care of our environment.
- **Economy Focused Support** – support new and existing businesses and build a wider business support community.

Under-pinning the whole BID Proposal is the use of effective communication as well as working together to achieve a common aim.

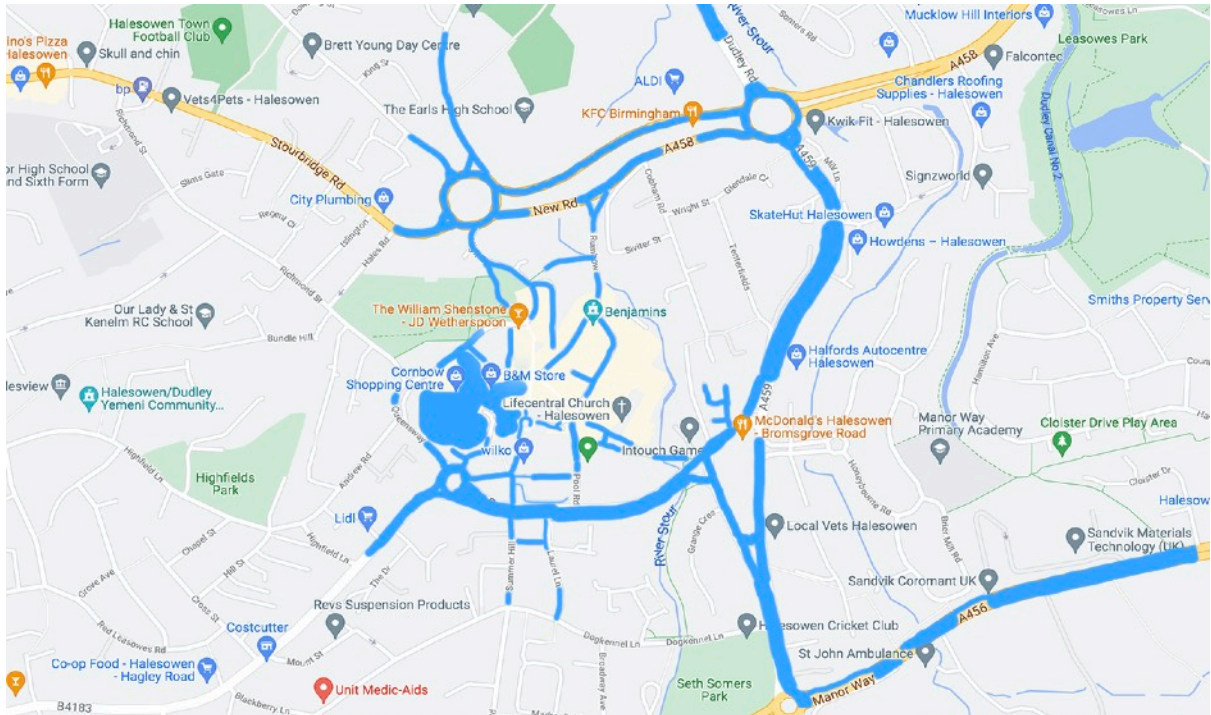
4. The BID Area

The streets that fall within the Halesowen BID proposed area cover not only the Town Centre but also the surrounding areas and consist of more than 330 active companies with some 30 premises currently vacant in total. The vacancies in the retail areas are fluid and the number change a occupations change.

Areas within the BID area:-

- Andrew Road (Car Park and Day Centre)
- Birmingham Street
- Bromsgrove Road (including Shenstone Trading Estate)
- Bull Ring
- Cornbow Centre (Hagley Mall and Queensway Mall)
- Dudley Road (Halesowen College Annexe and Numbers 5, 5a & 11)
- Earls Way
- Furnace Lane (Earls High School)
- Grammar School Lane (Borough Court)
- Great Cornbow (including Fountain House)
- Hagley Road (from Lidl Supermarket towards the town centre)
- Hagley Street
- High Street (including Plaza Mall)
- Laurel Lane (Neville House and Halesowen Police Station)
- Little Cornbow (including Zion Church Centre)
- Mill Lane
- New Road (Trinity Point)
- Peckingham Street
- Pool Road
- Queensway (including Maybrook House)
- Rumbow
- Stourbridge Road (2 & 10 and Hales Court and Church Court)
- Summer Hill (1, 49 & 51)
- Vine Lane
- Whitehall Road
- Manor Way

- The BID area was defined geographically as the core of the town and the key periphery areas.



5. The BID Duration

The proposed commencement date for the BID is 1st August 2022 will be for a period of 5 years. The 5 year period is in line with 98% of successful BID ballots nationally. While the BID could be for 3 to 5 years, the view is that 5 years gives time to operate effectively for a substantial period, adjusting during that time if needed and still deliver successful outcomes.

The BID period has been the subject of consultation as part of this Proposal and has been endorsed on every occasion by those supporting a BID.

6. BID Membership

In order to generate significant funding membership of the BID should include all businesses that fall within the proposed BID area with a Rateable Value (RV). Only those that would be liable to pay a levy will be entitled to a vote.

All defined ratepayers will be entitled to one vote per rateable hereditament (item of property), if the business occupies more than one hereditament they will receive additional ballot papers.

7. BID Levy

The proposed BID levy will raise approximately £600,000 over the 5 year life of the BID, that will be spent exclusively in the BID area during its 5 year life. The amount of levy that will be required from each business levy payer will be calculated at 1.25% of the rateable value (RV).

The occupiers or if appropriate the owners of unoccupied property (being the persons entitled to possession of the property), of all property with an entry in the Rating Lists held by Dudley MBC as at 1st August 2022 for the area of the BID will be liable to pay the levy. The owners (as defined above) of vacant properties undergoing refurbishment or being demolished will also be liable.

The only exception will be that the owners of vacant former business properties undergoing refurbishment as dwellings will be exempt from the levy.

The local authority is entitled to make a deduction from the proceeds of the levy for the costs of collecting the levy at a rate agreed with the BID Company.

The table below provides an indication of the amount that each business would be liable to pay.

Rateable Value Range	Annual Levy @ 1.25% *	Weekly Amount
£	£ - p	£ - p
Under 1,000	Up to £12.50	Up to 24p
1,001 to 5,000	12.52 - £62.50	24p – 1.20
5,001 to 10,000	62.51 – 125.00	1.21 – 2.40
10,001 to 12,500	125.00 – 156.25	2.40 – 3.00
12,501 to 15,000	156.26 – 187.50	3.01 – 3.61
15,001 to 25,000	187.51 – 312.50	3.61 – 6.01
25,001 to 50,000	312.51 – 625.00	6.01 – 12.02
50,0001 to 100,000	625.01 – 1,250.00	12.02 – 24.04
100,001 to 200,000	1,250.01 – 2,500.00	24.04 – 48.08

- The levy will be fixed at 1.25% of rateable value (RV) using the 2022 rating list as at 1st August 2022.
- The BID levy will be applied to all business ratepayers located within the BID area with the only exception that the owners of vacant former business properties undergoing refurbishment as dwellings will be exempt from the levy.
- All new hereditaments entering the rating list after 1st August 2022 will be levied at 1.25% on the prevailing list.
- Any levy payer vacating a property during the year will only be liable for the levy for the period during which they are in occupation and based on the equivalent daily rate.
- Vacant properties, properties undergoing refurbishment or being demolished will be liable for the BID levy, payable by the owner or registered business rates payer.
- The BID levy will not be affected by the Small Business Rate Relief Schemes, service charges paid to landlords, business rates exemption, reliefs, discount periods or any schemes in the National Non-Domestic Rates Regulations 1989.
- The levy is not subject to VAT.

The BID Levy can only be collected by DMBC on behalf of the BID Company. This money will then be ring-fenced and transferred into a BID account which is managed by the BID Company and BID Board.

The levy will be on a Chargeable Day basis and due as a single annual payment collected by DCC in April each year. In appropriate circumstances, the Council may collect the levy in two half yearly instalments where the charge is above £500.00 per annum.

Landlords will be liable for the levy on a vacant property and no charity relief will apply.

Voluntary Contributions

It is not uncommon in BIDs for businesses and organisations within the proposed BID area to make voluntary contributions.

If an organisation wishes to participate then this will be agreed with the BID Board and arrangements made on an individual basis.

Voluntary Contributors will have a say about how the BID is delivered by way of the BID Board, the AGM and through the BID team. However, they will not have a vote in the Ballot or at the AGM unless they are also levy payers.

Education, Street Traders, Churches and Advertising Bill Boards may all generate additional voluntary contributions.

8. BID Ballot

The Ballot will be conducted by DMBC to ensure that it is carried out to the Government Legislation of 2004 which outlines the rules and regulations under which the BID ballot must be conducted.

The BID vote will take place by the issue of ballot papers on 10th June 2022 and every levy paying business that is within the BID area will have the opportunity to vote. The BID can only be formed following consultation which has already taken place and a ballot in which businesses vote on a BID Proposal or Business Plan for the area.

In order for the ballot to be successful it must be won on two counts to ensure that the interests of large and small businesses are protected;

- 1) Straight majority **YES** vote of over 50% by number of those voting and a
- 2) Majority by rateable value of those voting

Once a ballot is successful the BID levy is compulsory for all eligible businesses. This levy can only be collected by the local authority on behalf of the BID Company and is duly ring-fenced for projects set out in the BID Business Plan.

Ballot papers will be sent to ratepayers on 10th June 2022 and must be returned no later than 5.00 p.m. on 11th July 2022 The result will be announced after completion of counting.

9. BID Levy Collection Costs 2017-2022

The collection costs for this service will be as follows:

Financial Year	2021/22 £	2022/23 £	2024/25 £	2026/27 £	2028/29 £	2030/31 £	Total £
Software & set up *	4,000	1,340	5,500	5,500	5,500	5,500	27,340
Collection fee **							
Total							

NB. Although the BID will have a life of five years, as it is likely to start operations in August 2022 it will span six financial years.

* These costs are estimates based upon information from the software suppliers and assuming that Dudley MBC will be willing to accept payment spread over the life of the BID.

****** This fee will be subject to agreement between the BID Company and Dudley MBC but is unlikely to be a significant sum.

With some 350 plus hereditaments in the proposed BID area, there is a small per hereditament collection fee per annum and in addition there is the cost of the associated software and set up costs. These are not additional costs to levy payers but will be paid from the total levy received as an on-going cost by the BID Company. This includes all collection, follow up and activity associated with ensuring that the levy is paid in full by all those liable for it.

The BID will adhere to the Rateable Value on the Rating List, and after 2022/23 the levy placed upon it at 1st August 2022 and 1st April each year subsequently, for the life of the BID. Where a property is subject to change of use from business to residential then the levy will cease in the year after which the change takes place. No refund of levy or part levy will be payable in this instance.

The levy for new, extended or altered properties liable for the BID will be collected in the first year in which they appear on the Rating List.

The BID will not take any account of changes to the rating regime, proposed for 2022, and will collect the levy set at the date of the Ballot, in each year of the BID.

An Operating Agreement will be set in place to regulate the procedures for the transition of levy payer funds to the BID and the necessary banking arrangements.

There will be quarterly meetings with DMBC to monitor levy collection rates and other financial matters.

10. Working with Existing Service Providers

The services provided by a BID are over and above those provided by local councils and other statutory providers. BIDs enter into baseline agreements with the local authority and other service providers which demonstrate the level of service provision in the area. These arrangements ensure that any services the BID provides are truly additional to any that were previously supplied.

Statutory services have to continue to be provided by the relevant authorities; however, both statutory and discretionary services are subject to resource constraints and the BID will work with the providers to minimise the impact of such pressures. These arrangements will be subject to annual review.

The actual baselines will be established by agreement between the Interim BID Company Management and the statutory providers but will need to be monitored and varied as circumstances dictate during the life of the BID.

Section 2 – What the BID Will Achieve

2.0 An Experiential Destination

Faced with fierce competition from glitzy shopping centres and the lure of online shopping Halesowen needs to take every opportunity to create unique, interesting and engaging events and activities to attract visitors. By creating experiential activity we can more easily communicate what Halesowen has to offer for visitors and by developing our creativity in events and activities, we can work to introduce more short term and long term additions to our town. The BID can offer our local businesses and its visitors more interactive experiences and build a sense of community to help drive footfall to our town centre.

Events & Activities

During its first term Halesowen BID have launched and managed a series of successful events that has increased town footfall. We have encouraged residents and visitors to join us to celebrate, participate and interact with engaging events and interactive experiences across the town centre.

The BID's investment in creating opportunities to bring our communities together will remain a key focus for a second term. With key calendar events that require continued financial support, The BID will establish new and exciting events across the town to encourage further footfall and establish Halesowen as a destination. These include street food experiences, Santa's Grotto's, Local Trade Pop-Up Shops, outdoor cinema experiences and further collaboration with our town market to allow local traders an opportunity to increase trade and reach new customers.

Welcome Spaces

The BID has increased its commitment to keeping our town clean and vibrant. By working closely and supporting organisations like Halesowen In Bloom we have been able to transform many of our public spaces. Projects like the town's Friendly bench and the hand painted picnic benches have already had a huge positive impact. This however; is only the start.

The BID will continue to invest in creating unique public spaces where visitors can meet, interact and engage within unique environments. We plan to generate green, clean and calm public areas where families, friends and colleagues can experience a town centre experience that increases visitor dwell time and encourages further visitor growth.

Connecting To The Digital Future

Halesowen has a unique opportunity to harness emerging technologies to create new and exciting digital experiences across our town centre. From QR code technology to Augmented Reality projects, The Halesowen BID are already starting to plan new ways in which our visitors can interact with our businesses. By creating cutting edge digital experiences; setting us apart from our neighbouring towns, we can entice younger generations of visitors and families to connect with our businesses and the digital future of high street shopping experiences.

2.1 An Eco-Friendly Future

Halesowen, like most towns and cities is continually striving for a greener future. During the BID's first term, we have enhanced opportunities to recycle and created eco-friendly spaces that support our natural wildlife and eco systems.

Greener Future For Businesses

The BID will continue to invest in new ways to protect our environment and will also look to procure further funding to support our businesses with ways in which to improve their CO₂ output. By supporting our businesses in reducing fossil fuel consumption we can assist with saving them money on utility bills and further support their efforts to reuse and recycle. We will look to create a sustainability action plan carrying out a gap analysis audit we wish to ensure that our town contributes to clean air and forward thinking community that enriches our local contribution to keeping our environment clean and. Carbon neutral.

Cleaner Streets

Whilst the BID have been able to enhance cleaning street cleaning provision across the town there is still work to be done in effectively deterring fly tipping and littering. Keeping our town clean will feature heavily in the BID's plan to secure an eco-friendly future for Halesowen.

The BID aims to continue working closely with the Local Authority to ensure Halesowen remains litter free. We will also support local businesses who regularly deal with fly-tipping and unwanted rubbish around their properties. By increasing CCTV operations further and providing necessary guidance and support we aim to keep Halesowen a clean and safe town to visit.

Plants, Parks & Wildlife

The Halesowen BID has worked closely with partner organisations to bring more plant life in to the town centre. The BID had introduced the regions's first Buzz Stop a unique eco-friendly structure that not only provides a contemporary shelter for public transport users, but also supports our local bee population. The BID has also introduced pocket parks in to the town and has supported the efforts of Halesowen in Bloom allowing volunteers to change unwanted spaces of land in to thriving gardens.

Halesowen has many unknown green spaces and the BID will continue to seek new ways to not only work with local and national organisations to bring the latest eco-friendly ideas and opportunities to Halesowen but to also attract new funding streams that can further protect our environment and increase our town's sustainability.

Climate Alliance

Working with our businesses we will commit to making a change with the introduction of Carbon calculators, waste and travel audits and sharing best practice. We wish to create a caring business community and assist our businesses in achieving a carbon neutral working environment.

2.2 A Thriving Local Economy

With over 350 businesses within the BID area it is of paramount importance that they see a return on investment if they are to survive. In order to do so business support needs to be provided by the BID in order to upskill and coach individuals to success.

In its first term the BID has supported local businesses with a hands-on approach, giving time and attention to any of the members of the BID area when required. The Bid manager, ambassador and volunteers have dedicated hours of their time patrolling the town, meeting, greeting and supporting businesses old and new. Supporting local business remains our number one priority and we will continue to work hard on behalf of our traders to ensure a healthy economic future for our town.

Direct Assistance

Our Bid Management team have been on hand to support business owners and managers directly. Our town centre office has become a hub for information and enquiries for businesses across the town and the region. Located in Somers square the BID has delivered personal and bespoke support for a wide range of issues, incidents and general enquiries on a daily basis.

The BID understands the importance of a human approach to its levy payers and the BID will continue to maintain an open door policy. Further to that, we will continue to ensure that every business has the opportunity to meet and spend time with our BID management team whether during a town patrol or through an organised meeting. We will continue to provide direct assistance to each and every business in Halesowen.

Professional Support

Many of Halesowen's businesses faced incredibly difficult times during the 2020/21 Corona virus pandemic. The roll out of much needed funding from the UK government created challenges of its own with grant and funding applications. Many of these applications had detailed terms and conditions and specific eligibility requirements. The BID were on hand to support our local traders with information, support in finding the correct funding streams and grants and also provided one to one support in completing documentation and applying for funding.

As part of the BID's professional support for Halesowen businesses during the pandemic we have strengthened our relationship with the local authority and local government representatives to ensure that we continue to lobby for further funding and development in our town centre. The BID will continue to represent the businesses of Halesowen, listen to our members concerns and ensure that their voice is heard. It was this relationship that allowed our traders to be one of the first to receive information and applications ahead of other regions in the Midlands.

A Warm Welcome

The BID will continue to welcome new business and provide all necessary support from marketing, information, advice and guidance to assist new businesses in their first few days of trading. The BID has not only supported new business in Halesowen but it has also worked hard to introduce businesses to potential locations to set up shops and offices.

Security

The BID has become an integral part of keeping Halesowen Businesses safe. Working closely with local police the BID has assisted local businesses with a wide number of security issues. The BID will continue to lobby for improved police presence, CCTV coverage and will be on hand to assist any business or visitor with security concerns across the town.

Section 3: Working Arrangements

3.1 Communication

Effective communication between the BID Company and the BID levy payers is critical to the success of the Halesowen BID. This is also true of any relationship that the BID Company forms such as with its existing partners (DMBC, West Midlands Police Service, etc.) and any newly formed partnerships. There is the need for everyone to work harmoniously together to achieve one common aim, which is the success of the town in terms of prosperity.

This section sets out how through effective communication and a holistic approach we will;

- Operate the BID
- Make key decisions
- Spend the BID Money
- Provide value to levy payers via the delivery of the BID
- Encourage levy payers to have a say about the day to day running of the BID

3.2 Governance: The Operation of the BID

Governance of the BID is vital to enable levy payers to participate and oversee the work of the BID and the way in which it spends their money. It is to be made clear to all involved that the Central Halesowen BID Company will deliver the BID, not DMBC. The BID Company will be governed by a Board of Directors who will be directly accountable to the BID levy payers.

The Board of the BID Company will be representative of the make-up of the business community within the defined BID area and principle business sectors. To ensure that the BID is established effectively, the members of the BID Development Team (see below) will serve as an interim Board until such time as, (within the first three to six months) a full Board of Directors with clearly defined terms of reference, can be elected and brought into place.

The BID Company is a 'Not for Profit Company Limited by Guarantee' and therefore any surplus funds must be spent during the agreed 5 year term of the BID on the delivery of the services and projects agreed by levy payers in conjunction with the Board of Directors.

The BID will be managed by a Central Halesowen Town Manager to ensure that all projects are delivered efficiently and effectively and in strict accordance with the aims and objectives set out within this Proposal and in the associated BID Business Plan.

BID projects, costs and timescales may be altered by the Board of Directors provided any such changes remain in line with the BID's overall objectives as set out in the BIS Proposal. The BID Board

of Directors will meet at least six times per year and the BID Company will produce a set of annual accounts. These will be made available as well as an annual report detailing the BID's achievements and the progress made throughout the year to all levy payers.

BID Board

This Board is as follows:

- Eve O'Connor (Centre Manager, Cornbow Shopping Centre & Chairman, Halesowen In Bloom)
- Nick Burton (Ruskin Properties)
- Tracey Nicholls (WorkoutzFitness)
- Dean Ford (Owner, Full Range Print Solutions)
- Jamie Green (Community and Engagement Manager, Halesowen College)
- Dave Dancer (BID Development Manager)
- Zoe Gmaj (Visitor Economy Development Officer, Dudley Council)
- Lisa Starkey (Director, Starkey Electrical)
- Andy Hancock (Associate Pastor, Life Central Church)
- Matt Mc Swiggan (Business Insurance Professional, Beam)

It is intended that Board places will be for a period of 3 years and this will be enabled by allocating initial periods of 1, 2 or 3 years to new Board members, subject to their agreement. In this way a cycle will be created so that the transition is managed appropriately.

Selection in the event of more than one nominee per place will be by ballot of those attending the BID AGM.

The recruitment of new Board members will be by nomination by designated organisations (DMBC, West Midlands Police Service and West Midlands Fire Service) and by self-nomination by local businesses/levy payers.

An independent Chair will be appointed by the Board from among their number. This must be a person currently running a levy-paying business within the town's BID area.

The independent non-executive Board will run the BID on behalf of Levy Payers and only the BID Manager will receive payment as an employee of the BID.

Area and Sector Representation

With regard to the six proposed places for BID Levy payers on the Board, these will cover;

- Retail
- Business, Law, Property & Finance
- Manufacturing and Warehousing

- Education
- Independent Businesses
- Other Professional Services

Community Representation

The interests of the local community should be represented on the BID Board, therefore an open invitation will be offered to representatives from Halesowen in Bloom and the Civic Society for example in a non-voting observer position.

Reporting: Making Decisions

The BID Board will meet at least six times per year for the life of the BID delivering and controlling the agreed BID Business Plan in accordance with this BID Proposal. Minutes will be documented at each meeting and made available to all BID Levy payers via the intranet.

BID Levy payers will have an opportunity to voice their opinions and suggestion via feedback mechanisms including the AGM, intranet site, quarterly BID clinics and via the BID Board Members.

Reporting: Spending the BID money

BID Clinics will be held quarterly for BID levy payers to receive an update on the BID's progress and a BID Annual General Meeting (AGM) will also be held.

In addition, the work of the BID will mean that the BID Team will be meeting with levy payers on a regular basis and therefore will be able to update them informally during these times.

BID Staffing Structure

In the event of a successful Ballot, the BID Board will oversee the BID's operation, delivering the actions set out in this Proposal and the Business Plan.

The BID Board will agree the staff structure, pay and conditions of the BID Company employee/employees. The permanent BID Board will be in place from 12th July 2022. A BID manager has already been appointed and will continue to work as part of the BID team.

3.2 BID Finances: 2017-2022

The allocation of resources is based on the delivery of the BID's three strategic goals.

- An Experiential Destination
- An Eco-Friendly Future
- A Thriving Local Economy

Income

Financial Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Levy	80,000	120,000	120,000	120,000	120,000	40,000	600,000
Voluntary Contributions							
Total							

The BID finances for the proposed 5 year period will comprise the following components over and above the Levy:

Voluntary Contributions

It is anticipated that businesses may choose to contribute in the event of a successful Ballot and we will encourage them to do so. However, we have only accounted for the known contributions in the BID Financial projections.

Expenditure

While the BID will generate overheads, the commitment is that this will never exceed 12.5% of levy payer funds and every effort will be made to maintain them at a lower level during the life of the BID.

It is not possible prior to start of operations by the BID Company to set out details of how much of the levy funds will be spent on each segment.

The table on the following page sets out the principal heads of expenditure acknowledging that in the earlier years, expenditure will be heavier on some segments and in the latter years, on other segments e.g. expenditure on Stronger Image and Creation of a Thriving Business Hub will be higher in the earlier years whilst expenditure on other segments will increase steadily as the life of the BID progresses. The principal Heads of Expenditure are:

Expenditure on Projects
Improving and developing experiential activities and events in Halesowen
Promoting Halesowen as a visitor destination
Making Halesowen a Brighter more attractive place in which to shop and enjoy leisure activities.
Developing modern digital technology and incorporating its use in our town

Expenditure on Overheads
Meeting the cost of software for billing and collecting the levy funds
Paying the Council's administrative costs of billing and collection of the levy funds
The costs of professional fees – legal, accountancy etc.
The costs of development and maintenance of the BID Company's Website and other IT requirements.
Recruitment and costs of employment staff and contractors as necessary.
Provision for Reserves and Contingencies.

The BID Manager will operate from office accommodation in Central Halesowen, Hobbs Corner, Somer's Square. This places the manager in the heart of the BID area and thus easily accessible to traders and businesses alike.

Contingency and Reserves

The BID will allocate an average of 5% of income as contingency/reserves over the course of the BID period. Adjustments to this allocation will take place as each year's operation and any surplus accrued will be evaluated by the BID Board.

Financial Reporting

The BID Board will receive monthly financial reports from the BID Manager, and provide DMBC with reports detailing monthly income, expenditure and an overall balance sheet. A mailed Billing Leaflet will be issued at the same time as the Bill.

There will be quarterly meetings with DMBC to monitor levy collection rates and other financial matters.

An independent accountant will be enlisted and will report on the accounts each year, for submission to Companies' House.

Variation Policy

The only elements of the BID that are **not** open to variation without reference to a Ballot during the life of the BID are the BID Area and the BID Levy.

The following are areas where the BID Board will have the discretion to alter arrangements during the BID to ensure operational and strategic advantage for the levy payers, as long as these alterations are in line with the overriding BID objectives set out in this Proposal and Business Plan:

- **Re-allocation of resources at any time:** the BID Board can authorise changes to the resources allocated to individual projects and between activities if it is to be to the benefit of the BID Levy payers.
- **Management and operating structure:** the BID Board are responsible for ensuring that the management of the BID is effective and that the operating structure is fit for purpose at all times. The BID Board may make changes as they see fit at any stage of the BID in order to ensure that this is the case.

Measurement: Delivering Value to the BID Levy Payers

Return on Investment (ROI) is a key component of the BID and it is essential that the ROI is clear for levy payers. Measures will include:

- Footfall
- Sales
- Crime
- Event Numbers

The BID team will work to ensure that the information gathered is relevant, timely and able to be measured against national benchmarks to provide crucial data upon which to make sound business decisions throughout the five years of the BID. Monthly reports will be presented to the BID Board to ensure that levy payers' funds are producing a substantial return on investment.

Appendix 2:
Central Halesowen Business Improvement District (BID) Timeline

Event	Date	Time lapse (Days)
2020		
Consultation summary completed	17 October	
Consultation processes continuing	On-going throughout*	
Finalisation of BID documentation	10th November	
2021		
BID proposal submitted to DMBC	w/c 13 th December	
Informal Cabinet	<i>tbc</i>	
Formal Cabinet	22 nd February	
Notice of ballot to S of S** & DMBC	23 rd February	84
Notice of ballot	03 rd May	42
Ballot papers issued	10 th June	28
Counting of votes and declaration	11 th July	
BID commences	01 Aug	

* Consultations with traders and businesses continues throughout the process, intensifying as ballot date approaches to encourage traders to vote. Also throughout the process, newsletters and other explanatory literature will be prepared and delivered keeping all voters up to date with progress.

** Secretary of State for Communities and Local Government.

NB 1. During the time that these statutory processes are undertaken and completed, preparatory work will be on-going for the establishment of the BID Company should the vote be successful and other preparatory work so that an early go live date for the BID can be achieved.

Meeting of the Cabinet – 17th February 2022

Report of the Deputy Chief Executive

Council Plan 2022-2025

Purpose

1. To present the new Council Plan for the period from April 2022 to March 2025 that sets out the strategic direction for the council, our key priorities and how we are contributing to the delivery of the Borough Vision 2030.

Recommendations

2. That the Council be recommended to endorse the Council Plan on a page for 2022-25 setting out our ambitions to be the place of choice for living, working, learning, visiting and delivering a service for our residents that we are proud of.

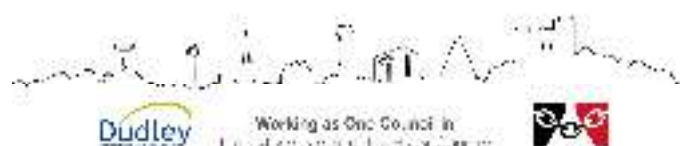
Background

3. The Council is faced with an immense and complex range of challenges, some externally driven by central government and others locally driven by key initiatives and corporate plans and priorities.

Our Council Plan sets out our vision and priorities under four core priorities. The plan is refreshed every three years, mapping out our journey and commitment that the council will constantly strive to improve the way we deliver services to meet the needs of local people and to ensure that we can measure and demonstrate our achievements.

The current three-year Council Plan runs to March 2022 and is focused on four familiar priority areas:

1. One Council, building a dynamic and sustainable organisation
2. A cleaner and greener place to live
3. Stronger and safer communities
4. Growing the economy and creating jobs.



As we approach the end of the current three-year plan there is a need to reset the plan for the next three years.

4. Council Plan 2022 – 2025

The new plan will recognise the impact that Covid has had on services and the needs of local people. It will set clear priorities and measurable outcomes going forward that will focus on our huge ambitions for our future.

Consultation and engagement commenced early in 2021 with the Strategic Executive Board (SEB) and has continued throughout the year to include officers across the organisation, elected members and Future Council Scrutiny Committee.

Following this engagement, the following priorities have been agreed:

- A **borough of opportunity** providing the best possible start in life with continued access to integrated health and social care as well as quality education and training allowing people to live full and independent lives
- A **safe and healthy borough** where we work hard to tackle inequalities, keep our communities safe in healthy, sustainable environments and improve individual health and wellbeing
- A **borough of ambition and enterprise** where regeneration and growth support innovation, modernisation, and access to a full range of opportunities for businesses and residents
- Dudley Borough the **destination of choice** with a wide range of attractions and accommodation where both residents and visitors can celebrate our diverse culture, history, and communities.

A full version of the council plan on a page can be seen in Appendix 1, which provides the full list of outcomes the council promises to deliver to our borough residents.

The council plan is outcome driven and our directorate plans will deliver the operational activity to deliver the objectives in the Council Plan alongside our other strategies such as the 'Living with Covid Plan', 'Children's Improvement Plan' and the 'emerging climate change strategy'. (Appendix 2 Hierarchy of Plans 'The Golden Thread')

Future Council Programme

The future council programme ensures the council is 'fit for the future' ensuring we have a comprehensive programme that will include:

- **Future Workforce** – We will be an employer of choice, our values and behaviours will define how we work together, development opportunities to



acquire new skills and our smaller, diverse and agile workforce will reflect the population of Dudley

- **Future Digital** - We will do things smarter by utilising technology, data insight and analytics will be fully utilised and we will transform wellbeing and care through digital technologies, delivering improved outcomes for service users.
- **Future Facilities** - All of our buildings and facilities will be fit for purpose low carbon and embracing the latest technology. We will make all of our buildings available to provider shared spaces for communities to come together and with improved public transport and cycling facilities, there will be reduce reliance on private cars.
- **Future Financial Sustainability** - Challenging ourselves to deliver value for money, to operating on a commercial basis and maximising value from procurement.
- **Future Governance & Processes** - Strengthening our governance, processes and procedures to take informed and transparent decisions, managing risk, setting clearly defined functions and roles and ensuring robust accountability whilst upholding high standards of conduct and behaviour

Finance

5. There are no direct financial implications in receiving this report. However, the aspirations set out in the Council Plan are dependent on funding being available through the Medium-Term Financial Strategy

Law

6. A local authority has a general power of competence pursuant to the Localism Act 2011.

Risk Management

7. The proposals contained in this report do not create any 'material' risks.

Equality Impact

8. There are no special considerations to be made with regard to equality and diversity in noting and receiving this report.

Human Resources/Organisational Development

9. The Future Council 2030 programme will lead to the development of a clear plan which will enable the Council to become a sustainable and dynamic organisation that is fit for the future. This will inevitably require change to our workforce, our ways of working and organisational culture.



The role of the HR, organisational development and inclusion team is crucial in facilitating such change and the team will continue to work with senior leaders across the Council on workforce development, culture change, capacity building and delivering organisational development priorities to ensure delivery of the vision set out within the Future Council. This work will be underpinned by a revised Organisational Development delivery plan that is aligned with the Future Council priorities.

Commercial/Procurement

10. There is no direct commercial impact.

Council Priorities

11. The Council Plan and the Performance Management Framework enables a consistent approach for performance management across the organisation, aligning the Council Plan, Borough Vision and Future Council Programme and provides that golden thread between them.

Our Council Plan is built around 4 key priority areas. The Council Plan is a 3-year '[Plan on a Page](#)'. Each directorate has a Directorate Plan that aligns to the priority outcomes that the Council is striving to achieve, as outlined within the Council Plan, and includes an assessment of how the service has contributed towards these priorities along with a range of key performance indicators to enable us to keep track of progress.

Performance management is key in delivering the longer-term vision of the Council. Quarterly Corporate Performance Reports are reported and reviewed by Strategic Executive Board, Informal Cabinet, the Deputy and Shadow Deputy Leader and Future Council Scrutiny Committee

This will help to enable the council to deliver the objectives and outcomes of the Council Plan and in turn the Borough Vision

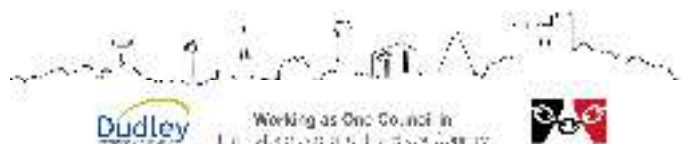


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Deputy Chief Executive

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Appendices

Appendix 1 - Council plan on a page 2022-25
Appendix 2 - Hierarchy of Plans



Dudley Council Plan 2022-2025

FORGING A FUTURE FOR ALL

1 DUDLEY THE BOROUGH OF OPPORTUNITY

1. Children and young people benefit from the best possible start in life in our Child Friendly borough.
2. Those with special educational needs and disabilities and care leavers achieve the best possible outcomes.
3. Quality education, new skills, apprenticeship training and job opportunities are accessible to all
4. Everyone, including our most vulnerable, have the choice, support and control of the services they need to live independently
5. All residents benefit from access to high quality, integrated health and social care

2 DUDLEY THE SAFE AND HEALTHY BOROUGH

1. Our climate commitment is creating a sustainable borough on its way to net zero carbon emissions, improved air quality, reduced fuel poverty and outstanding waste and recycling services
2. People have a safe and welcoming indoor and outdoor environment which promotes healthy, physical and active lifestyles
3. Residents live in safe communities where safeguarding of vulnerable people of all ages protects them from harm and supports the prevention of crime and exploitation
4. Discrimination is tackled at all levels in the authority and in our community as we actively promote equality, diversity and inclusion
5. Poverty is reducing as we address all forms of inequality, improve social, emotional and mental health and wellbeing

3 DUDLEY THE BOROUGH OF AMBITION AND ENTERPRISE

1. Ongoing regeneration schemes are attracting investment, stimulating innovation and entrepreneurs to support new and existing businesses
2. Digital opportunities are being exploited to modernise our working culture, customer experience and public services
3. Business, residents and visitors benefit from improved highways and travel connectivity through multi-modal offer
4. Business support is opening doors to new industries and emerging sectors to support local economic growth
5. Levelling up inequalities is ensuring all borough towns and neighbourhood have good access to services, retail and leisure opportunities

4 DUDLEY BOROUGH THE DESTINATION OF CHOICE

1. People have access to a range of housing offers that are affordable, accessible and attractive, meeting the needs of our diverse communities
2. Maximising use of brownfield sites, new commercial and residential developments ensure the borough is the destination of choice
3. Our world class visitor attractions continue to grow and are complemented by a strong hospitality sector and vibrant night-time economy
4. Visitors are staying longer, exploring wider and spending locally, benefitting from the full borough-offer, including over-night accommodation
5. Across our borough we celebrate and promote the diverse culture, history and heritage of the local townships



Hierarchy of Plans – the golden thread

The golden thread hierarchy of plans takes into account the need to establish clear links between individual contributions of employees through to the high-level strategic aspirations of the Council to be fit for the future.

Forging a Future for all, the shared borough vision sets out aspirations for the borough of Dudley by 2030. The Vision is the highest-level plan, which is built around seven aspirations and developed with key partners and stakeholders.

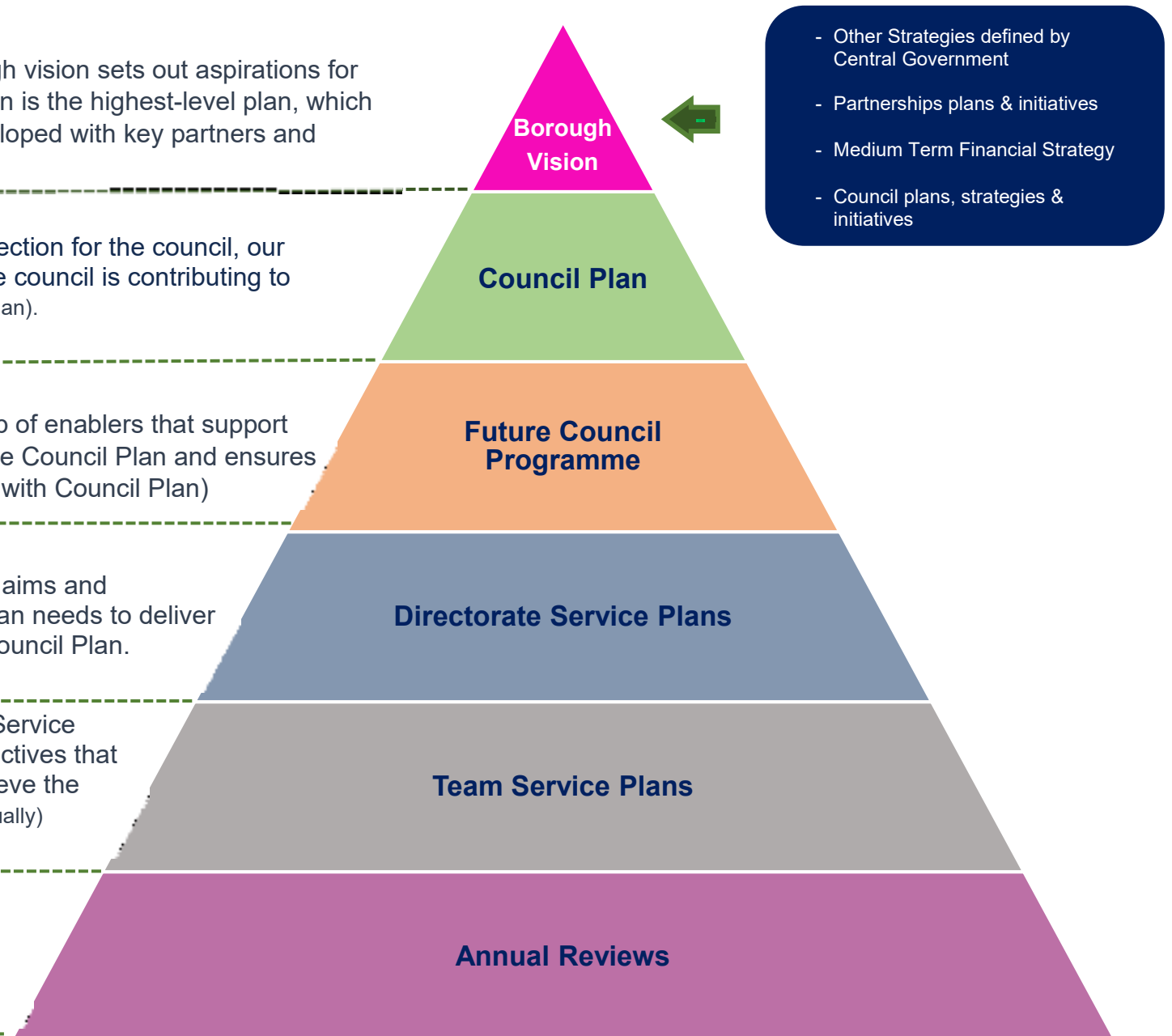
The Council Plan sets out the strategic direction for the council, our key outcomes based priorities and how the council is contributing to the delivery of the Borough Vision (3-year plan).

The Future Council programme is made up of enablers that support service areas to deliver the outcomes in the Council Plan and ensures the council is 'fit for the future'. (Reviewed with Council Plan)

Provides strategic direction, identifying the aims and objectives that each Directorate Service Plan needs to deliver in order to achieve the aspirations of the Council Plan. (Reviewed annually)

Action plans that underpin the Directorate Service Plan. Identifying operational aims and objectives that each team needs to deliver in order to achieve the aspirations of the Directorate (Reviewed Annually)

The two-way review discussion process is used to review performance and set individual goals which will contribute to the delivery of the priorities set in the higher plans (Annual Review)



Meeting of the Cabinet – 17th February 2022

Report of the Chief Executive

Dudley Council Pay Policy 2022/2023

Purpose

1. Dudley Council is required to produce an annual Pay Policy Statement in order to comply with sections 38 and 39 of the Localism Act 2011. The Statement must articulate the Council's policies towards a range of issues relating to the pay of the workforce, particularly the most senior staff (or "chief officers") and the relationship of their pay to the lowest paid employees.

Recommendations

2. That the Council be recommended to approve the Pay Policy Statement for 2022/2023.

Background

3. Under provisions contained in the Localism Act 2011, the Council is required to prepare an annual Pay Policy Statement setting out its policies towards a range of issues relating to the pay of its workforce including:
 - the remuneration of "chief officers";
 - the remuneration of the lowest paid employees;
 - the relationship between the remuneration of chief officers and that of other employees.
4. The Council has clearly established policies and processes for the determination of the pay and grading of its employees and these are summarised in the Pay Policy Statement, which has to be approved by a resolution of Full Council no later than 31st March 2022.

5. Following the Chancellor's announcement regarding a national pay freeze in the majority of public sector services, the application of such a freeze to local government is currently under consideration through its negotiating mechanisms. The NJC and JNC pay negotiations for a national pay award in 2021/22, effective from 1 April 2021, are ongoing.
6. The Pay Policy Statement has been updated and now includes 3 (additional) non-statutory Chief Officers who report directly to the Chief Executive (as Head of Paid Service) being the Lead for Law and Governance; Head of HR and Organisational Development and Head of Communications and Public Affairs. This amendment is in accordance with S43 of the Localism Act and section 4(1) of the Local Government and Housing Act 1989 which defines designated, statutory and non-statutory positions. The chief officer's salary data has also been tabulated.
7. Following approval of the pay policy by Council, data on all senior salaries in 2022/2023 will be published prior to 31st March 2022 alongside data required by the Local Government Transparency Code 2015 will also be available by 31st March 2022.
8. The Restriction of Public Sector Exit Payments Regulations 2020 which were introduced on 4th November 2020, to impose a cap of £95,000 on the payments to employee exits, were revoked on 19 March 2021. We are anticipating further consultation on any proposed new arrangements.

Finance

9. Financial implications of the Pay Policy will be fully reflected in the Council's Medium- Term Financial Strategy, which is to be presented to the Council in March 2022.

Law

10. It is a requirement of Section 38 of the Localism Act 2011 that an annual Pay Policy Statement be prepared and approved by Local Authorities. The Act prescribes information to be included in the statement, its manner of publication and the requirement for the Council to act in accordance with its approved Policy Statement.

Risk Management

11. No material risks have been identified

Equality Impact

12. The Pay Policy highlights the relationship between the highest and the lowest salary levels and confirms that the Council has a pay ratio that is within the Hutton report. The Council is committed to publishing equal pay information on an annual basis.

Human Resources/Organisational Development

13. As well as meeting the Council's legal obligations, the annual Pay Policy Statement supports effective employee relations through the provision of clarity and transparency in its arrangements for the payment of its employees.

Commercial/Procurement

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

Council Priorities

15. Dudley Council's ability to deliver its priorities is dependent on its workforce and the pay policy summarises the policies and processes for the determination of the pay and grading of employees.



.....
Kevin O'Keefe
Chief Executive

Draft Dudley Council Pay Policy Statement 2022-2023



Contents

1. Introduction and Purpose
2. Legislative Framework
3. Pay Structure
4. Senior Management Remuneration
5. Recruitment to Senior Management Positions
6. Additions to Salary of Chief Officers
7. Payments on Termination
8. Publication
9. Lowest Paid Employees
10. Accountability and Decision Making

Annex 1 - Dudley Council – Organisation chart Annex

2 - Dudley Council - NJC Pay Spine

Annex 3 – Employee distribution across DNJC grades (including employees of the Council and community and voluntary controlled schools)

1.0 Introduction and Purpose

- 1.1** The purpose of this Policy Statement is to clarify the Council's strategic stance on pay in order to provide direction for members and officers making detailed decisions and to provide the citizens of Dudley with a clear statement of the principles underpinning decisions on the use of public funds.
- 1.2** Under Section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit".
- 1.3** This Pay Policy Statement (the "Statement") sets out the Council's approach to pay policy in accordance with the requirements of Sections 38 to 43 of the Localism Act 2011 and associated guidance. This excludes staff employed on teachers' terms and conditions of employment which are set nationally and support staff working in schools where the Council is not the employer. Workers engaged on a casual basis are also excluded.
- 1.4** The Statement provides transparency with regard to the Council's approach to setting the pay of its employees by identifying:
- the methods by which salaries of employees are determined;
 - the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
 - the remuneration of the lowest-paid employees;
 - the relationship between the remuneration of 'chief officers' and that of other employees;
 - the persons or bodies responsible for ensuring the provisions set out in this Statement are applied consistently throughout the Council and recommending any amendments to the Full Council.
- 1.5** The Statement sits alongside the Pay Arrangements Policy 2019, which sets out the Council's approach to pay and reward, including temporary payments for additional responsibilities and temporary market forces supplement payments.
- 1.6** An annual Pay Policy Statement is produced for each financial year, in accordance with the relevant legislation prevailing at that time, for approval by a resolution of Full Council. This Statement covers the period 1st April 2022 to 31st March 2023.
- 1.7** Once approved by the full Council, the statement will come into immediate effect and will be published by no later than 1 April each year, subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

2.0 Legislative Framework

- 2.1** In determining the pay and remuneration of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time

Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures for employees covered by the National Joint Council for Local Government Services and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

3.0 Pay Structure

- 3.1** The salary information reported in this Statement are as at 1 April 2020 and are subject to any cost of living increase as negotiated by the appropriate national bodies.
- 3.2** The pay negotiations for 2021/22, effective from 1 April 2021, are ongoing through the appropriate collective bargaining mechanisms.
- 3.3** Most of the workforce (other than teachers) are employed on the National Joint Council (NJC) for Local Government Services terms and conditions of employment. Based on the application of the Local Government Single Status and LGE Job Evaluation Schemes, the Council uses the NJC nationally negotiated pay spine (grades 1 to 12) and a local pay spine (grades 13-17) as the basis for its local grading structure. Annex 3 shows the distribution of staff across the grading structure.
- 3.4** Chief Officer posts are evaluated taking into account advice from the regional employers' organisation. At a national level, basic pay increases are negotiated through the Joint National Committee (JNC) on a collective bargaining basis and normally chief officer pay awards reflect those of the NJC for Local Government Services
- 3.5** The remaining employees are employed on other nationally defined rates. This includes those subject to:
- National agreements reached by the Soulbury Committee for certain education-related jobs (45 employees).
 - Joint Negotiating Committee (JNC) Craft for Local Authority Craft and Associated Employees (203 employees).
 - JNC Youth and Community Workers (19 employees).
- 3.6** In addition, where services have transferred into the Council from other organisations, including Public Health staff in 2013, employees have remained on their existing terms and conditions of employment, in accordance with employment legislation, unless they have subsequently transferred to NJC terms and conditions of employment as part of a review and restructure of their service area.
- 3.7** All other pay related allowances are the subject of either nationally or locally negotiated

rates, having been determined from time to time in accordance with collective bargaining mechanisms and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who can meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

3.8 New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Any additional payments will be made in accordance with the Council's Policy and Procedure for Market Forces Supplements (Appendix 2 of the Pay Arrangements Policy 2019). The Policy and Procedure outlines the criteria, which must be met for payment of a market forces supplement, including the approval process by senior management and the Cabinet Member for Commercial and Customer Services. The Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. Market forces supplements when used will be time limited and subject to review. All posts receiving a market forces supplement will be reported in this annual Statement.

3.9 The following chief officer posts are in receipt of a Market Forces Supplement:

- Director of Children's Services
- Director of Adult Social Care

3.10 Although not management posts, there are two Consultant in Public Health / Consultant in Public Health Medicine posts – basic salary range £81,618 - £90,263 per annum. In addition, there are national monetary Clinical Excellence Awards for which they may apply. Any such allowances are met by the national body, Public Health England. These posts report to the Director of Public Health and Well Being.

4.0 Senior Management Remuneration

4.1 For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act and section 4(1) of the Local Government and Housing Act 1989 which defines designated, statutory and non-statutory positions. The posts falling within the statutory definition are set out below, in Table 1, with details of their basic salary as at 1st April 2022¹

4.2 Table 1 lists the 14 chief officer posts as defined within S43 of the Localism Act that make up 0.18 % of the 7937 people employed by the Council (excluding schools).

¹ Data to populate this was run on [x] January 2022 based on Chief Officers in post and expected to be in post with effect from 1st April 2022 and the latest pay table as at 1 April 2020.

Title	Grade/point	Pay Range Minimum (£)	Pay Range Maximum (£)
Chief Executive	Chief Officer/6	179,933	179,933
Deputy Chief Executive	Chief Officer/5	151,159	151,159
Director of Children's Services (includes a market supplement of £30,513 and a payment for statutory duties of £10,378)	Chief Officer/3	139,885	139,885
Director of Adult Social Care (includes a market supplement of £25,538 and a payment for statutory duties of £10,378)	Chief Officer/3	134,911	134,911
Director of Health & Wellbeing (including a payment for statutory duties of £10,378)	Chief Officer/3	109,373	109,373
Director of Finance & Legal (including a payment for statutory duties of £10,378)	Chief Officer/3	109,373	109,373
Director of Digital, Customer & Commercial Services	Chief Officer/3	98,996	98,996
Director of Regeneration & Enterprise	Chief Officer/3	98,996	98,996
Director of Public Realm	Chief Officer/3	98,996	98,996
Director of Housing	Chief Officer/3	98,996	98,996
Service Director for Early Help, Schools and SEND	Chief Officer/3	98,996	98,996
Service Director for Children's Social Care	Chief Officer/3	98,996	98,996
Lead for Law & Governance	Grade 17	72,974	76.335
Head of HR & Organisational Development	Grade 17	72,974	76.335
Head of Communications and Public Affairs	Grade 15	58,215	64.526

An organisation structure chart showing the current senior management structure for the Council can be found in Annex 1 of this Policy Statement.

- 4.3 The Lead for Law and Governance is the designated statutory Monitoring Officer role defined under section 5(1) of the Act and the post reports to the Director of Finance and Legal.
- 4.4 The Chief Executive is employed under the terms and conditions of the Joint

Negotiating Committee for Chief Executives, the Deputy Chief Executive, Directors and Service Directors are employed under the terms and conditions of the Joint Negotiating Committee for Chief Officers.

5.0 Recruitment to Senior Management Positions

- 5.1** The Council's Policy and Procedures with regard to recruitment of 'Chief Officer' posts is set out within the Officer Employment Procedure Rules as contained in Part 4 of the Council's Constitution. When recruiting to all posts the Council will take full and proper account of its own Equality and Diversity, Recruitment and Redeployment Policies, including any particular requirements for those who have transferred into the Council, e.g. Public Health. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it may consider the use of temporary market forces supplements in accordance with its relevant policies.
- 5.2** The terms of reference of the Council's Appointments Committee, contained within the Council's Constitution, include:
- Recommending to the Full Council on the appointment of the Chief Executive;
 - Recommending to the Full Council any new appointments or severance packages that exceed a threshold of £100,000 (excluding pension payments);
 - The appointment of the Deputy Chief Executive, Directors and Service Directors.
- 5.3** Where the Council remains unable to recruit to a Chief Officer post under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive post, the Council may, where necessary, consider and utilise engaging individuals under 'contracts for services'. These will be sourced through a relevant procurement process, and in accordance with HMRC rules, ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

- 5.4** Market forces supplements/recruitment allowances are paid where it is justified in order to recruit and fulfil a role or to retain an officer within a role.

6. Additions to Salary of Chief Officers

- 6.1 The Council does not apply any bonuses or performance related pay to any of its Chief Officer posts.

- 6.2 In addition to basic salary, set out below are details of other elements of 'additional pay', which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

- Fees are paid for deputy returning officer duties in accordance with the rates approved by the Council and increased in line with national pay awards. Employees who act as deputy returning officers at local elections are currently paid a fee of £78 per ward.
- A mileage allowance is paid to all employees using their own vehicle for work purposes. The rate is 45p per mile (or, where applicable, the NHS mileage rate is 67p per mile). Mileage rates are taxable above an approved amount (known as MAP) and this is set by HMRC.
- The Council may consider granting an honorarium (of an amount dependent upon the circumstances of each case) to Chief Officers who perform duties outside the scope of their role over an extended period. Any requirement for an honorarium will be dealt with through evaluation of the additional duties. Such a temporary arrangement would need to be approved by the relevant Cabinet Member in consultation with the Chief Executive and formalised in a Decision Sheet and would be in the interests of efficient administration of a service(s).
- By law, all staff are entitled to 5.6 weeks holiday (28 days for a full-time employee; this is inclusive of bank holidays). The statutory provision was designed to give employees paid time away from the work environment and there are sound health and wellbeing reasons for them to have that time. For those reasons contracting out of the minimum holiday entitlement by paying them instead is not allowed. The Local Government Association specifies that holidays should be taken within the year to which they relate therefore the Council encourages employees to use their annual leave throughout the year. Untaken annual leave is reimbursed through payment only where an employee has not taken a proportionate amount of leave when exiting the Council's employment.

7. Payments on Termination

- 7.1 The Council's approach to statutory and discretionary payments on termination of employment of staff, prior to reaching normal retirement age, is set out within policies on managing employees at risk of redundancy, the discretionary severance payments scheme and any policies adopted in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 or as amended, and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 or as amended. For employees who transferred from the NHS, the NHS Agenda for Change Staff Handbook and NHS Pension Regulations apply.
- 7.2 Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the Full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.
- 7.3 The Constitution states that any severance packages for employees leaving the Council that exceed £100,000 (excluding pension payments) should be the subject of a recommendation by the Appointments Committee to full Council.

8. Publication

- 8.1 Upon approval by the Full Council, this Statement will be published on the Council's website. Reference is made to the Council's Constitution, which is also available on the Council's website. In addition, for posts where the full-time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:
- salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - any bonuses so paid or receivable by the person in the current and previous year;
 - any sums payable by way of expenses allowances that are chargeable to UK income tax;
 - any compensation for loss of employment and any other payments connected with termination;
 - any benefits received that do not fall within the above.

9. Lowest Paid Employees

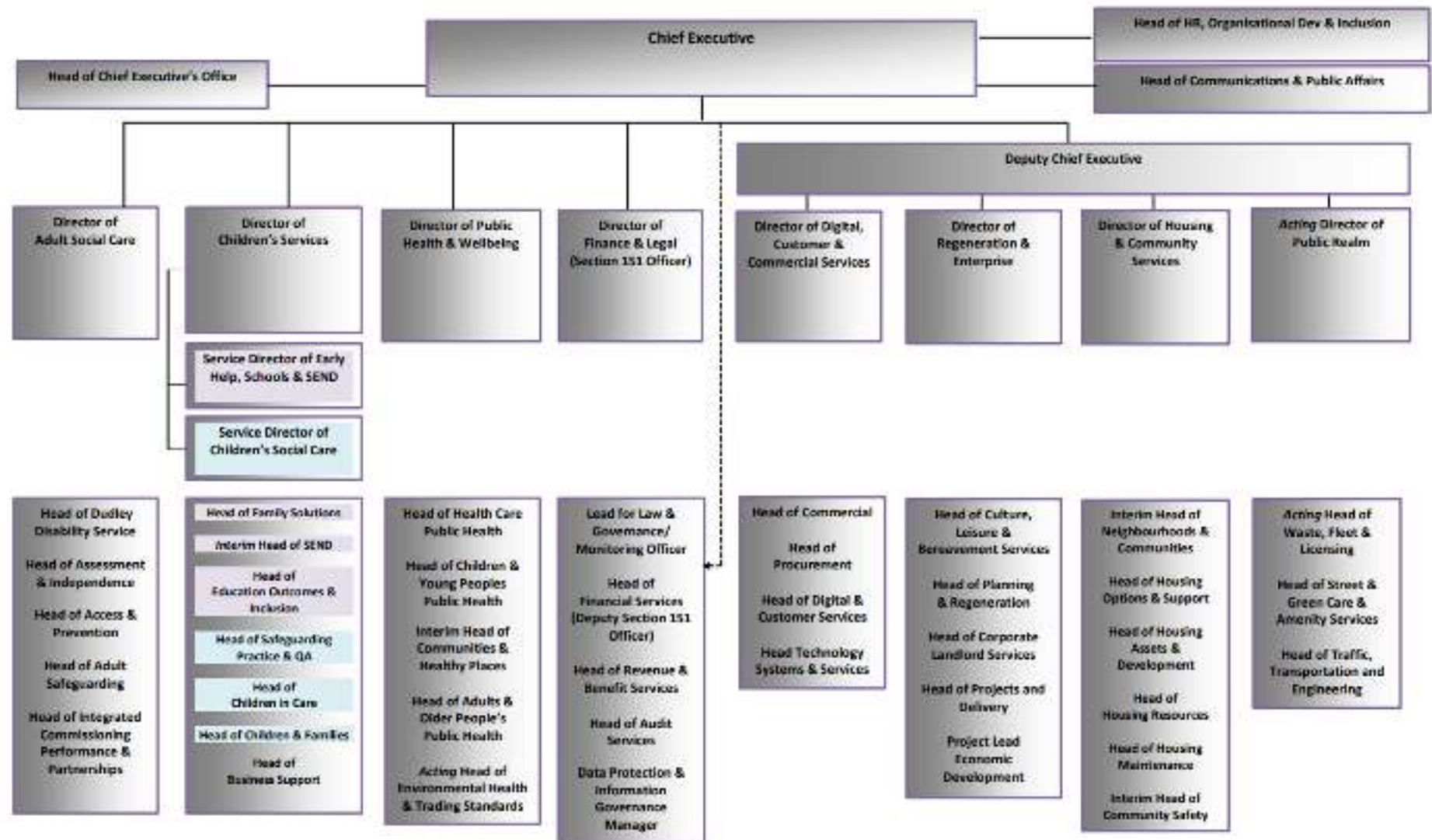
- 9.1 As referred to above, there are a number of national pay scales covering different groups of employees.

- 9.2 The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's NJC grading structure which is £17,842 per annum.
- 9.3 The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under the terms, conditions and pay rates applicable to the relevant apprenticeship scheme. Apprentices are paid in accordance with the National Minimum Wage, according to age. The relationship between the rate of pay for the lowest paid and Directors/'Chief Officers' is determined by the processes used for determining pay and grading structures as set out earlier in this Policy Statement.
- 9.4 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton review was asked by the Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Local Government Transparency Code 2015 requires the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.
- 9.5 The current pay levels within the Council defined the multiple (rounded to the nearest whole number):
- between the lowest paid full time equivalent employee and the Chief Executive as 1:10
 - between the lowest paid employee and average Deputy Chief Executive/Director as 1:6
 - between the median (average) full time equivalent earnings and the Chief Executive as 1:7
 - between the median (average) full time equivalent earnings and average Deputy Chief Executive/Director as 1:4
- 9.6 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmarking information as appropriate. The Council participates in the Local Government Earnings Survey, which provides pay bill and average pay rate information for all local government employees (excluding Teachers) in England and Wales.

10. **Accountability and Decision Making**

In accordance with the Council's Constitution, the Full Council, the relevant Committee and elected members or officers with delegated authority are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council. These are contained in Part 4, Officer Employment Procedure Rules, of the Constitution. The full terms of reference of the Appointments Committee are set out in Part 3.

Annex 1 – Dudley Council Organisation Structure



Annex 2 – National Joint Council Pay Spine

The Dudley Council pay spine is based on nationally negotiated rates through the National Joint Council.

The table below sets out the Main Salary Grades effect from 1st April 2022. Please note: the values quoted do not include the awaited pay award effective from 1 April 2021

<u>Grade</u>	<u>National Joint Council values</u>	<u>National Joint Council values</u>	<u>National Pay Spinal Column Points (SCP)</u>
	<u>Pay range minimum</u>	<u>Pay range maximum</u>	
Grade 1 *	£17,842	£17,842	1
Grade 2 *	£17,842	£18,199	1-2
Grade 3	£18,562	£18,933	3-4
Grade 4	£19,312	£19,699	5-6
Grade 5	£20,092	£21,749	7-11
Grade 6	£22,183	£24,492	12-17
Grade 7	£24,982	£27,742	18-23
Grade 8	£28,673	£31,346	24-27
Grade 9	£32,234	£34,729	28-31
Grade 10	£35,745	£38,890	32-35
Grade 11	£39,881	£42,822	36-39
Grade 12	£43,857	£46,845	40-43

<u>Locally Agreed Senior Grades **</u>					
Grade 13		£47,711		£51,249	50-53
Grade 14		£52,589		£56,125	54-57
Grade 15		£58,215		£64,526	58-61
Grade 16		£66,616		£70,883	62-65
Grade 17		£72,974		£76,335	66-69

Footnotes

* Where applicable, a supplement will be paid to bring employees in line with the Real Living Wage

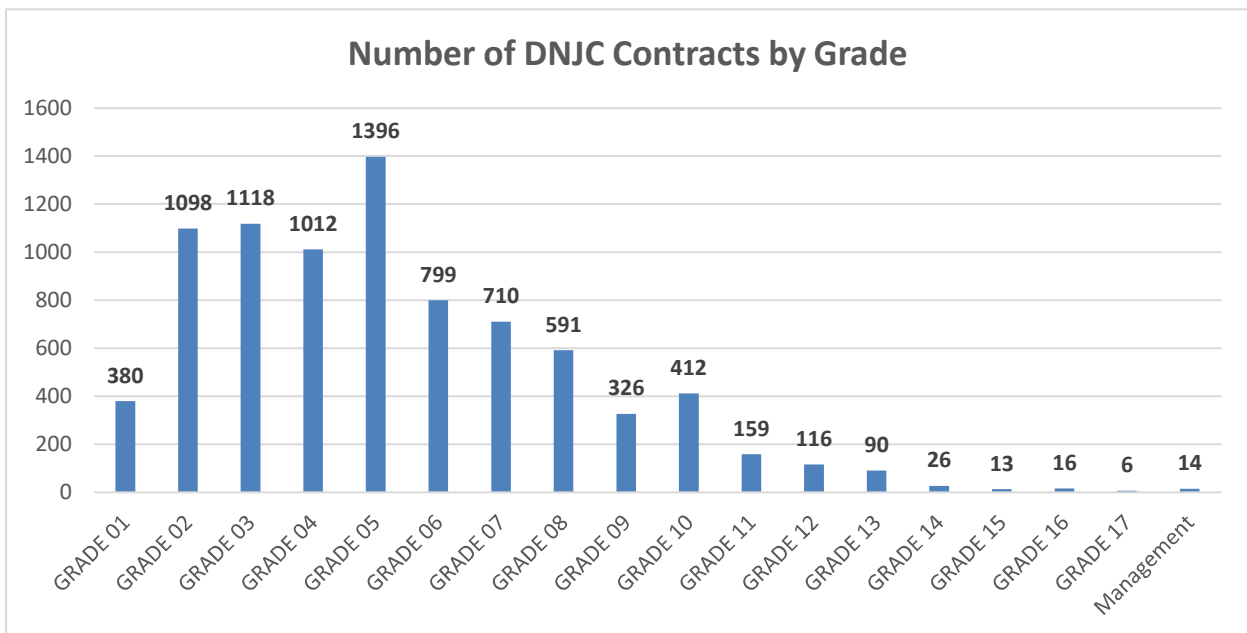
** Senior grades 13 – 17 are locally agreed as part of the Collective Agreement implemented in 2012.

The above rates are subject to any pay award agreed for April 2021. At the time of publication, no agreement has been reached in this regard.

Annex 3

Employee distribution across DNJC grades

(including employees of the Council and community and voluntary controlled schools)



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Meeting of the Cabinet - 17th February 2022

Report of the Deputy Chief Executive

Sheltered Housing Schemes – Update and Proposals

Purpose

1. To update Cabinet on two sheltered housing schemes that are no longer viable and to seek approval for arrangements to rehouse the remaining tenants.

Recommendations

2. It is recommended:-
 - To confirm the winding down of sheltered housing at Joe Jones Court and Church View, to include the cessation of marketing any vacant properties and commencing the process of supporting all existing tenants to move to alternative accommodation.
 - All current unallocated and arising vacancies within the Council's sheltered housing will be ring-fenced for moves from Joe Jones Court and Church View unless not required.
 - Tenants from Joe Jones Court and Church View will be awarded Band 1 with a start date of their current tenancy, so that preference between them and in relation to any other applicants competing for non-sheltered housing is given to those with the longest time in residence. Those moving within our sheltered housing will be prioritised according to their predictive risk score and then by length of tenancy.
 - All tenants having to move out of Joe Jones Court and Church View will be eligible for Home Loss and disturbance payments in line with statutory entitlements and Council policy.
 - The Council through its existing contracts and internal services will provide packing, removals, disconnections, and reconnections, redirection of mail, plus two hours of handy person time if required to assist with DIY type tasks such as curtain rails. All

tenants will receive £200 for new curtains, and £500 where new carpets are necessary and have not been provided.

- Tenants who prefer to arrange all of these independently will be able to claim a fixed payment of £500, plus the curtain and carpet allowances where necessary.
- Where interim moves are necessary, the Council will provide carpeting, cookers and fridges and these are to be left in place for subsequent occupiers.
- The standard of properties offered will be clean throughout and with intact decorative finishes, but tenants may choose to receive decoration vouchers at standard levels should they prefer.
- Any tenant considering that these levels of compensation are significantly lower than substantial investments they have made recently and which will be lost, may submit evidence and have this considered on a case by case basis.
- To authorise the Deputy Chief Executive to carry out the recommended actions.

Background

3. The Council completed a stock sustainability study with external consultants in 2016. This review gave a RAG (red, amber, and green) rating to all 22,000 Dudley Council properties, with 72% of properties being green, 15% amber and 13% red. All 11 Sheltered Housing schemes were assessed as red, therefore representing an investment challenge and requiring options appraisal.
4. All of the Sheltered Housing schemes required significant investment to modernise the properties and communal amenities including rewiring, heating upgrades, lighting improvements, new lifts, fire alarm system upgrades and front doors. Many individual properties also fell short of modern expectations in terms of space standards and facilities, such as wet rooms. Two schemes have since been fully refurbished, two more are commencing refurbishment, and one new build replacement scheme is planned. Four more schemes have less invasive works completed and/or planned, but two schemes cannot be brought up to standard for the reasons below.

Joe Jones Court, Sedgley

5. The scheme consists of 19 bedsits and is difficult to let, especially the upper floor units. There are currently 11 voids and also two flats being used as decants. The scheme is of an unusual layout and has no lift. A site appraisal conducted by architects Michael Dyson Associates concluded that it is difficult to see how Joe Jones Court can be brought up to an acceptable modern standard in a cost-effective way and that it is questionable whether it is adequately functional in terms of meeting the minimum modern requirements for a sheltered housing scheme. A scheme of this size is too small to be economically viable and the site would not accommodate a larger scheme.



Church View, Gornal

6. Church View is also a small scheme with 15 bedsits and 5 flats. Again, the site would not accommodate a scheme large enough to be economically viable in the longer term. It is more popular than Joe Jones, and currently has no voids apart from two units being used as decants. Many of the flats are not up to the standard that we would like, such as level access showers and space standards, but the pressing issue here is the heating system. The boiler is no longer functioning and cannot be repaired. We have provided a temporary boiler which is currently situated on the car park and is an expensive short-term solution. Permanent boiler replacement has been considered, however existing pipework, valves, radiators etc would also all need replacing due to their ongoing failure rates, which could not be done with tenants in situ. There are also issues with heat transfer with the domestic cold-water supply and associated risks. It is not financially viable to repair and maintain the building effectively, especially as a complete decant would be needed without providing any real benefit beyond replacing the heating system.
7. Following consultation with tenants, their families and Ward Members, it has been concluded that the two schemes are no longer fit for purpose or viable, and that they should close when tenants have been found alternative homes. Individual discussions have taken place with tenants to confirm their needs and preferences, and the measures recommended in this report are designed to ensure that these can be met. Statutory consultation under the Housing Act is also taking place.

Finance

8. The cost of managing the removal process will be met from existing HRA budgets, including Home Loss and disturbance payments, which are likely to be in the region of £75,000. The Public Sector Housing Capital Programme includes resources to support investment in sheltered housing and other independent living.

Law

9. The Localism Act 2011 provides the general powers of authority for Dudley MBC to undertake this project. Section 1(1) provides the power to do anything that individuals may generally do. Section 1(5) states the power is not limited by the existence of any other powers which overlap the general power, such as the overlapping Housing Act 1985 S9 and S17 which is a general power to provide housing.

Risk Management

10. These proposals are designed to remove the risks associated with older people living in homes that are not fit for purpose. There is potentially a reputational risk in closing existing schemes, but this is mitigated by engaging tenants, their families and Ward Members in the development and delivery of the proposals, and by having better properties available to offer.



Equality Impact

11. There will be no negative impacts arising from the recommendations in this report. Residents and their families have been fully engaged in the development of the programme, which is designed to benefit older people and their wider communities. The Council is committed to increasing the number of sheltered housing units available for older people, whilst significantly improving the quality of the stock. There are no impacts on children or young people.

Human Resources/Organisational Development

12. This Decision has no direct organisational development/HR or transformational implications. However, the overall strategic approach to Sheltered Housing will make better use of existing resources and transform our service to older people. It will increase the number of units available, improve the physical quality of buildings and their environment, maximise the use of technology, and enable staff to support tenants effectively with their health and well-being in improved surroundings.

Commercial/Procurement

13. When all tenants have moved the building will require stripping down and demolition and these actions will be subject to the Council's Procurement Strategy and Procedures and Contract Standing Orders.

Council Priorities

14. These proposals form part of a wider programme to refurbish or replace sheltered housing schemes. We will provide older people with attractive, affordable homes in safe, resilient, healthy communities with high aspirations and the ability to shape their own future. Council housing forms part of the corporate estate, and our refurbished and new build schemes will be cleaner and greener and will make full use of digital technology.
15. The closure of unviable schemes can only relieve pressures on other local services, and the improvement of our offer to older people will help to reduce their need for secondary services. The borough has increasing numbers of older residents, and the provision of high-quality sheltered housing directly contributes to their health and well-being and promotes their safety and independence.



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