
Meeting of the Corporate Scrutiny Committee – 21st January 2021

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

Medium Term Financial Strategy

Purpose

1. To consult the Scrutiny Committee on the draft Medium Term Financial Strategy (MTFS) to 2023/24 as approved by Cabinet on 17th December 2020, with emphasis on those proposals relating to the committee's terms of reference. For this committee the relevant items are those relating to Chief Executive, Finance and Legal Services, and Commercial and Customer Services in paragraphs 25 and 28, and Appendices D and E.

Recommendation

2. That the Committee considers and comments on the Cabinet's proposals for the Medium Term Financial Strategy to 2023/24, taking into account the considerations set out in paragraph 38.

Background

3. The Council approved the General Fund budget for 2020/21 and the MTFS to 2022/23 on 2nd March 2020.
4. A report on the 2019/20 outturn was considered by Cabinet on 6th July 2020.

External Audit

5. The External Auditors (Grant Thornton) presented their Audit Findings Report to the Audit and Standards Committee on 21st September 2020.

6. On the basis of significant risks threatening the Council's financial sustainability, they reported their intention to give an adverse qualified opinion on Value for Money. They have subsequently reviewed the position and issued a qualified "except for" opinion on Value for Money.

Forecast 2020/21 Position

7. Since originally setting the budget in March, the Council's operations and finances have been significantly impacted by the Covid-19 pandemic. The forecasts in this report are made in the context of significant uncertainty about the path of the virus, the nature and duration of the public health measures and the severity of the economic impact, so the financial impact by the year end may in practice be greater.
8. In response to Covid-19, the Government has directed significant additional funding to councils and the table in Appendix A shows the allocation to Dudley. Of the forecast allocation, £30.5m is unringfenced (of which £0.9m was used to offset impacts in the last financial year and £29.6m remains to offset impacts in 2020/21). The remainder (standing at £132.4m and rising) is for specific purposes and is expected to be matched by specific increases in expenditure or reductions in income.
9. The forecast General Fund position after transfers from / to earmarked reserves is as follows. It is important to note that this table does not include forecast reductions in Business Rates and Council Tax income (see Collection Fund below) as these do not impact on the General Fund in the current year, but can be spread over future years.

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive Other	0.8	0.9	0.1
Adult Social Care	97.0	102.8	5.8
Children's Services	69.1	77.4	8.3
Health and Wellbeing	2.9	3.0	0.1
Finance and Legal	3.6	3.9	0.3
Commercial and Customer Services	0.7	5.2	4.5
Housing	6.6	6.7	0.1
Public Realm	50.1	51.3	1.2
Regeneration and Enterprise	11.0	15.3	4.3
Corporate, Treasury and Levies	8.2	7.1	(1.1)
Total Service Costs	250.0	273.6	23.6
Total Resources	(250.0)	(279.6)	(29.6)
Use of Balances	0.0	(6.0)	(6.0)

10. Further detail is provided in Appendix B. The significant variances are as follows:
- We have included £21.0m of service pressures on returns to the Government identifying costs arising from Covid-19 and we are forecasting £29.6m of unringfenced Covid-19 funding for 2020/21 which will generate a net favourable variance of £8.6m. This does not include pressures on Business Rates and Council Tax income (see Collection Fund below).
 - There are pressures arising from Children Looked After placements totalling £3.4m
 - There is an underlying cost pressure of £1.3m within Home to School Transport.
 - The Successor project is forecast to cost an additional £1.0m.
 - As a result of local elections being postponed until May 2021 there is a £0.3m underspend this financial year.
 - The budget included provision for a 2% staff pay award, but this has now been settled nationally at 2.75% which represents a £1.0m cost pressure.
 - Due to slippage in the Council's borrowing requirement there are £1.0m savings in debt financing costs.
 - Release of the £2m contingency provision from the original budget.
 - Other net favourable variances of £0.8m
11. 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 2020/21 position outlined above and in Appendix B.
12. The costs 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 High Needs Block of £13.9m at 31st March 2021. The Government has regulated to ensure that this pressure sits within the Dedicated Schools Grant and can be recovered over a number of financial years. As such it is not included in Appendix B.

General Fund Balances

13. The impact of the outturn shown above leaves the main unallocated General Fund Balance at 31st March 2021 as follows:

	Original Budget £m	Latest Position £m
Forecast balance 31 st March 2020	15.2	15.2
2019/20 outturn (as reported to July Cabinet)		+0.5
Balance at 31 st March 2020	15.2	15.7
Forecast 20/21 outturn		+6.0
General Fund Balance at 31 st March 2021		21.7

14. This continues to show a low level of reserves in the light of the financial challenges that the Council faces.

Medium Term Financial Strategy to 2023/24

15. 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

16. Forecasts presented to Cabinet were based on the Chancellor's announcements in the one-year Spending Review on 25th November. These 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.
 - Additional Social Care Grant of £300m nationally.
 - Improved Better Care Fund to continue at 2020/21 levels.
 - New Homes Bonus funding on the basis of new homes (and reductions in long term empty homes) above a threshold, with a consultation on review for 2022/23 to be published shortly.
 - One-off £1.55bn unringfenced funding nationally for Covid spending pressures in 2021/22.
 - Continuation of compensation for a proportion of lost income from sales fees and charges for the first quarter of 2021/22.
 - Compensation for a proportion of 2020/21 Council Tax and Business Rates losses, which would otherwise have to be charged to the General Fund in future years.
 - £670m unringfenced funding nationally towards the anticipated additional cost of providing Local Council Tax Support in 2021/22.
 - Continuation of the 2017/18 100% Business Rates Retention pilots – including that for the West Midlands.

We have subsequently received the Provisional Local Government Finance Settlement for 2021/22 including allocations to individual councils and a verbal update will be given to Scrutiny Committees.

17. The Government has indicated that it will take stock of the previously proposed funding reforms (Business Rate Retention and Fair Funding Review) in the context of the position in which the sector now finds itself, both with regard to the impact the pandemic has had on the resources available to councils, and the demands on local services.

Council Tax

18. Forecasts to Cabinet took into account the economic outlook reflected in the Spending Review, and indicated:
- A Collection Fund deficit of £2m for the current year arising mainly from increased numbers of working age Council Tax Reduction (CTR) claimants and partially offset by government compensation for losses of income. This deficit was assumed to be charged to the General Fund over the next three years (£1.8m in 2021/22 and £0.1m in each of 2022/23 and 2023/24).



- Ongoing reductions in the Council Tax base, mainly arising from increases in the number of working age CTR claimants, peaking at around 17,500 in the second quarter of 2021 and then recovering gradually in line with the assumptions in the Spending Review.

Forecasts have also been adjusted to reflect current numbers of households in receipt of discounts and exemptions. The position will continue to be monitored closely and any updated forecasts reported to Cabinet in February.

19. 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 and 2020/21 budgets, agreed that the flexibilities available from 1st April 2019 and 1st April 2020 be utilised in full from those dates. It is now proposed that the further flexibility available from 1st April 2021 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.

20. The Spending Review included proposed Council Tax referendum principles for 2021/22 of a core limit of less than 2% plus an Adult Social Care (ASC) precept limit of 3%. There has been no indication that an ASC precept will be allowed in subsequent years. However, the 3% for 2021/22 can be spread over the two years 2021/22 and 2022/23.

Business Rates

21. Forecasts to Cabinet took into account the economic outlook reflected in the Spending Review and indicated:
 - A Collection Fund deficit for the current year reflecting challenges to collection, partially mitigated by 100% relief for retail, leisure, hospitality and nurseries and also partially offset by government compensation for losses of income. This deficit (of £2.3m net of grants carried forward in reserve) was assumed to be charged to the General Fund over the next three years (£1.1m in 2021/22 and £0.6m in each of 2022/23 and 2023/24).
 - A prudent assumption that 100% relief for retail, leisure, hospitality and nurseries will cease in 2021/22, though final announcements on this are not expected until the new year.



- Adverse impacts in the wake of the pandemic, leading to increased empty property reliefs, removal of properties from rating and other losses. Forecasts were on the basis that these impacts will peak in 2021 and gradually recover.

There is ongoing uncertainty concerning the impact of the 2017 revaluation on our business rate and grant income. We continue to face considerable uncertainty arising from the impact of appeals following the revaluation and the introduction of the new “Check, Challenge, Appeal” process. We have already applied part of our provision for appeals to partially offset underlying reductions in gross rates payable and further application of the appeals provision is likely to be needed in future years. The position will continue to be monitored closely 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.
 - A contribution to reflect assumed real terms growth in the central share of business rates from 2016/17 onwards to fund its regeneration activities, under the terms of the Devolution Deal.
 - A further contribution to fund its non-transport functions currently allocated by agreement partly on a population basis and partly by equal shares.
23. Forecasts in this report assume that contributions continue on the same basis.

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.

	2021/22	2022/23	2023/24
	£m	£m	£m
2020/21 base	250.0	250.0	250.0
Pay (<i>note 1</i>)	1.4	3.5	5.9
General price inflation (<i>note 2</i>)	-	3.2	6.7
Income uplift (<i>note 3</i>)	-0.8	-1.8	-3.1
Pensions (<i>note 4</i>)	-0.8	-1.6	0.7
Combined Authority (<i>see paras 22-23</i>)	0.1	0.3	0.4
Treasury (<i>note 5</i>)	1.2	1.6	0.9
Remove previous contingency (<i>note 6</i>)	-2.0	-2.0	-2.0
Other adjustments (<i>note 7</i>)	-0.7	-1.1	-1.3
Base Budget Forecast	248.4	252.1	258.2



Notes:

- (1) Allows for an increase in line with the Chancellor's announced public sector "pay freeze" in 2021/22 with increases only for staff earning less than £24,000 per annum of £250, and increases in line with forecast CPI thereafter. The 2021/22 figure also includes the impact of the actual 2020/21 pay settlement being 2.75% rather than the budgeted 2%. Note that Central Government does not control Local Government pay directly.
- (2) No general provision has been made for 2021/22, with any specific inflationary issues being reflected in spending pressures below.
- (3) Assumes an increase of 2% per year on fees and charges.
- (4) Contributions in 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 existing Medium Term Financial Strategy includes a £2m general contingency. Specific pressures have now been identified within this report so to avoid double counting the contingency has been removed.
- (7) Fall-out of previous one-off items, non treasury impact of Leisure Centre Strategy, and other adjustments.

Spending Pressures

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

	2021/22	2022/23	2023/24
	£m	£m	£m
Adult Social Care	5.2	7.1	9.0
Children's Services	4.8	4.8	4.8
Health and Wellbeing	0.1	0.1	0.1
Chief Executive	0.3	0.3	0.3
Finance and Legal Services	0.6	0.6	0.6
Commercial and Customer Services	0.5	1.0	1.1
Regeneration and Enterprise	0.0	0.0	0.1
Housing and Communities	0.3	0.3	0.3
Public Realm	0.3	0.8	0.8
Total	12.1	15.0	17.1

26. In addition to ongoing pressures the proposed budget contains a £6.7m contingency for Covid cost pressures and loss of income, to the extent that they are not covered from the extended compensation for Sales, Fees and Charges scheme, that may arise in the early part of 2021/22.



27. Proposals within the report include provision to cease Mandatory Unpaid Leave (£1.1m) and restore 1% previously withheld from Grade 7 and above (0.7m) from 2021/22 onwards.

Savings

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

	2021/22	2022/23	2023/24
	£m	£m	£m
Adult Social Care	3.2	3.7	3.8
Children's Services	1.3	2.1	2.1
Commercial and Customer Services	0.0	0.1	0.1
Regeneration and Enterprise	0.6	0.7	1.0
Housing and Communities	0.1	0.1	0.1
Public Realm	0.2	0.2	0.2
Total	5.4	6.9	7.3

Public Health

29. The recent Spending Review announcement did not give any detail regarding future years Public Health Grant allocations, except that it will remain flat in real terms and continue to be ring fenced. It is therefore assumed that general inflation will be added annually in line with the Consumer Price Index. The future intention regarding Agenda for Change is unclear, however the spending review made a commitment to NHS pay increases which would need to be reflected in future grant allocations. It is assumed that the grant will be fully spent in 2021/22 onwards, nevertheless these estimates will be reviewed again with Dudley's new Director of Public Health.
30. The overall forecast position for the Public Health Grant funded budget can be summarised as follows:

	2021/22	2022/23	2023/24
	£m	£m	£m
Base budget forecast	21.3	21.7	22.0
One-off spending plans	0.6	0.6	0.0
Total spend	21.9	22.3	22.0
Forecast grant	21.3	21.7	22.0
Deficit	-0.6	-0.6	0.0
Reserve brought forward	1.2	0.6	0.0
Reserve carried forward	0.6	0.0	0.0

Medium Term Financial Strategy

31. The MTFS reflecting the revised spending proposals set out above, and forecasts of resource availability, was summarised to Cabinet as follows.

	2021/22	2022/23	2023/24
	£m	£m	£m
Base Budget Forecast - see para 24	248.4	252.1	258.2
Pressures - see para 25	12.1	15.0	17.1
Covid Contingency	6.7		
Savings - see para 28	-5.4	-6.9	-7.3
Terms and Conditions	1.8	1.8	1.8
Total Service Spend	263.6	262.0	269.8
Retained Business Rates	84.0	86.4	89.0
Tariff	-6.0	-6.1	-6.2
Business Rate Grant	12.6	12.9	13.2
New Homes Bonus	0.2	0.2	0.2
Improved Better Care Fund (IBCF)	16.1	16.4	16.7
Social Care Grant	11.8	12.0	12.2
Covid General Grant	6.7		
LCTS Support Grant	3.3		
Council Tax	133.2	138.3	142.8
Collection Fund Deficit – Council Tax	-1.8	-0.1	-0.1
Collection Fund Deficit – Business Rates ¹	-46.1	-0.6	-0.6
Business Rate Grant reserve	45.0		
Total Resources	259.0	259.4	267.2
Deficit funded from Balances	4.6	2.6	2.6
Balances brought forward	21.7	17.1	14.5
Balances carried forward	17.1	14.5	11.9

32. The table above assumes that Council Tax increases by 4.99% in 2021/22 and 1.99% in subsequent 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.

¹ 2021/22 figure mainly resulting from increased relief for retail, leisure, hospitality and nurseries in 2020/21, offset by Business Rates Grant received in the General Fund in 2020/21 and carried forward into 2021/22 via an earmarked reserve, shown on following line in table.

Estimates, Assumptions & Risk Analysis

33. 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 2021/22 finance settlement and any specific grant income would be in line with forecasts;
 - (c) that in subsequent years income from (non Covid related) general and specific grants rises in line with forecast CPI;
 - (d) that the underlying impact of any local government funding reforms is neutral;
 - (e) that underlying net income from Business Rates (excluding temporary Covid impacts) rises in line with forecast CPI, and that income and expenditure in respect of the EZ is in line with current forecasts;
 - (f) that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the underlying tax base (excluding temporary Covid impacts) will continue to grow as anticipated;
 - (g) that the pressure on the High Needs Block is met from within the Dedicated Schools Grant;
 - (h) that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2021/22 and any inflationary pressures in 2022/23 and 2023/24 will be no more than the amount provided for;
 - (i) that income and expenditure relating to treasury management activity are in line with forecasts;
 - (j) 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;
 - (k) that there will be no changes to government policy on maximum underlying Council Tax increases without the need for a referendum;
 - (l) that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
 - (m) that there will be no underlying change in the level of employers' pension contributions from 2023/24 compared with the current MTFS;
 - (n) that contributions to the WMCA are in line with the forecasts in this report;



- (o) that the proposed contingency will be sufficient to cover any additional costs of managing Covid in 2021/22.

34. The assumptions set out above lead to forecast deficits in all financial years. These assumptions 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, then action (to reduce levels of expenditure or increase income) may become more urgent. It should be noted that this budget is being set against a background of significant political and economic uncertainties.

Consultation

35. Thousands of people have taken part in the budget consultation over the past few years. Last year more than 1,400 responses were received after an extensive promotion period through the media, social media and through the e-bulletin. Hard copies were also made available in libraries, leisure centres and at Dudley Council Plus. This year, the council will continue to consult far and wide using the extensive reach it has through a range of communications channels as well as working with partner organisations and community groups to encourage more people to have their say. The results will be reported back to Cabinet in the spring
36. Detailed consultation will also be undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below.
37. A consultation document will be distributed to representatives of Non-Domestic Ratepayers setting out the provisional budget proposals in this report. Consultees will be offered the opportunity for a meeting to be held if there is sufficient interest. Further detailed information (as required in pursuance of the statutory duty to consult) will be distributed in February for comment before the Council Tax setting meeting.
38. 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. For this committee the relevant items are those relating to Chief Executive, Finance and Legal Services, and Commercial and Customer Services in paragraphs 25 and 28, and Appendices D and E. Senior Management will be available at the meeting to address any queries. 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

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



Law

40. The Council's budget setting process is governed by the Local Government Finance Acts 1988,1992, and 2012 and the Local Government Act 2003.
41. 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.
42. 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.
43. 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

44. 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.
45. 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.

46. 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.
47. 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.
48. 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.
49. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
50. 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.
51. 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 / Organisational Development

52. Proposals in relation to staff Terms and Conditions are detailed in paragraph 27.

Commercial / Procurement

53. There is proposed additional investment in the Procurement team included in paragraph 25 and Appendix D.



54. Proposed savings from increasing the Dudley Town Hall catering and bar offer and income from advertising on Boundary signs are included in paragraph 28 and Appendix E

Health, Wellbeing and Safety

55. The forecast Public Health budget is set out in paragraphs 29 and 30. This report includes proposals for investment in the SCAMs Team to support Adult Social Care and wider investment in the health, wellbeing and safety of the residents of the borough.

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List of Background Papers

Budget and Council Tax setting 2020/21 report to Council, 2nd March 2020

Revenue Outturn 2019/20 report to Cabinet, 6th July 2020

Funding provided by Government in response to Covid-19

Name	£m	Comment
General Covid-19 grant ²	25.9	
Compensation for sales, fees and charges	4.6	Latest estimate.
Total Unringfenced	30.5	
Section 31	44.5	Compensates for additional Business Rates relief
SBGF / RHLGF / Discretionary Bus. grants	58.9	Initial allocation to fund grants to businesses.
Local Restrictions Support Grant (Closed)	4.8	Up to £3000 per month while closed
Local Restrictions Support Grant (Open)	0.2	Support while open
Further rounds of LRSG	TBC	Further restrictions
Additional Restrictions Grant	6.4	£20 per head discretionary fund to support businesses.
New Burdens-administration funding	0.2	Implementation of hardship funding / business grants / CTR
Infection control - Care Homes	2.9	Ringfenced. 75% to be distributed on a per bed basis, 25% discretionary
Infection Control round 2	2.6	80% to Care homes & CQC care providers, 20% discretionary
CCG	TBC	Support hospital discharges, £1.1m claimed to date
Hardship Fund	3.0	To fund additional Council Tax relief
Emergency Assistance Grant	0.4	Food & Essentials
Winter Grant Scheme	1.1	£170m nationally. Ringfenced, with at least 80% earmarked for food and bills.

² £0.8m of Covid-19 grant was credited to the General Fund in 2019/20 and the remainder will be credited in the current year

Name	£m	Comment
Test and Trace Support Payment	TBC	£500 lump sum for those on low incomes
Clinically Extremely vulnerable	0.2	
Emergency Active Travel 1 st tranche	0.3	£50k Revenue, £235k Capital. 2 nd tranche TBC
Reopening High St fund	0.3	Eligible expenditure to be claimed
Test, Track and Trace	1.9	Ringfenced
Compliance and Enforcement	0.2	Ringfenced to support compliance and enforcement
Contain Outbreak Management Fund (COMF)	2.6	Very High £8 per head of population. Automatically triggered by Lockdown 2
Additional COMF	TBC	£4 per head per month tier 3, £3 per head tier 2.
Education - Catch up premium	1.9	Academic year grant DSG
Covid Workforce Fund	TBC	For schools once reserves have decreased to 4%
Total ringfenced	132.4+	

2020/21 Forecast Outturn position

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Chief Executives	0.8	0.9	0.1	0.0	0.1	Other - £0.1m Employee related costs of senior mgmt. posts
Adult Social Care	97.0	102.8	5.8	5.6	0.2	Covid – provider support £2.5m, £3.1m pressures on Dudley Disability Services. Other - £0.2m Successor
Children's Services	69.1	77.4	8.3	2.0	6.3	Covid – CLA placements £0.5m, Traded Services £0.7m, Schools Trading accounts £0.8m. Other - £3.4m CLA Placements, £1.3m Home to School Transport, £0.8m Successor, £0.8m consultants/agency.
Health and Wellbeing	2.9	3.0	0.1	0.1	0.0	Covid – Foodbanks £0.1m
Finance and Legal Services	3.6	3.9	0.3	0.6	-0.3	Covid - £0.6m loss of income including summons income Other - Elections fallow year (£0.3m) saving
Commercial and Customer Services	0.7	5.2	4.5	4.1	0.4	Covid – PPE £2.0m, Regional Mortuary £0.6m, ICT £0.8m, CAPA events £0.4m, Registrars £0.3m

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
						Other ICT £0.4m
Housing	6.6	6.7	0.1	0.2	-0.1	Covid - £0.2m Homelessness Other - (£0.1m) vacancies
Public Realm	50.1	51.3	1.2	2.2	-1.0	Covid – Waste collection and disposal £0.8m, loss of income (Permit scheme, s74 notices, licensing, car parks) £1.4m Other - (£0.8m) Mobilisation savings, (£0.2m) waste and recycling, Oak lane (£0.2m) offsetting £0.2m transport pressure
Regeneration and Enterprise	11.0	15.3	4.3	4.8	-0.5	Covid – Leisure £2.7m, Catering £0.9m, Planning income £0.2m, Local Mortuary £0.2m, Himley and Halls £0.7m, other pressures £0.1m Other - (£0.4m) net saving on non covid Leisure activities, and reduced expenditure in Adult and Community Learning (£0.1m)
Corporate & Treasury	8.2	7.1	-1.1	1.4	-2.5	Covid – investment income impacted by Covid £1.4m Other - Slippage in borrowing requirements (incl MRP) (£1.0m), (£2m) contingency released, pensions over recovery (£0.4m), lower banking transaction fees (£0.1m), offset by additional 0.75% pay award £1.0m,

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Total Service Costs	250.0	273.6	23.6	21.0	2.6	
Total Funding	-250.0	-279.6	-29.6	-29.6	0.0	£0.8m of grant funding used in 19/20. Includes £4.6m compensation for Sales, Fees and Charges
Use of Balances	0.0	-6.0	-6.0	-8.6	2.6	

Delivery of existing Medium Term Financial Strategy

	£'000	Comment
2020/21		
Adults		
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	Implemented
Residential Care Charging Fraud Initiative - Tackle fraudulent asset disposal in regard to Residential Care financial assessment and charging	200	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	60	Part of pressures
Home care / Extra Care (new models) - Development of a transformational model for the delivery of home care / extra care provision in the Borough	140	Part of pressures
Re-design Day Opportunities - To re-profile usage of the Dementia Gateways in Dudley whilst retaining both services	30	Implemented
Total	640	
Children's		
Children's Transport – Implement new contracts and route management, to ensure services are safe and efficient	360	Part of pressures
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	Part of pressures
Total	390	
Regeneration and Enterprise		
Dudley Town Hall - increase the catering and bar offer.	50	Delayed
Total	50	

Where savings have been partly implemented or delayed, the financial impact is reflected in the 20/21 outturn forecast in Appendix B or is being met from directorate earmarked reserves.

Spending Pressures

Adult Social Care	2021/22 £'000	2022/23 £'000	2023/24 £'000
To meet the cost of care for people with complex disabilities and people discharged from the Transforming Care Cohort	1,550	1,550	1,550
Increasing demand for domiciliary care and a basic inflationary increase.	1,120	1,120	1,120
Increase in the cost and complexity of nursing care placements	240	240	240
Increase in the cost and complexity of care for people with Mental Health problems; particularly care that is jointly funded with the NHS (Dudley CCG)	230	230	230
Maintaining investment in the Voluntary Sector given the vital contribution made to the Borough throughout Covid '19	160	160	160
Growth in demand for care for people with complex dementia and learning disabilities and rising costs of care.	1,860	3,770	5,700
Total	5,160	7,070	9,000

Children's Services	2021/22 £'000	2022/23 £'000	2023/24 £'000
Placements for children looked after	3,500	3,500	3,500
Home to school transport	1,300	1,300	1,300
Total	4,800	4,800	4,800

Health and Wellbeing	2021/22 £'000	2022/23 £'000	2023/24 £'000
Funding to continue the work of the SCAMs Team supporting Adult Social Care	70	70	70
Total	70	70	70

Chief Executive	2021/22 £'000	2022/23 £'000	2023/24 £'000
Additional Project, Policy and Performance capacity.	250	250	250
Support to strengthen existing Human resources and Organisational Development structure	60	60	60
Total	310	310	310

Finance and Legal Services	2021/22 £'000	2022/23 £'000	2023/24 £'000
Insurance Traded Service - reduction in school income following the introduction of the Risk Protection Arrangement for maintained schools by the DfE	600	600	600
Additional Staff necessary to meet the increased demand for Legal Services	0	50	50
Total	600	650	650

Commercial and Customer Services	2021/22 £'000	2022/23 £'000	2023/24 £'000
PIMS contract	70	70	70
Known impact of Microsoft price increase at next renewal of Enterprise Agreement	0	80	80
Additional costs arising from renewed telephony software contract	50	50	50
Additional costs arising from investment in new firewall technology	0	0	90
Additional costs when Microsoft Dynamics is moved to a cloud-hosted model	0	60	60
Granicus software- mailshot solution	10	10	10
Procurement Improvement Programme	170	170	170
Additional costs to introduce a rolling desktop refresh programme	0	390	390
Additional resources to support Revenues & Benefits.	110	110	110
ICT Helpdesk weekend availability	20	20	20
Payroll Turnover within DC+ (Front line)	50	50	50
Total	480	1,010	1,100

Regeneration and Enterprise	2021/22 £'000	2022/23 £'000	2023/24 £'000
Impact of National Living Wage on outsourced Cleaning Contract for Admin Buildings	20	40	60
Total	20	40	60

Housing and Community	2021/22 £'000	2022/23 £'000	2023/24 £'000
Recruitment of 5 Police Community Support Officers / Constables in partnership with the Police Authority.	250	250	250
Strengthen private sector enforcement support including provision for travellers' transit site.	50	50	50
Strengthen Anti Social Behaviour (ASB) team (shared cost with HRA) including Victim Support Officer, new ASB case management system and noise nuisance app.	20	10	10
Total	320	310	310

Public Realm	2021/22 £'000	2022/23 £'000	2023/24 £'000
Waste disposal - inflation pressures across the three main disposal contracts	220	450	690
Food Waste collection trial	0	200	0
Additional resource capacity to support delivery of the Traffic Regulation Order Programme	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.	30	50	50
Tree Planting - reinstate budget for planting new trees across the borough.	10	10	10
Total	310	760	800

Proposed Savings

Adult Social Care	2021/22 £'000	2022/23 £'000	2023/24 £'000
Ensure the Disabled facilities grant contributes to associated staffing costs.	450	450	450
New support to Carers contract	50	50	50
Acquired Brain Injury Service - cease SLA with Dudley CCG.	100	100	100
Automation of business processes through Successor social care IT system	50	50	50
Streamline the Lye Community Project	50	100	100
Cease the moving and handling team and transfer functions to Occupational Therapy	50	110	110
Maximise contributions to social care (Fairer Charging)	580	580	580
Glebelands contract remodelling.	30	60	60
Supported Living Package reviews in Mental Health	20	20	20
Review and update the charging policy for transport	160	220	220
Contract out aspects of the money management function	30	60	60
Reduce a Supported Living contract by 50% when current extension ends (Mental Health)	80	80	240
Integrated Commissioning Hub restructure - assume straight 5% saving whilst still creating Cross Directorate / Council Programme resource	70	160	160
Restructure of Mental Health Team and efficiencies from exit of Section 75 agreement.	250	400	400
Streamline of the invoice processing functions following the implementation of Successor Social Care IT system	60	120	120
Continuing Health Care contributions to offset general fund expenditure on complex Learning Disability care	500	500	500
Reduction of 50% of the budget for hospital avoidance placements	290	290	290
Reduce the Residential Care Placement for older people budget by 5% to reflect the increasing shift to domiciliary care.	120	120	120

Adult Social Care	2021/22 £'000	2022/23 £'000	2023/24 £'000
Residential Care Charging Fraud Initiative - Tackle fraudulent asset disposal in regard to Residential Care financial assessment and charging	200	200	200
Total	3,140	3,670	3,830

Children's Services	2021/22 £'000	2022/23 £'000	2023/24 £'000
Reduced contribution to the Regional Adoption Agency	50	50	50
Vacancy review	50	50	50
Removal of low level weekend working	100	100	100
Managed step down from external residential placements	425	850	850
Movement of external placements into internal residential placements	375	750	750
Transfer of children to Special Guardianship Order status	40	40	40
Review of Independent Fostering Agency placements	80	80	80
Review of home to school transport for SEND children	220	220	220
Total	1,340	2,140	2,140

Commercial and Customer Services	2021/22 £'000	2022/23 £'000	2023/24 £'000
Income from Boundary signs	0	40	40
Closure of Dudley Council Plus on Saturdays	10	10	10
Total	10	50	50

Regeneration and Enterprise	2021/22 £'000	2022/23 £'000	2023/24 £'000
Dudley Town Hall - increase the catering and bar offer.	50	100	100
Close or enter into a commercial lease for Halesowen Cornbow Hall	0	0	100
Confirmed success of Accelerated Towns Fund bid, £1m of prudential borrowing debt charges reduced	60	60	60

Regeneration and Enterprise	2021/22 £'000	2022/23 £'000	2023/24 £'000
Adult and Community Learning - maximising of costs charged to external grant which funds the service, leading to saving on core budget	50	50	50
Estate rationalization - Regent House Dudley	0	50	150
Estate rationalization - Cottage St Offices, Brierley Hill	0	30	30
Estate rationalization - The Mere Education Centre	0	0	40
Reduction in costs, Enterprise Zone Management & skills budget	150	150	150
Bereavement: Memorial Safety Budget	10	10	10
Metro Lead contract not extended beyond 31/3/21, project manager post budget becomes available	50	50	50
Himley – staff re-structure	40	40	40
Bring bars back in-house for Stourbridge Town Hall & Cornbow Hall	0	10	10
Bereavement: Stop locking cemetery gates	30	30	30
Leisure Centres: Options Plus Discount scheme - reduce or remove certain categories	20	20	20
Reduce Dudley Business First controllable budgets - based on 2019/20 outturn	50	50	50
Review of vacant posts/spare hours in CLS	30	30	30
Wider re-structure within Regeneration & Skills following a retirement	60	60	60
Total	600	740	980

Housing and Community	2021/22 £'000	2022/23 £'000	2023/24 £'000
Housing - reduction in revenue contribution to capital for Housing Assistance Grants	150	150	150
Total	150	150	150

Public Realm	2021/22 £'000	2022/23 £'000	2023/24 £'000
Mandatory Works Management System Headroom	20	20	20
Release Bulky Waste Trial growth	50	50	50
Release current headroom for Clinical Waste and review annually	70	70	70
Reduction in the resources required to improve the condition of the Borough's football pitches.	40	40	40
Total	180	180	180