
Meeting of the Overview and Scrutiny Management Board – 27th November 2019

Joint Report of the Chief Executive and Chief Officer Finance and Legal Services

Medium Term Financial Strategy

Purpose

1. To consult the Scrutiny Committee on the Medium Term Financial Strategy (MTFS) to 2022/23 approved by Cabinet on 31st October as a basis for consultation, and review the scrutiny of the above by the Scrutiny Committees.

Recommendations

2. That the Board considers and comments on the work of the Scrutiny Committees in relation to proposals for the Medium Term Financial Strategy to 2022/23.

Background

3. The Council approved the General Fund budget for 2019/20 and the MTFS to 2022/23 on 25th February 2019.
4. A report on the 2018/19 outturn was considered by Cabinet on 27th June 2019.
5. This report continues to reflect the Council structure in place at the time the original budget for 2019/20 was set.

External Audit

6. The External Auditors (Grant Thornton) presented their Audit Findings Report to the Audit and Standards Committee on 29th July 2019. They gave an unqualified (i.e. favourable) opinion on both the 2018/19 Financial Statements and Value for Money.

7. As regards their Value for Money opinion, they recognised an improvement in the Council's position compared to the position at the time of their previous audit. However, in giving this opinion, they noted that risks remain in relation to the Council's financial position. They conclude, that in considering 2020/21 budget options the Council needs to give attention to ways that it can grow its income base including the level of Council Tax increases.

Forecast 2019/20 Position

8. The Council started the year with a low level of revenue reserves. As at 31st March 2019 unringfenced revenue reserves as a proportion of net revenue spend were 20% (compared with the national average of 44%). The original budget for 2019/20 was set at a level that would further reduce general reserves by £4.9m. Forecast variances compared with budget are shown in Appendix A and summarised below:
- The People Directorate is forecast to overspend by £0.8m by the end of the financial year. There are pressures on Adults and Children's Services being partially offset by a saving in Commissioning.
 - The Place Directorate is forecast to overspend by £0.5m by the end of the financial year. There are pressures in Environmental Services and Regeneration and Enterprise, partially offset by a forecast underspend in Housing.
 - The Chief Executive's directorate is forecasting to overspend by £0.2m by the end of the financial year. There are pressures in Transformation and Performance being partially offset by vacancies within Finance and Legal.
 - Treasury/Corporate is forecast to spend in line with its budget. However, a £1m pressure arising from a final adjustment of a 3 year pension contribution has been offset by releasing a reserve previously earmarked for redundancy payments (£0.5m) and slippage in the capital programme (£0.5m).
9. The SEND offer being delivered through services within the People Directorate continues to see increasing demand for children that need support in mainstream schools in line with the national trend. Work continues to address the increasing need for Education, Health and Care Plans (EHCP) putting pressure on the system, operations and delivery of services. An Improvement Programme is now underway to address the SEND System for Dudley working with all partners and services to ensure a coproduced programme delivers the outcomes for the children and young people whilst addressing the funding challenges between the mainstream and High Needs Block. The programme is governed and supported by the Children's Services Improvement Board. This pressure sits within the Dedicated Schools Grant and as such is not included in Appendix A.

10. Progress with delivery of specific savings within the 2019/20 budget is set out in Appendix B. Performance on delivery of savings supports and is consistent with the forecast 2019/20 position outlined above and in Appendix A.

General Fund Balances

11. The latest forecast General Fund Balances position, compared to the original Approved Budget for 2019/20 is therefore as follows:

| | Original Budget £m | Latest Position £m |
|---|-----------------------------------|-----------------------------------|
| Forecast balance at 31 st March 2019 | 21.3 | 21.3 |
| 2018/19 outturn (as reported to Cabinet in June) | | +1.3 |
| Balance at 31st March 2019 | 21.3 | 22.6 |
| Planned use 2019/20 approved by Council in February | -4.9 | -4.9 |
| Further use resulting from budget amendment approved by Council in April | | -0.1 |
| Forecast 2019/20 outturn (para 8 and Appendix A) | | -1.5 |
| Forecast balance at 31st March 2020 | 16.4 | 16.1 |

12. This continues to show a low level of reserves in the light of the financial challenges that the Council faces. Directorates will make every effort – through spending restraint, generation of additional income and review of earmarked reserves – to improve on the position set out above.

Medium Term Financial Strategy to 2022/23

13. 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) spending pressures, opportunities to free up resources (including savings), and Council Plan priorities;
 - (c) the implications of spending levels in later years as part of the Council's medium term financial plan;
 - (d) the views of consultees;
 - (e) the external factors and risks inherent in the Strategy;
 - (f) the impact on Council Tax payers.

- (g) the potential impacts on people with protected characteristics as defined in the Equality Act 2010. Members will need to have due regard to the public sector equality duty under the Equality Act 2010. (Further details are set out in the Equality Impact section below.)

Government Funding

14. The Government originally intended to undertake a Fair Funding review of the entire system of local government finance to operate from 2020/21 onwards. However, to provide stability for the majority of funding sources for local government, and consistent with the one-year Spending Round, a “roll forward” settlement for 2020/21 is now proposed. This includes:
- uprating 2019/20 Settlement Funding Assessments (the underlying basis for allocating Revenue Support Grant where relevant, and redistributing business rates income) in line with the business rates multiplier (usually linked to CPI); continuing to top slice Revenue Support Grant to fund New Homes Bonus;
 - maintaining existing Improved Better Care Fund allocations at 2019/20 levels and rolling in 2019/20 Winter Pressures Grant;
 - an extra £1bn nationally of Social Care Grant for Adult and Children's services in addition to the £0.410bn in 2019/20;
 - continuation of the 2017/18 100% business rates retention pilots – including that for the West Midlands.
15. The Government remains committed to reforming local government finance. In 2020 it plans to carry out a multi-year Spending Review, which will lay the groundwork for reforms, and will continue to work towards its aim to implement these reforms in 2021/22, including a full reset of business rates retention baselines.
16. The Government has consulted on technical issues relating to the 2020/21 settlement, including the allocation of New Homes Bonus funding and the Social Care Grant. We will respond as appropriate.

Council Tax

17. Latest forecasts indicate:
- a Collection Fund surplus of £0.5m for the current year, resulting mainly from greater than anticipated reduction in Council Tax Reduction (CTR) claimant numbers, increased income from Empty Homes Premium and better than anticipated collection rates for previous years;
 - no overall net change in tax base going forward compared with previous forecasts.

The position will continue to be monitored closely and any updated forecasts reported to Cabinet in February

18. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 enabled the Council to increase the “Empty Homes Premium”, thereby increasing the council tax payable on properties that have been empty for more than two years as follows:
- from 1st April 2019 for properties which have been empty for between two and five years a premium of up to 100%, resulting in a 200% council tax charge;
 - from 1st April 2020 for properties which have been empty for between five and ten years a premium of up to 200%, resulting in a 300% council tax charge;
 - from 1st April 2021 for properties which have been empty for ten years or more a premium of up to 300%, resulting in a 400% council tax charge.

The Council, when setting the 2019/20 budget, agreed that the flexibility available from 1st April 2019 be utilised in full from that date. It is now proposed that the further flexibility available from 1st April 2020 be utilised in order to incentivise the bringing back into use of some of the Borough’s housing stock in line with the Council’s Empty Homes Strategy.

19. Proposed amendments to the Council Tax Reduction (CTR) scheme for 2020/21 are set out in a separate report on this agenda. It is assumed that the financial impact of these changes will be broadly neutral.
20. The Government’s consultation on technical issues relating to the 2020/21 settlement includes proposed Council Tax referendum principles of a core limit of less than 2% plus an Adult Social Care (ASC) precept limit of 2%. It should be noted that these are the proposed general principles and may be subject to monitoring of individual authorities and their use of the ASC precept.

Business Rates

21. The original budget for 2019/20 was set against the background of ongoing uncertainty concerning the impact of the 2017 revaluation on our business rate and grant income. We face considerable uncertainty arising from the impact of appeals following the revaluation and the introduction of the new “Check, Challenge, Appeal” process. Latest forecasts indicate that there will be no Collection Fund surplus or deficit at 31st March 2020. The position will continue to be monitored closely (in particular the emerging impact of appeals) and any updated forecasts reported to Cabinet in February.

Combined Authority

22. The West Midlands Combined Authority (CA) receives three elements of funding via the constituent authorities as follows:



- The Transport Levy to fund its transport functions, allocated by statute on a population basis.
 - Real terms growth in the central share of business rates from 2016/17 onwards to fund its regeneration activities, under the terms of the Devolution Deal.
 - A further contribution to fund its non-transport functions currently allocated by agreement partly on a population basis and partly by equal shares.
23. It is assumed that these contributions continue to be on the same basis and in line with the Medium Term Financial Strategy of the Combined Authority. Forecasts have been adjusted to reflect up to date population data.

Base Budget Forecasts

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

| | 2020/21 | 2021/22 | 2022/23 |
|--|--------------|--------------|--------------|
| | £m | £m | £m |
| 2019/20 base | 240.3 | 240.3 | 240.3 |
| Pay (<i>note 1</i>) | 2.4 | 5.0 | 7.7 |
| General price inflation (<i>note 2</i>) | - | 3.7 | 7.8 |
| Income uplift (<i>note 3</i>) | -1.2 | -2.5 | -3.9 |
| Pensions (<i>note 4</i>) | 2.3 | 2.5 | 2.7 |
| Combined Authority (<i>see paras 22-23</i>) | 0.1 | 0.3 | 0.4 |
| Treasury (<i>note 5</i>) | 0.7 | 1.9 | 1.8 |
| Improved Better Care Fund (IBCF) (<i>note 6</i>) | -2.2 | -2.2 | -2.2 |
| Other adjustments (<i>note 7</i>) | -0.3 | -0.6 | -1.1 |
| Base Budget Forecast | 242.1 | 248.4 | 253.5 |

Notes:

- (1) The above figures allow for an overall 2% increase in each year.
- (2) Following several years of making no provision for general price increases on non-pay budgets, it is considered prudent to provide for non-pay inflation from 2021/22 in line with Government forecasts.
- (3) Assumes an increase of 2% per year on fees and charges.
- (4) The funding level and contribution requirements from 2020/21 are currently being reviewed; we have currently forecast contributions on the basis of no underlying changes arising from that review.
- (5) Impact of Capital Programme, treasury management and investment income changes.

- (6) This reflects the assumption in the existing MTFS that IBCF (Spring 2017 Budget funding element) would cease from 2020/21 and that related expenditure would cease accordingly. This is picked up as a specific pressure for the People Directorate in paragraph 25 and Appendix C.
- (7) Enterprise Zone funding requirements, non treasury impact of Leisure Centre Strategy, local election fallow year, and other minor adjustments.

Spending Pressures

25. Spending pressures provided for are as follows. These are detailed in Appendix C.

| | 2020/21 | 2021/22 | 2022/23 |
|-------------------|------------|-------------|-------------|
| | £m | £m | £m |
| People | 5.3 | 6.6 | 8.5 |
| Place | 3.1 | 3.5 | 3.7 |
| Chief Executive's | 1.1 | 1.4 | 1.8 |
| Total | 9.5 | 11.5 | 14.0 |

Savings

26. In total the following saving proposals have been identified as the basis for scrutiny and consultation. Details are set out in Appendix D.

| | 2020/21 | 2021/22 | 2022/23 |
|-------------------|------------|------------|------------|
| | £m | £m | £m |
| People | 1.0 | 1.5 | 1.5 |
| Place | - | 0.1 | 0.1 |
| Chief Executive's | 0.2 | 0.2 | 0.2 |
| Total | 1.2 | 1.8 | 1.8 |

Public Health

27. The 2019 Spending Round announcement stated that for 2020/21 the Public Health Grant (PHG) would increase in real terms. Public Health England have confirmed that this would amount to inflation plus 1%, however, new significant public health burdens could be imposed. Therefore, the forecast assumes an increase of 2.8% for 2020/21, with inflation of 1.9% assumed for 2021/22 and 2% for 2022/23, although grant allocations have not yet been confirmed and there is uncertainty, particularly regarding future years allocations. It is not known how long the ring-fence on the grant will remain. The anticipated overall review of Council funding may merge the Public Health Grant into general sources of funding. As agreed at 26 July 2018 Cabinet, £11m of Public Health Grant contracts will form part of the Multi Speciality Community Provider (MCP).

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

| | 2020/21 | 2021/22 | 2022/23 |
|--------------------------------|-------------|-------------|-------------|
| | £m | £m | £m |
| Base budget forecast | 20.7 | 21.1 | 21.5 |
| One-off spending plans | 1.6 | 0.0 | 0.0 |
| Total spend | 22.3 | 21.1 | 21.5 |
| Forecast grant | 20.7 | 21.1 | 21.5 |
| Deficit | 1.6 | 0.0 | 0.0 |
| Reserve brought forward | 1.6 | 0.0 | 0.0 |
| Reserve carried forward | 0.0 | 0.0 | 0.0 |

Medium Term Financial Strategy

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

| | 2020/21 | 2021/22 | 2022/23 |
|--|--------------|--------------|--------------|
| | £m | £m | £m |
| Base Budget Forecast - see para 24 | 242.1 | 248.4 | 253.5 |
| Pressures - see para 25 | 9.5 | 11.5 | 14.0 |
| Savings - see para 26 | -1.2 | -1.8 | -1.8 |
| Total Service Spend | 250.4 | 258.1 | 265.7 |
| Retained Business Rates | 86.3 | 88.0 | 89.7 |
| Tariff | -6.1 | -6.2 | -6.4 |
| Business Rate Grant (inc. reserve) | 13.1 | 13.4 | 13.8 |
| New Homes Bonus | 0.8 | 0.8 | 0.8 |
| Improved Better Care Fund (IBCF) | 16.1 | 16.4 | 16.8 |
| Social Care Grant | 9.8 | 10.0 | 10.2 |
| Council Tax | 128.6 | 134.8 | 141.4 |
| Collection Fund Surplus – Council Tax | 0.5 | - | - |
| Total Resources | 249.1 | 257.2 | 266.3 |
| Deficit funded from Balances / (-)Surplus | 1.3 | 0.9 | -0.6 |
| Balances brought forward | 16.1 | 14.8 | 13.9 |
| Balances carried forward | 14.8 | 13.9 | 14.5 |

30. The table above assumes that Council Tax increases by 3.99% in all years. 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. However, it should be noted that these referendum limits may be subject to Government monitoring of our use of the Adult Social Care Precept.

Estimates, Assumptions & Risk Analysis

31. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
- (a) that pay inflation does not vary materially from current forecasts;
 - (b) that the 2020/21 finance settlement and any specific grant income is in line with forecasts;
 - (c) that in subsequent years income from general and specific grants rises in line with the forecast GDP deflator and that the underlying impact of the Fair Funding review of local government finance from 2021/22 is neutral;
 - (d) that income from Business Rates (net of appeals etc.) rises in line with the forecast GDP deflator, and that income in respect of the EZ is in line with current forecasts;
 - (e) that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the tax base will continue to grow as anticipated;
 - (f) that the pressure on the High Needs Block is met from within the Dedicated Schools Grant;
 - (g) that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2020/21 and any inflationary pressures in 2021/22 and 2022/23 will be no more than the amount provided for;
 - (h) that income and expenditure relating to treasury management activity are in line with forecasts;
 - (i) that there will be no other unplanned expenditure (including any resulting from demographic, legislative or case law pressures) or shortfalls in income, which cannot be met from reserves;
 - (j) that there will be no changes to government policy on maximum underlying Council Tax increases without the need for a referendum, and the general referendum principles will apply to Dudley's increases in Council Tax (including the Adult Social Care Precept) as set out in paragraphs 20 and 30;
 - (k) that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
 - (l) that there will be no underlying change in the level of employers' pension contributions from 2020/21 onwards compared with the current MTFS.

32. The assumptions set out above are subject to uncertainty and in some cases this uncertainty is significant. Actual outcomes may be more positive or more negative than the forecasts set out in this report. In the event that outcomes are more negative, it may become necessary to take urgent action to reduce levels of expenditure or increase income. It should be noted that this budget is being set against a background of significant political and economic uncertainties, and that uncertainty about the outcomes of the Fair Funding review is also particularly significant.

Consultation

33. Thousands of people have taken part in the Big Question budget consultation since it was launched five years ago. Last year more than 1,400 responses were received after the consultation was shared extensively online, including social media, the council's website and the e-bulletin system. Hard copies were also available in libraries, leisure centres and at Dudley Council Plus. This year, the council will continue to consult far and wide using these established communications channels as well as through the council's scrutiny committees, community forums, partner organisations and community groups.
34. Detailed consultation will also be undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below.
35. A consultation document will be distributed to representatives of Non-Domestic Ratepayers setting out the provisional budget proposals in this report. Consultees will be offered the opportunity for a meeting to be held if there is sufficient interest. Further detailed information (as required in pursuance of the statutory duty to consult) will be distributed in February for comment before the Council Tax setting meeting.
36. In accordance with the Council's Constitution, the Scrutiny Committees are being asked to consider the issues set out in this report and any related specific issues relevant to their Council Plan and service responsibilities. In framing their responses, the Scrutiny Committees are being asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.

Finance

37. This report is financial in nature and relevant information is contained within the body of the report.



Law

38. The Council's budget setting process is governed by the Local Government Finance Acts 1988, 1992, and 2012 and the Local Government Act 2003.
39. 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.
40. 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.
41. 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.

Equality Impact

42. 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.
43. 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.

44. 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.
45. 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.
46. 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.
47. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
48. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected, during the autumn. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.
49. With regard to Children and Young People, a substantial element of the proposed budget for the People 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 / Transformation

50. None of the savings being proposed will result in the need for redundancies in 2020/21. Resources previously set aside to meet redundancy costs amounting to around £0.5m can therefore be released as set out in paragraph 8 above.

Commercial Implications

- 51. Proposed savings from increasing the Dudley Town Hall catering and bar offer are included in paragraph 26 and Appendix D.
- 52. Proposed additional investment in Commercial and Procurement teams is included in paragraph 25 and Appendix C.

Health, Wellbeing and Safety

- 53. Engagement with local communities has highlighted the important contribution that feeling safe outdoors and an attractive environment make to health and wellbeing, therefore funding of pressures to address these issues is likely to have a positive impact on health and wellbeing.
- 54. The provision of social care support to prevent unnecessary emergency admissions to hospital and ensure timely discharge from hospital is critical to ensuring that the health and care system works effectively and that people are safely cared for in the most appropriate setting. Funding of pressures to maintain good performance in relation to delayed transfers of care is likely to have a positive impact on health, wellbeing and safety of people with long term health problems, frail elderly patients and their families.
- 55. The recent SEND inspection recommended the Council take action to improve health, wellbeing and safety outcomes for children with special educational needs and disabilities. Funding of pressures to ensure that the Council delivers its statutory responsibilities and implements these recommendations should therefore have a positive impact on the health and wellbeing of children with SEND, their families and carers.
- 56. Traditional autopsy can be upsetting for the bereaved and a number of religions teach that a body should be buried quickly and not violated after death. Poor mental health and wellbeing is a natural reaction to bereavement. However, these effects can sometimes take longer to recover from if family members do not believe there has been dignity in death care. Therefore funding to increase the availability of digital autopsy is likely to have a positive impact on health and wellbeing of bereaved people.
- 57. Savings proposed in this report have been considered in previous budget rounds and impacts on health, wellbeing and safety were considered at the time.



.....
Kevin O'Keefe
Chief Executive
Services



.....
Iain Newman
Chief Officer Finance and Legal

Contact Officers: Rachel Cooper
Telephone: 01384 814844
Email: rachel.cooper@dudley.gov.uk

John Everson
Telephone: 01384 814806
Email: john.everson@dudley.gov.uk

List of Background Papers

Budget and Council Tax setting 2019/20 report to Council, 25th February 2019
Revenue Outturn 2018/19 report to Cabinet, 27th June 2019
Local Government Finance Settlement 2020/21 Technical Consultation

2019/20 Forecast Outturn position

| Service | Latest Budget £m | Latest Outturn £m | Variance £m | Comment |
|--|---------------------|----------------------|----------------|---|
| Adult Social Care | 89.7 | 89.9 | 0.2 | Whole Life Disability Service +£0.6m Assessment and Independence -£0.5m Safeguarding +£0.2m Mental Health -£0.1m |
| Children's Services | 69.1 | 69.8 | 0.7 | External Placements £1.7m offset by £0.4m vacancies and £0.6m Troubled families grant. |
| Health and Wellbeing | 7.1 | 7.1 | 0.0 | |
| Integrated Commissioning, Performance and Partnerships | 5.9 | 5.8 | -0.1 | Carers contract -£0.1m |
| Total People | 171.8 | 172.6 | 0.8 | |
| Environmental Services | 46.9 | 47.2 | 0.3 | Pressures arising from increased costs of waste collections £0.3m, under recovery of Permit Scheme income £0.3m and reduction in recycling income £0.1m. Offset by: (£0.1m) vacancies, (£0.1m) Oak Lane, (£0.1m) lower contractor costs, (£0.1) reduced contributions to capital) |
| Regeneration and Enterprise | 10.2 | 10.5 | 0.3 | Pressures arising from non grant funded costs £0.3m, demolition of 5 Bromley Lane £0.2m, Brierley Hill Town hall £0.1m. Offset by vacancies across Planning and Management & Valuations (£0.1m) and EZ service budget (£0.2m) |
| Housing | 2.3 | 2.2 | -0.1 | Vacancies -£0.1m |
| Total Place | 59.4 | 59.9 | 0.5 | |

| Service | Latest Budget £m | Latest Outturn £m | Variance £m | Comment |
|--------------------------------|-----------------------------|------------------------------|------------------------|--|
| Commercial and Procurement | 0.1 | 0.1 | 0.0 | |
| Finance and Legal | 4.6 | 4.5 | -0.1 | Vacancies -£0.1m |
| Transformation and Performance | 0.7 | 1.0 | 0.3 | ICT +£0.1m, Customer Connect +£0.2m |
| Levies etc. | 14.0 | 14.0 | 0.0 | |
| Total Chief Executive's | 19.4 | 19.6 | 0.2 | |
| Treasury / Corporate | -10.2 | -10.2 | 0.0 | Pressure arising from final adjustment of 3 year pension contribution £1m. Offset by release of redundancy reserve (£0.5m) and slippage in capital programme (£0.5m) |
| Total Service Costs | 240.4 | 241.9 | 1.5 | |
| Total Funding | -235.4 | -235.4 | 0.0 | |
| Use of Balances | 5.0 | 6.5 | 1.5 | |

Appendix B

Delivery of existing Medium Term Financial Strategy

| | 2019/20 £'000 | Comment |
|--|------------------|-----------------------|
| Increase the investment in preventative services to support adult social care client carers, focusing on the high risk caring relationships, in order to reduce or mitigate admissions to residential and nursing care with the aim of overall service savings. | 309 | Implemented |
| Target interventions to people most at risk of falls to make people safe and prevent high cost social care and primary care interventions. | 259 | Implemented |
| Assessment & Review - Implement outcome based commissioning and assessments for all community-based adult social care packages costing more than £500 per week to provide services efficiencies. | 163 | Implemented |
| Assessment & Review – Complete review of the S117 policy and implement | 164 | Partially implemented |
| Shared Lives - Expansion of the Shared Lives service in respect of adult fostering scheme to achieve additional shared lived placements, enabling more people to be able to continue to live in the community, with independence of public services maximised | 250 | Partially implemented |
| Reduce Community Equipment Spend via Smarter Procurement - Use of the Croydon Integrated Procurement HUB to purchase all community equipment (including hoists) to support people in their own homes. The current arrangements for the purchase of community equipment are across multiple providers | 100 | Implemented |
| Peripatetic Care Model - To remove the offer of long term internal Peripatetic homecare service | 100 | Implemented |
| Business Support Development - To reduce current levels of Assessment & Independence business support through leaner process design and new models of care | 100 | Implemented |
| Review contribution to Children's safeguarding board to ensure this is proportionate with contributions from other statutory partners. | 60 | Implemented |
| Tipton Road - To amend the current Statement of Purpose (SoP) for Tipton Road Children's Home so that placements can be offered to children with complex needs as well as those with disabilities alone | 468 | Delayed |

| | 2019/20 £'000 | Comment |
|---|--------------------------|---|
| Single handed care - Benefits realisation through the ongoing implementation of Single Handed Care, based on more effective use of technology to facilitate dignified care delivery, supporting people's care related transfers | 200 | Implemented |
| Demand management / All Age Commissioning within Dudley Disability Services (DDS) - a focussed approach within DDS services to: reduce initial demand, increase self-assessment, identify placements eligible for Continuing Health Care funding, and develop specific all age commissioning projects targeted at reducing costs over 5 years | 190 | Implemented |
| Residential Care Charging Fraud Initiative - Tackle fraudulent asset disposal in regard to Residential Care financial assessment and charging | 96 | Implemented |
| Redesign of voluntary sector contracts - A bespoke exercise to consolidate a number of existing contracts into a single market opportunity to the Voluntary Sector | 94 | Delayed – to be implemented in April 2020 |
| Home care / Extra Care (new models) - Development of a transformational model for the delivery of home care / extra care provision in the Borough | 112 | Delayed – to be implemented in April 2021 |
| Children's Transport – Implement new contracts and route management, to ensure services are safe and efficient | 381 | Partially Implemented |
| Contact Centres - Reviewing the delivery of Family Contact for Children Looked After and Post Adoption support to ensure that the service is delivered effectively, efficiently and offers value for money | 168 | Implemented |
| West Midlands Care Home Association Service Level Agreement (SLA) – Cease funding the Care Home coordinator post, as no longer required | 27 | Implemented |
| Dudley Group Foundation Trust Discharge Coordinator SLA – Cease funding the Coordinator post as part of a wider simplification of funding arrangements | 43 | Implemented |
| Re-design Day Opportunities - To re-profile usage of the Dementia Gateways in Dudley whilst retaining both services | 59 | Implemented |
| Special Guardianship Allowances - Rigorous application of existing Policy with regard to Special Guardianship Allowances | 80 | Implemented |
| General Fund Efficiencies - Range of general fund efficiencies on various running cost/over head budgets | 29 | Implemented |

| | 2019/20 £'000 | Comment |
|--|--------------------------|--|
| Teenage Pregnancy (TP) Service - In 2017/18 the TP team was restructured into the Family Solutions service as part of the Early Help service redesign. The nurse roles were embedded within the sexual health provider contract. Public Health still fund a post, but the balance can be used for savings | 46 | Implemented |
| Total People - General Fund | 3,498 | |
| School Nursing - Aim to incorporate CYP PH services into a 0-19 Integrated Family Health Team, working together seamlessly to meet the needs of CYP & families. This will yield savings and therefore propose to reduce contract value of the School nursing service, in readiness for transfer to the new 0-19 model in the MCP | 160 | Delayed due to slippage in the MCP procurement |
| Teenage Pregnancy (TP) Service - The TP team has been restructured into the Family Solutions service as part of the Early Help service redesign. The nurse roles were embedded within the sexual health provider contract. | 39 | Implemented |
| Healthy Pregnancy - Healthy pregnancy contract review identified opportunity to embed some provision within the main maternity contract and other local wellbeing services which will be implemented from 2019/20. | 58 | Implemented |
| Total People – Public Health Grant | 257 | |
| Street maintenance: issue highway permits | 250 | Partly implemented |
| Housing - reduction in revenue contribution to capital for Housing Assistance Grants | 100 | Implemented |
| Charging for Recycling Service at Schools | 50 | Partly implemented |
| Charging for replacement Grey Bins including delivery at £15 each | 45 | Partly implemented |
| Dudley Town Hall - increase the catering and bar offer. | 50 | Implemented |
| Total Place | 495 | |
| Benefits - budget adjustment to fully reflect benefit subsidy and the recovery of benefits overpayments. | 300 | Implemented |
| DC+ Restructure | 71 | Implemented |
| HR Saving | 12 | Implemented |
| Reduced costs resulting from changes to the Civil procedure rules covering Fast Track claims and internal process improvements. | 500 | Implemented |
| Total Chief Executive's | 883 | |
| Saving on agency contract | 170 | Implemented |

| | 2019/20 £'000 | Comment |
|------------------------|--------------------------|----------------|
| Total Corporate | 170 | |

Where savings have been partly implemented or delayed, the financial impact is reflected in the 19/20 outturn forecast in Appendix A or is being met from directorate earmarked reserves.

Spending Pressures

| People | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|--|------------------|------------------|------------------|
| Improved Better Care Fund (IBCF) – to continue support to avoid hospital admissions and accelerate hospital discharges. | 2200 | 2200 | 2200 |
| Inflation on Adult care providers, including Direct Payment recipients, to incorporate increases in living wage and general inflation increases. | 1750 | 3610 | 5520 |
| Implementation costs of Phase 1 of the Successor ICT system replacement for maintaining adult and children's social care records. | 620 | 0 | 0 |
| To meet and deliver SEND statutory requirements following the recent SEND inspection. | 600 | 600 | 600 |
| Children's Services - internal fostering fees | 120 | 120 | 120 |
| Education Outcomes - existing premature retirement costs | 20 | 20 | 20 |
| Connected persons – this will equalise the payment arrangements to all ranges of Dudley foster carers | 20 | 20 | 20 |
| Total | 5,330 | 6,570 | 8,480 |

| Place | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|---|------------------|------------------|------------------|
| Waste disposal - inflation pressures across the three main disposal contracts | 340 | 560 | 790 |
| Impact of National Living Wage on outsourced Cleaning Contract for Admin Buildings | 30 | 50 | 50 |
| Waste Collection - additional round to address higher demand from increasing number of homes. | 510 | 510 | 510 |
| Highways Permit Scheme: reduced projected income generation as a result of less Utility works taking place across the Borough. | 250 | 200 | 150 |
| Waste Strategy Resource: impact of remodelling to meet new Government Waste Strategy and also Energy from Waste contract transition to 2023 | 150 | 150 | 150 |
| Street Lighting Energy: Forecast increase to energy prices from 1st November 2019 | 140 | 140 | 140 |
| Urban Traffic Control (UTC) Network Contract, reflecting increased cost of Traffic Signal Maintenance following the retendering of the works. | 60 | 60 | 60 |
| The cost of staff and vehicle resource required for collections from Recycling on the go bins. | 50 | 50 | 50 |

| Place | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|--|------------------|------------------|------------------|
| Introduction of a new mandatory Works Management System required by The Department for Transport as part of their national database. | 50 | 50 | 50 |
| Tree Maintenance - reinstate previous budget to meet high demand for tree works. | 100 | 100 | 100 |
| Tree Planting - reinstate budget for planting new trees across the borough. | 10 | 20 | 20 |
| Enhanced cleaning particularly at main entrances to the Borough, to include increased litter collection, cleaning of signage and more frequent road sweeping. | 250 | 250 | 250 |
| To increase the number of Highway Gullies cleaned each year to allow all gullies to be cleaned on a minimum 4/5 year cycle. | 60 | 60 | 60 |
| Resource required to service increased numbers of Dog and Litter Bin emptying on Parks and Open Spaces. | 80 | 80 | 80 |
| To replace Road Signage in the poorest condition and provide an accelerated refresh of Road Markings. | 100 | 100 | 100 |
| Reinstatement of maintenance programme to improve the Boroughs Public Rights Of Way. | 50 | 50 | 50 |
| 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. | 60 | 90 | 110 |
| Resources required to improve the condition of the Boroughs football pitches. | 40 | 40 | 40 |
| Increased Grass Cutting frequency in Closed Churchyards from 2 to 4 cuts per year. | 20 | 20 | 20 |
| Annual revenue impact to service £400k of capital costs to provide a new Wardens Base at Wrens Nest Nature Reserve. | 30 | 30 | 30 |
| Financial implication of Holiday Pay entitlement for Casual Staff. | 30 | 30 | 30 |
| 1 fte Case Officer to provide consistent management of Cllr, MP & Corporate complaints / enquiries. | 30 | 30 | 30 |
| Recruitment of 5 Police Community Support Officers / Constables in partnership with the Police Authority. | 250 | 250 | 250 |
| Vision for Dudley & Brierley Hill - revenue costs of feasibility studies and development of strategy | 50 | 50 | 50 |
| CCTV extension of existing programme: revenue impact of capital costs | 20 | 20 | 20 |
| To provide additional resource for resurfacing and repair of the Boroughs local roads and footways. | 330 | 330 | 330 |

| Place | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|---|------------------|------------------|------------------|
| Dudley Interchange additional contribution: revenue impact of capital costs | 0 | 30 | 30 |
| Council House Repairs: revenue impact of capital costs | 0 | 200 | 200 |
| Total | 3,090 | 3,550 | 3,750 |

| Chief Executive's | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|--|------------------|------------------|------------------|
| Additional staffing Support for Payroll Service to address the significant risks raised by Audit and Standards Committee. This includes a Payroll Systems Manager and various Payroll Officer posts | 210 | 210 | 210 |
| Support to strengthen the existing Organisational Development (HR) structure and provide ongoing funding for a number of temporary posts. These include a Strategic Business Partner for Apprenticeships, a Data Insight Officer producing key HR management information and HR Advisor and Administrative roles to support Recruitment. | 130 | 170 | 170 |
| Digital Improvements across Commercial & Procurement and permanent funding for additional administrative support | 40 | 40 | 40 |
| Funding to ensure the availability of non-invasive digital autopsies | 80 | 80 | 80 |
| Ongoing funding for system support to the People Information and Management System. | 160 | 160 | 160 |
| Increased ICT staffing support to meet the requirements of the new Social Care IT system. | 310 | 310 | 310 |
| Additional Staff necessary to meet the increased demand for Legal Services | 150 | 150 | 200 |
| Additional Project, Policy and Performance capacity. | 0 | 250 | 250 |
| Additional capacity for employee relations support within Organisational Development. This includes HR Specialist Advisor posts | 0 | 0 | 140 |
| Additional Learning & Development resources within Organisational Development to address the Council's workforce development needs. | 0 | 0 | 170 |
| Increased licence costs resulting from Microsoft Office 365 roll out | 0 | 0 | 60 |
| Total | 1,080 | 1,370 | 1,790 |

Proposed Savings

| People | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|---|------------------|------------------|------------------|
| Demand management / All Age Commissioning within Dudley Disability Services (DDS) - a focussed approach within DDS services to: reduce initial demand, increase self-assessment, identify placements eligible for Continuing Health Care funding, and develop specific all age commissioning projects targeted at reducing costs over 5 years | 210 | 210 | 210 |
| Residential Care Charging Fraud Initiative - Tackle fraudulent asset disposal in regard to Residential Care financial assessment and charging | 200 | 400 | 400 |
| Redesign of voluntary sector contracts - A bespoke exercise to consolidate a number of existing contracts into a single market opportunity to the Voluntary Sector | 60 | 60 | 60 |
| Home care / Extra Care (new models) - Development of a transformational model for the delivery of home care / extra care provision in the Borough | 140 | 140 | 140 |
| Re-design Day Opportunities - To re-profile usage of the Dementia Gateways in Dudley whilst retaining both services | 30 | 30 | 30 |
| Children's Transport – Implement new contracts and route management, to ensure services are safe and efficient | 360 | 580 | 580 |
| Contact Centres - Reviewing the delivery of Family Contact for Children Looked After and Post Adoption support to ensure that the service is delivered effectively, efficiently and offers value for money | 30 | 80 | 80 |
| Total | 1,030 | 1,500 | 1,500 |

| Place | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|---|------------------|------------------|------------------|
| Dudley Town Hall - increase the catering and bar offer. | 50 | 150 | 150 |
| Total | 50 | 150 | 150 |

| Chief Executive's | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
|--|------------------|------------------|------------------|
| Impact of Senior Management Restructure on Chief Executive posts | 150 | 150 | 150 |
| Income from new Boundary Signs | 0 | 0 | 40 |
| Total | 150 | 150 | 190 |