

Meeting of the Cabinet – 15th February 2024

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

Medium Term Financial Strategy

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 2024 to 31st March 2025.

Recommendations

2. That Cabinet recommends the Council notes:
 - a) The actions of the External Auditors as set out in paragraphs 13 and 14.
 - b) The forecast variances to budget in 2023/24 and progress with delivery of savings set out in paragraph 18 and Appendices C and D.
 - c) The advice of the Director of Finance and Legal on future saving measures and Council Tax set out in paragraph 54.
3. That Cabinet recommends to Council that, with effect from 1st April 2025, for properties which have been unoccupied and unfurnished for between one and five years, an Empty Homes Premium of 100% is applied, resulting in a 200% Council Tax charge being payable in these circumstances, as set out in paragraph 33.

4. That Cabinet recommends to Council that, with effect from 1st April 2025, for properties that have been empty and furnished for more than one year, a premium of 100% is applied, resulting in a 200% Council Tax charge being payable in these circumstances, and that authority be delegated to the Director of Finance and Legal in consultation with the Cabinet Member for Finance and Legal to approve a policy for exceptions to this premium as set out in paragraph 34.
5. That Cabinet recommends to Council that, with effect from 1st April 2025, discretionary business rates relief be limited to charities whose registered office is in and/or only provide services to people who live in the Dudley Borough and that authority be delegated to the Director of Finance and Legal in consultation with the Cabinet Member for Finance and Legal to amend the policy to give effect to this change as set out in in paragraph 39.
6. 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 final decisions on the West Midlands Combined Authority Transport Levy and non-transport funding contributions, as set out in paragraph 40.
7. That subject to any amendments arising from the above, Cabinet recommends the Council approves the following:
 - The budget for 2024/25, 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 2024/25 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 2024/25.

Valuation Bands

A £	B £	C £	D £	E £	F £	G £	H £
1,097.80	1,280.77	1,463.74	1,646.71	2,012.64	2,378.58	2,744.51	3,293.41

- The Medium Term Financial Strategy as set out in the report
8. 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 52.
 9. 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

10. At its meeting on 11th January 2024, 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 January are set out in Appendix B.
11. At 31st March 2022 our unringfenced revenue reserves as a proportion of net revenue spend were 19%. The average¹ for all Metropolitan Councils at the same date was 55%. Calculated on the same basis, our position at 31st March 2023 was still 19%. Comparisons with other councils are not yet available.
12. Since that point, there has been a significant deterioration in the Council's finances. Pressures are being experienced by councils across the country, but the issue is particularly urgent for Dudley due to our low level of reserves. Our forecast unringfenced reserves at 31st March 2024 are around 8% of net revenue spend. Based on the forecasts in this report they will fall to around 4% by 31st March 2025. The Council is technically able to set a lawful budget for 2024/25.

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

However, there is little scope to meet unexpected pressures or to cover the costs of change to address the forecast budget gaps in later years. There is therefore still a risk that during the next year it will be necessary to issue a notice under Section 114 of the Local Government Finance Act 1988. These matters are considered more fully in the draft report of the Director of Finance and Legal required under Section 25 of the Local Government Act 2003 (see Appendix A).

13. The External Auditors (Grant Thornton) have issued their Auditor's Annual Report for 2021/22 and 2022/23. They have commented on financial decision making at the corporate level and on the deteriorating financial position. They have identified significant weaknesses in Financial Sustainability, Governance and Economy, Efficiency and Effectiveness.
14. The External Auditors have also made statutory recommendations under section 24 schedule 7 of the Local Audit and Accountability Act 2014. They highlight the risk that the Section 151 Officer will have to issue a Section 114 notice in the near future. In summary, they recommend that the Council maximises the opportunities for positive movements in 2023/24; strictly enforces the existing spending controls; undertakes a review to identify the statutory minimum level of service required; identifies saving and income options to fully address the budget gap in 2024/25 (where possible with recurrent options that address the ongoing gap in later years); and creates a prudent central contingency to manage in-year pressures and the cost of change. These statutory recommendations will be debated by Full Council on 26th February.

Consultation on Budget Proposals

15. A consultation on budget proposals for 2024/25 was launched in January and ends on 16th February 2024. A total of 1,322 valid responses were received as at 2nd February 2024. These are summarised at Appendix E.

16. Overview and Scrutiny Committee considered a report on the Medium Term Financial Strategy on 25th January 2024. The Committee resolved that its comments on the proposals for the Medium Term Financial Strategy to 2026/27, taking account of the considerations in the report and the issues raised at the meeting, be referred to the Cabinet for consideration at its meeting on 15th February 2024. The minutes of the Overview and Scrutiny Committee are available on the [Council's Internet site](#). In the interests of full transparency, the proceedings of the Committee were broadcast on the Internet and the recording of the meeting is available on our [YouTube Channel](#).
17. A link to the report to Cabinet on 11th January 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 4th March.

Forecast Revenue Outturn 2023/24

18. On 6th March 2023 Council set the 2023/24 budget. The budget was amended by Council on 10th July 2023. The latest forecast performance, a £9.0m adverse variance against the amended budget, is summarised below:

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive	6.8	6.7	(0.1)
Adult Social Care	110.7	117.6	6.9
Children's Services	82.0	86.9	4.9
Health and Wellbeing	2.7	2.6	(0.1)
Finance and Legal Services	14.2	14.8	0.6
Digital, Commercial and Customer Services	16.5	16.1	(0.4)
Environment	48.8	49.9	1.1
Housing and Communities	2.5	1.8	(0.7)
Regeneration and Enterprise	14.4	16.0	1.6
Corporate, Treasury and Levies	13.8	8.9	(4.9)
Total Service Costs	312.4	321.3	8.9
Total Resources	(307.3)	(307.2)	0.1
Use of Unallocated General Fund Reserve	5.1	14.1	9.0

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

- Vacancies net of pay award and agency costs (£7.2m).
- Additional net cost of Adults' and Children's care packages due to demand and price £12.9m.
- Adverse trading activity £3.2m.
- Allowance for impairment of loans £2m
- Utilities £1.5m.
- Home to School Transport £1.0m.
- Energy from Waste adverse variance £0.8m.
- Property £1.2m.
- Legal fees £0.5m.
- Release of contingency held mainly for revaluation of Business Rates adjustment released (£3.3m).
- One off income from Enterprise Zone / LEP and Black Country Consortium (£1.4m).
- Triennial pension overpayment recovery (£0.9m).
- Net favourable variance from capital slippage and higher interest rates (£1.9m)
- Other net adverse variances £0.6m.

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

	Budget £m	Latest Position £m
Forecast Unallocated General Fund Reserves 31 st March 2023	20.8	20.8
2022/23 outturn (as reported to July Cabinet)		1.0
Unallocated General Fund Reserve at 31st March 2023	20.8	21.8
Planned use of Reserves approved by Council March 2023	(4.2)	(4.2)
Further planned use of Reserves approved by Council July 2023		(0.9)
Adverse Forecast variance 2023/24 outturn		(9.0)
Forecast Unallocated General Fund Reserve at 31st March 2024	16.6	7.7

Dedicated Schools Grant

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

Spending controls

23. In view of the financial position presented to October Cabinet spending controls were approved to reduce the deficit in the current financial year and the ongoing impact on future years. Spending controls apply even where budget has previously been approved by Council. It was proposed that these controls be reviewed after each financial year end, but remain in place at least until the Council's unringfenced reserves return to a level of 20% of net revenue spend.
24. Although the forecast outlook for the current year remains grave, it has improved from the deficit of £15.2m that was forecast in October to the deficit of £14.1m that is being forecast now (see paragraph 18). This movement reflects a range of favourable and adverse factors, not all of which are directly linked to the spending controls. However, it should be noted that the first phase of implementation of the controls has focussed on staffing and agency and that this element of the forecast has improved by £4.5m.

Medium Term Financial Strategy (MTFS) to 2026/27

25. In updating the Council's MTFS, Members will need to consider carefully:
 - (a) the levels of Government support allocated to the Council;
 - (b) proposals for additional spending, opportunities to free up resources (including savings), and Council Plan priorities;
 - (c) the implications of spending levels in later years as part of the Council's medium term financial plan;
 - (d) the views of consultees;
 - (e) the external factors and risks inherent in the Strategy;
 - (f) the impact on Council Tax payers;
 - (g) the potential impact 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

26. The Chancellor delivered the Autumn Statement on 22nd November and the Provisional Local Government Finance Settlement was published on 18th December 2023. The settlement confirmed the following allocations of funding at the national level and was broadly in line with our forecasts:

- Local Authorities will see an increase in baseline funding levels and compensation grants for locally retained business rates, to ensure that multipliers are in line with Consumer Price Index (CPI) of inflation.
- The Non-Domestic Rating Act has decoupled non-domestic rating multipliers. Previously the standard multiplier was derived by adding a supplement (1.3p in 2022/23) to the small multiplier. In future, the small and standard multipliers will be set independently of each other.
- At the Autumn statement, the Chancellor announced that for 2024/25 the small multiplier will be frozen at 49.9p for the fourth consecutive year, and that the standard multiplier will be updated in line with September CPI from 51.2p to 54.6p.
- This decision increases the gap between the two multipliers and has consequences for the business rates retention system.
- An additional £692m nationally of Social Care grant for Adults and Children's Services.
- Maintaining existing Improved Better Care Fund allocations at 2023/24 levels.
- Increasing the Market Sustainability and Improvement Fund to £845m nationally and combining with Workforce Fund (£205m nationally in 2024/25) increasing the overall total value to £1,050m.
- A reduction of £406m nationally for the Services Grant.
- An additional £200m nationally of Discharge Funding for Adult Social Care.

27. The Final Local Government Settlement was received on 6 February 2024. This includes an additional allocation of £3,253,000 of Social Care grant and £46,000 of Services Grant. It is assumed that this is ongoing for the duration of the MTFS. It is proposed that the additional £3.3m will be placed in a central contingency (see the recommendation of the External Auditors in paragraph 14). In addition, local authorities will be required to produce productivity plans by July 2024.
28. Specific funding allocations for Dudley are reflected in the MTFS table under paragraph 50. We have responded to the 2023/24 provisional settlement consultation. Our response is summarised at Appendix F.

Council Tax

29. Accounting for Council Tax Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Latest forecasts indicate a Council Tax surplus for 2023/24 of £1m, mainly as a result of a reduction in council tax reliefs.
30. Looking forward forecasts have been adjusted to reflect current numbers of households in receipt of discounts and exemptions. The assumptions for new house building and collection rates have been maintained. The position will continue to be monitored closely and any updated forecasts reported to Cabinet in February.
31. The Final Local Government Finance Settlement set referendum limits for 2024/25 of a basic increase of up to 2.99% and in addition an Adult Social Care Precept of up to 2%. It is anticipated that similar limits will be set for future years. Forecasts in this report are based on a 4.99% Council Tax increase in 2024/25 onwards.
32. The Council has previously taken decisions under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to apply an "Empty Homes Premium", thereby increasing the Council Tax payable on properties that have been empty and unfurnished for more than two years as follows:
 - 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;

- 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;
 - for properties which have been empty for ten years or more a premium of up to 300%, resulting in a 400% Council Tax charge.
33. The Levelling Up and Regeneration Bill has introduced the power to reduce the qualifying period from two years to one year. It is now proposed from 1st April 2025, to apply a premium of 100% for properties which have been empty and unfurnished for between one year and five years.
34. The Bill has also introduced a power to charge a premium on empty and furnished properties. We are awaiting guidance from the Government on exceptions to this power (e.g. a property being actively marketed). It is now proposed from 1st April 2025, to apply a premium of 100% for properties which have been empty and furnished for more than one year. It is proposed that Cabinet recommend to Council to delegate authority to the Director of Finance and Legal in consultation with the Cabinet Member for Finance and Legal to approve a policy for exceptions to this premium.
35. The combined impact of these two proposals is estimated to generate £0.2m per annum additional Council Tax.

Business Rates

36. Accounting for Business Rates Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Latest forecasts indicate a Business Rates deficit for 2023/24 of £6.7m. This reflects the brought forward deficit position in relation to Covid19 Additional Relief Fund (CARF), and adjustments in relation to appeals. There is also a transfer in from the S31 grant reserve of £5.7m.
37. A revaluation of all properties for business rates took effect from 1 April 2023. There is still some uncertainty concerning the impact of the 2023 revaluation on our Business Rate and grant income, in particular the impact of appeals under the “Check, Challenge, Appeal” process. We have made a provision and kept this under review in the light of actual appeals received together with external advice on potential future appeals and comparisons with other councils.

38. Future year forecasts reflect actual levels of empty property and other reliefs, numbers of properties in rating and the ongoing impact of our review of appeals set out above. We have also adjusted forecasts of Business Rates and Section 31 Grant income to reflect the Consumer Price Index. The final budget and MTFs includes adjustments between retained business rates, business rates grant and tariff to reflect the precise impact of revaluation and inflationary uplifts (the combined value of these three lines in paragraph 50).
39. In line with legislation (Section 43 of the Local Government Act 1988) all registered charities receive 80% mandatory business rates relief which reduces the Council's collectible income. It is currently the Council's policy to apply further discretionary relief of 20% at an additional cost of £0.6m per annum. It is proposed, with effect from 1st April 2025, to limit discretionary relief to charities whose registered office is in and/or only provide services to people who live in the Dudley Borough and to delegate authority to the Director of Finance and Legal in consultation with the Cabinet Member for Finance and Legal to amend the policy to give effect to this change. This is estimated to increase collectible income by £0.2m per annum.

Combined Authority

40. 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.
41. Forecasts in this report assume that the Transport Levy will be uplifted by 3% year on year.

Base Budget Forecasts

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

	2024/25	2025/26	2026/27
	£m	£m	£m
2023/24 base	311.5	311.5	311.5
Pay (note 1)	9.3	12.4	15.5
General price inflation (note 2)	-	1.8	3.6
Utilities inflation (note 3)	1.4	2.2	2.8
Income uplift (note 4)	(1.2)	(2.3)	(3.5)
Combined Authority (see paras 24-25)	0.5	1.1	1.6
Treasury (note 5)	0.4	2.0	1.1
NNDR revaluation (note 6)	(3.0)	(3.0)	(3.0)
Other adjustments (note 7)	(0.2)	(0.3)	0.0
Base Budget Forecast	318.7	325.4	329.6

Notes:

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

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

(3) This allows for

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

(4) Assumes a general increase of 2% per year on fees and charges, with exceptions being reflected in savings in paragraph 29 below.

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

(6) Changes to Business rate tariff, due to revaluation.

(7) Fall-out of previous one-off items, adjustments to Medium Term Financial Strategy following July cabinet, removal of severance costs

provision, contingency for unexpected pressures and costs of change and other adjustments.

Additional Spending

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

	2024/25	2025/26	2026/27
	£m	£m	£m
Chief Executive	0.1	0.1	0.1
Adult Social Care	17.7	25.2	33.2
Children's Services	7.8	10.5	12.5
Finance and Legal Services	0.1	0.2	0.5
Digital, Commercial and Customer Services	1.4	1.3	1.6
Environment	1.5	1.7	1.8
Housing and Community	0.0	0.0	0.0
Regeneration and Enterprise	1.2	1.2	1.0
Total	29.8	40.2	50.7

Savings

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

	2024/25	2025/26	2026/27
	£m	£m	£m
Chief Executives	0.4	0.5	0.5
Adult Social Care	6.7	7.9	7.9
Children's Services	1.8	2.2	2.2
Finance and Legal Services	0.0	0.1	0.1
Health and Wellbeing	0.4	0.4	0.4
Digital, Commercial and Customer Services	0.5	0.9	0.9
Environment	4.2	3.1	3.0
Housing and Community	0.4	0	0
Regeneration and Enterprise	1.2	1.6	2.4
Total	15.6	16.7	17.4

45. The impact of changes compared to the January report position are shown in Appendix B and relate to:
- One off vacancies held as a result of Spending Controls
 - One off use of grants to fund General Fund Expenditure

Public Health

46. The 2023 Autumn Statement announced indicative Public Health allocations for 2024/25 which for Dudley is £23m representing an increase of 1.32%. Final allocations were announced on 5th February 2024 and Dudley's allocation is £23.3m representing an increase of 2.28%.
47. In 2023/24 there is a forecast surplus £0.3m on the Public Health Grant due largely to a contingency when negotiating new contracts with health partners. This surplus will be added to the ringfenced Public Health Reserve. Programmes of work are planned, in line with council priorities, to ensure that the best use is made of these reserves.

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

	2024/25	2025/26	2026/27
	£m	£m	£m
Base budget forecast	23.3	23.6	23.9
One-off spending plans	0.6	0.1	0.1
GF switch family safeguarding	0.8	0.2	0.0
Total spend	24.7	23.9	24.0
Forecast grant	23.3	23.6	23.9
Deficit	(1.4)	(0.3)	(0.1)
Reserve brought forward	1.8	0.4	0.1
Reserve carried forward	0.4	0.1	0.0

49. The proposed Public Health grant funded budget for 2024/25 is shown in Appendix I.

Medium Term Financial Strategy

50. 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.

	2024/25	2025/26	2026/27
	£m	£m	£m
Base Budget Forecast – see para 42	318.7	325.4	329.7
Additional spending – see para 43	29.8	40.2	50.7
Savings – see para 44	(15.6)	(16.7)	(17.4)
Total Service Spend	332.9	348.9	362.9
Council Tax	155.6	164.7	174.0
Collection Fund Surplus/(Deficit) – Council Tax	1.0	-	-
Retained Business Rates	88.4	88.9	90.7
Business Rate Grant	37.0	37.6	38.3
Collection Fund Surplus/(Deficit) – Business Rates	(6.7)	-	-
S31 Grant Reserve	5.7	-	-
Tariff & Cap	(6.3)	(6.5)	(6.6)
Tariff – One Off Adjustment	(1.1)	-	-
New Homes Bonus	0.1	0.1	0.1
Improved Better Care Fund (IBCF)	16.6	16.8	17.0
Social Care Grant	36.1	36.5	36.9
Services Grant	0.5	0.5	0.5
Total Resources	326.9	338.6	350.9
Deficit funded from Unallocated General Fund Reserve	6.0	10.3	12.0
Unallocated General Fund Reserve (surplus) b/f	(7.7)	(1.7)	n/a
Unallocated General Fund Reserve c/f	(1.7)	n/a	n/a

51. The table above assumes that Council Tax increases by 4.99% in 2024/25. Based on proposed referendum limits, this would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local

Government Finance Act 1992. It is also assumed that Council Tax will continue to increase by 4.99% per year from 2025/26 onwards.

52. Based on the forecasts, additional spending and savings proposals set out above, we are forecasting significant deficits in all years. From 2025/26 onwards, the outlook is unsustainable unless we identify additional income and/or savings going significantly beyond the proposals already built into this report (see paragraph 44 and Appendix H). The Council now has the urgent task of reviewing its Total Operating Model including:
- Review of leisure centres including the option to outsource.
 - Review of the ongoing viability of halls and associated catering facilities, including options to operate on a concession basis.
 - Review of the scope of the library service.
 - A strategic review of parking, including on-street and off-street charging options.
 - A review of waste and recycling, taking account of recent government guidelines on food waste.
 - A review of all other service areas considering options to cease, reduce, outsource, merge or otherwise transform services so as to be as cost-effective as possible.
 - A consequent review of the overall structure of the Council.
53. No assumptions can be made about the financial impact of the reviews set out above. Given the urgency of the situation, we have applied to the Department for Levelling Up, Housing and Communities (DLUHC) for Exceptional Financial Support (EFS). We have requested a capitalisation direction (in effect permission to borrow for revenue expenditure) of up to £10million to address the forecast deficit in 2024/25 as well as the costs of change to implement savings for later years. We await the outcome of our application, but any approved support is likely to be conditional on the Council taking such steps as DLUHC consider are reasonable to manage the financial position.
54. The advice of the Director of Finance and Legal is that, while DLUHC are likely to expect the Council to take measures along the lines set out in paragraph 52, those measures may be insufficient on their own to make the Council financially sustainable. Members should also note that a capitalisation direction would only provide a short-term solution. Our current rate of Council Tax is around 10% lower than that of the average Metropolitan council and this reduces our annual

spending power by around £15.7million. It is likely that this differential will remain broadly the same unless, in a future year, we are permitted to increase Council Tax by more than the Council Tax Referendum limit set for councils in general. Alongside our EFS application, officers have asked DLUHC to consider setting us a higher Council Tax Referendum limit for April 2025. If this were granted, any decision to use this freedom to increase Council Tax would still have to be made by elected members. It should also be noted that the impact on low-income households could be mitigated by amending the Council Tax Reduction scheme while still generating a net increase in income.

Detailed 2024/25 Budget Proposals

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

Revenue Budget Allocations 2024/25

Directorate	£m
Adult Social Care	129.304
Children’s Services	97.357
Health and Wellbeing	3.477
Chief Executive	0.252
Corporate and Treasury	15.725
Finance and Legal	6.544
Digital, Commercial and Customer Services	5.674
Environment	55.695
Housing and Community	3.007
Regeneration and Enterprise	15.907
Total Service Budget	332.942

56. Details of each Directorate’s budget analysed by main service area are shown at Appendix L.
57. 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 2024/25

Source of Funding	2023/24 £m	2024/25 £m
Dudley MBC Service Budget	311.490	332.942
Less: Retained Business Rates	(82.343)	(88.410)
Tariff	0.798	1.432
Business Rate Grant (inc. reserve)	(28.709)	(36.728)
New Homes Bonus (NHB)	(0.052)	(0.071)
Improved Better Care Fund (iBCF)	(16.628)	(16.628)
Social Care Grant	(27.627)	(36.127)
Services Grant	(2.700)	(0.481)
Collection Fund Surplus(-)/Deficit – Council Tax	(1.046)	(1.004)
Collection Fund Surplus(-)/ Deficit – Business Rates	(1.708)	6.662
Contr. to/from(-) General Fund Reserve	(4.305)	(6.006)
Dudley's Council Tax Requirement (including Social Care Precept)²	147.170	155.581
Tax Base	93,834.60	94,480.09
COUNCIL TAX (Band D) FOR DUDLEY	1,568.40	1,646.71

58. The proposed Dudley MBC Council Tax for a Band D property for 2024/25 of £1,646.71 represents an increase of 4.99% compared with 2023/24. A referendum will not be required in respect of the Council's own element of overall Council Tax.
59. 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.
60. The total levels of Council Tax, which will be considered by the Council at its meeting on 4th March 2024, will include the precepts for Police, and Fire and Rescue and these may change the overall percentage increase payable by residents. It will, therefore, be necessary to incorporate the figures for the precepts in the Budget Report to Council.

² For 2024/25 includes £22.550m in respect of the Social Care Precept

Finance

61. The Council's finances have significantly deteriorated in the last year. We are now at a point where any further deterioration runs the risk of triggering a formal report under Section 114 of the Local Government Finance Act 1988. In view of this risk, we have applied to DLUHC for Exceptional Financial Support.

Law

62. The Council's budget setting process is governed by the Local Government Finance Acts, 1988, 1992, and 2012, and the Local Government Act 2003.
63. 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.
64. 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.
65. Pursuant to Section 114(3) of the Local Government Finance Act 1988 the chief finance officer shall make a report if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. Following the issuing of the report all new agreements that incur expenditure are stopped for a period of up to 21 days in which time the full council must meet and respond to the report.
66. Pursuant to Schedule 7 of the Local Audit and Accountability Act 2014 the External Auditor can consider issuing a report concerning any matter that comes to the auditor's attention during the course of the audit, which they judge should be considered by the External Auditor and brought to the public attention.
67. 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.

68. 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 2024/25 before the 11th March 2024.
69. 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

70. The forecast in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
 - i. that pay inflation does not vary materially from current forecasts;
 - ii. that the 2024/25 finance settlement and any specific grant income is in line with forecasts (noting in particular that there is uncertainty around the assumed allocation of additional Autumn Statement funding to Dudley);
 - iii. that the underlying impact of any local government funding reforms (if they occur during the life of this MTFS) is neutral;
 - iv. that underlying net income from Business Rates rises in line with forecast CPI, and that income and expenditure in respect of the EZ is in line with current forecasts;
 - v. that the impact of appeals against Business Rates is contained within the provisions assumed in this report;
 - vi. that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the underlying tax base will continue to grow as anticipated;

- vii. that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2024/25 and any inflationary pressures in 2025/26 and 2026/27 will be no more than the amount provided for;
 - viii. that income and expenditure relating to treasury management activity are in line with forecasts;
 - ix. that government policy on maximum underlying Council Tax increases without the need for a referendum will be in line with the levels announced at the Autumn Statement;
 - x. that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
 - xi. that employer contributions to the Local Government Pension Scheme (LGPS) from 2026/27 onwards are in line with contributions in the current triennial review period;
 - xii. that any impact of social care reforms at the end of the MTFs period can be met within the available funding;
 - xiii. that there will be no material losses to the Council as a result of loans, guarantees and/or grant clawback;
 - xiv. that spending pressures in relation to Special Education Needs and Disability can be contained within the Dedicated Schools Grant;
 - xv. that there will be no call on the Council to underwrite the commitments of the West Midlands Combined Authority beyond the contributions outlined in this report;
 - xvi. that the savings proposals set out in Appendix H will be delivered as planned;
 - xvii. that there will be no other unplanned expenditure (including any resulting from demographic, legislative or case law pressures) or shortfalls in income, which cannot be met from reserves.
71. The assumptions set out above are subject to uncertainty. In the event that outcomes are more negative than the assumptions in this report then, given the already adverse outlook, there is an increasing

likelihood that this would trigger a report under Section 114 of the Local Government Finance Act 1988.

72. 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 has been allocated the maximum rating of 25 (Extreme).

Equality Impact

73. 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.
74. 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.
75. 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.

76. 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.
77. 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.
78. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
79. In line with the Public Sector Equality Duty, Directors have been asked to identify which savings proposals for 2024/25 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. These are published on the council's website at: <https://www.dudley.gov.uk/council-community/equality/plans-policies-and-reports/equality-impact-assessments/>
80. 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.
81. 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

82. The spending controls include controls over recruitment. Where savings impact on existing staff, those will be managed in line with the Council's Managing Employees at Risk of Redundancy policy.

Commercial / Procurement

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

Environment / Climate Change

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

Council Priorities and Projects

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



.....
Balvinder Heran
Deputy Chief Executive



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

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List of Background Papers

**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 Director of 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:
 1. the robustness of the estimates for the purposes of the statutory budget calculation;
 2. 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 31.3.23 £'000	Forecast 31.3.24 £'000	Forecast 31.3.25 £'000
Unallocated General Fund Reserve	21,752	7,652	1,652
Insurance	5,857	5,865	5,865
Other Grants	3,241	3,081	0
Dudley Grid for Learning	601	429	279
Business rates grants	5,696	5,696	0
Schools Trading	1,931	1,931	1,931

	Actual 31.3.23 £'000	Forecast 31.3.24 £'000	Forecast 31.3.25 £'000
Paragon equalisation	2,437	2,012	1,307
Pensions over-recovery	1,515	0	0
Redundancies contingency	0	800	800
Deputy Chief Executives Transformation	500	0	0
EfW Contract Mobilisation	280	0	0
Community Forums	277	277	227
Adults - Safeguarding Board	46	46	0
Successor - Adults	500	90	10
DLUHC Grant for ASC	19	0	0
Dept Health Workforce Grant for ASC	153	0	0
CQC Reserve	200	0	0
CSC Building repairs	50	0	0
Children's Safeguarding Board	76	76	0
OFSTED Improvement	230	0	0
Coseley Site Management	70	0	0
Revenue & Bens backlog	60	0	0
Revenue & Bens fees reimbursement	255	0	0
Law & Governance	20	0	0
HR&OD	80	0	0
Procurement of HR System	0	150	0
CIL - Neighbourhood Element	269	289	259
BC Core Planning	49	0	0
Housing Enforcement	3	0	0
Stalled & Derelict site development	99	0	0
Infrastructure Interventions	50	0	0
Major projects special support	24	0	0
Portersfield	447	0	0
Security Costs	100	0	0
Eton College Proposal	250	0	0
Transit Sites	200	200	200
Dudley Market	25	0	0
Leisure Concession	50	80	0
Sustainable Plan	0	140	0
ICT Restructure & Cyber Resilience	110	100	0

	Actual 31.3.23 £'000	Forecast 31.3.24 £'000	Forecast 31.3.25 £'000
Procurement	180	50	0
Digital Platform Implementation	490	250	0
Digital Staff Upskilling	230	90	0
Digital GMIS	40	40	0
CCTV Consultant Review	50	0	0
MyDudley Comms	0	20	0
Ash Die Back	280	0	0
Road Signage Inventory and Works	250	0	0
Ryemarket Roof Repairs	50	0	0
EfW Consultancy	0	150	0
Total Earmarked Reserves	27,340	21,862	10,878
Total Unringfenced Reserves	49,092	29,514	12,530

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 Other Grants reserves includes unspent balances mainly from grants in relation to Homelessness, Domestic Abuse, Troubled Families, Family Hubs, DBV Programme along with the equalisation account for the Impact project.
6. The Business Rate Grant reserve carries forward consistently additional income received in lieu of business rates. This will offset the impact on the Collection Fund of the lost income, which was charged to the General Fund in 2024/25.
7. The Schools Trading reserves are balances held by schools to support their community and pupil focused activities.
8. 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.
9. At 31st March 2022 our unringfenced revenue reserves as a proportion of net revenue spend were 19%. The average³ for all Metropolitan Councils at the same date was 55%. Calculated on the same basis, our position at 31st March 2023 was still 19%. Our forecast unringfenced reserves at 31st March 2024 are around 8% of net revenue spend. Based on the forecasts in this report they will fall to around 4% by 31st March 2025. From that point forward the outlook is unsustainable.
10. In my professional opinion:
- (a) The estimates made for 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 Council is able to set a lawful budget for 2024/25.
 - (c) 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 2024/25. There are significant risks to the forecast and Members should note that, if these risks materialise and if mitigating actions are not taken, then I may need to issue a notice under Section 114 of the Local Government Finance Act 1988.



Iain Newman
Director of Finance and Legal

³ The percentage quoted is based on the Median average of all Metropolitan Councils

Appendix B

Changes compared with January report

	2024/25 £m	2025/26 £m	2026/27 £m
Previous forecast (surplus) / deficit	10.1	11.5	13.4
Changes to Spending Proposals:			
One off savings resulting from Spending Controls	(3.1)	0.0	0.0
Treasury Forecasts based on revised Capital programme	(1.0)	(0.8)	(1.0)
Contingency	3.3	3.3	3.3
Total Changes to Spending Proposals	(0.8)	2.5	2.3
Changes to government funding:			
Additional Social Care and Services Grant	(3.3)	(3.3)	(3.3)
Total Changes to Government Funding	(3.3)	(3.3)	(3.3)
Changes to local resources:			
Impact of Empty Homes Premium Relief policy update paragraph 34 and 35	0.0	(0.2)	(0.2)
Impact of Discretionary Rates policy update paragraph 40	0.0	(0.2)	(0.2)
Total Changes to Resources	0.0	(0.4)	(0.4)
Latest forecast deficit	6.0	10.3	12.0

General Fund Revenue Forecast Outturn 2023/24

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Chief Executive	6,769	6,663	(106)	
People and Inclusion	3,134	2,827	(307)	Staff savings (£180k), Staff car park permits (£55k), Software development and HR Assistance project (£54k) and other net savings (£18k)
Communications and Public Affairs	1,000	1,146	146	Shortfall on Musicom £70k and Street vendors and town centre income generation £20k, Staffing costs £21k. Reduced income and property costs £35k.
Chief Executives Office	2,635	2,690	55	Salary costs £162k and non pay pressures £50k offset by reduction in spend on strategic contingency £150k
Adult Social Care	110,723	117,624	6,901	
Dudley Disability Service	53,540	58,638	5,098	Bedbased pressure £1841k arising from 7 long term placements £640k and £1201k of short term placements, Community Services pressure of £3622k arising from 177 extra clients and +£38 pw increase in costs, backdated Business Rates

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
				at Ladies walk £219k. Offset by net staff savings (£592k).
Assessment and Independence	42,834	43,868	1,034	Additional 332 clients £2172k, salary pressures £51k, £166k other pressures. Offset by; additional grants & joint funding (£1355k).
Access & Prevention, adults commissioning, Performance & complaints	9,906	9,662	(244)	Net staffing savings within division (£254k), Public Health switch for carers contract (£100k). Offset by Telecare £170k, (of which income shortfall council tenant £80k and private income £50k and additional staffing costs £40k).
Adult Safeguarding & Principal Social Worker	1,828	1,632	(196)	Net salary savings (£196k)
Integrated Commissioning	4,285	4,275	(10)	Net salary savings (£10k)
Other ASC	(8,194)	(8,394)	(200)	Net Salary savings (£50k); Release of reserves (£150k – CQC and Workforce). £100k CQC reserve contribution to DCX Sustainable Plan.
Adult Mental Health	6,524	7,943	1,419	Supported living £819k, Residential care £497k, other care costs £240k, Woodside centre pressure £170k, offset by net salary savings (£307k)

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Children's Services	81,975	86,853	4,878	
Adolescent Safeguarding	4,465	4,339	(126)	Net salary savings (£126k)
Family Safeguarding	5,955	5,799	(156)	Net salary savings (£156k)
Through Care	41,622	46,652	5,030	External Residential Placements £5,127k, Fostering int/ext £36k, Legal fees £156k, Transport £77k, offset by other net savings (£366k).
Front Door and Partnerships	2,630	2,596	(34)	Net staff savings (£34k)
Safeguarding Practice & QA	3,345	3,359	14	Reduction in school contributions £14k
Other Children's Services	2,534	2,595	61	Agency and temporary staff £161k, offset by use of reserve (£100k)
Family Solutions	8,047	6,715	(1,332)	Use of grants to fund staffing activity (£618k), use of reserve (£385k), Public Health grant reserve support (£270k), other net savings mainly vacancies (£59k)
Lead for Education Outcomes	8,927	10,110	1,183	Home to School Transport £1000k, School Improvement Officers £80k, other net pressures £103k

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Children's Disability Service and SEN Team	4,450	4,688	238	Direct payments £45k, other net pressures £193k
Health and Wellbeing	2,641	2,612	(29)	
Communities and Healthy Places	403	403	0	
Environmental Health and Trading Standards	3,196	3,167	(29)	Legal fees 53k, other net pressures £48k, offset by use of public health grant in trading standards (£130k).
H&W other	-958	-958	0	
Finance and Legal Services	14,243	14,825	582	
Law and Governance	5,015	5,662	647	Elections £220k, members allowances £83k, net cost of locums within legal £300k, other net pressures £44k
Financial Services	6,733	6,778	45	Legal fees £45k
Revenues and Benefits	1,868	1,772	(96)	Discretionary council tax discount £81k and other net pressures £78k, offset by release of reserves (£255k)
Audit and Risk Management	427	394	(33)	Net staff savings (£33k)

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Data Protection and Information Governance	200	219	19	Mainly Software licence £19k
Digital, Commercial and Customer Services	16,481	16,131	(350)	
Commercial	210	183	(27)	Leisure Service Concession project £30k, pay award pressure £10k and other staffing pressure £7k, offset with (£59k) staffing contribution from DGFL other savings of (£15k).
Procurement	617	545	(72)	Saving on Staffing (£132k), pressure on replacement of Intend (Atamis) £57k, other pressures £3k
Libraries	4,257	4,273	16	Legal fees £16k.
Digital Customer Services	4,034	3,633	(401)	Staffing saving of (£480k) comprising of; pay award pressure £164k, agency pressure £63k, £23k overtime pressure vacancy savings (£730k), additional income on Programme Office Team for Burden Funding (£7k), utilities pressure of £31k, MyDudley Comms reserve request £30k and other adverse expenditure variances £25k
Technology Systems and Services	7,148	7,433	285	Staffing saving of (£143k) comprising of; pay award £76k and vacancy savings of (£219k), adverse income variance mainly in Print Services

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
				£288k, additional costs of 3rd party contracts £106k and additional premises costs mainly linked to Wallows £34k.
DCCS other	215	64	(151)	Salary savings of (£116k) and saving on postage (£100k) offset by consultancy £25k and reserve request for Improvement Programme £40k.
Environment	48,799	49,927	1,128	
Waste & Transport Operations	11,154	12,125	971	Staffing £374k (of which pay award £251k, agency / sickness cover £1,650k, offset by vacancies (£1,568k) plus other staffing pressures of £41k). Favourable Income (£78k); (of which Dry recycling plastics (£85k), vehicle sales (£14k) Shortfall on Waste Business Income (£21k)). Contracted out work £350k, increased costs of capital £150k, spot hire £172k, vehicles repairs £23k, bags and boxes £40k, barrier works £30k other net pressures of £60k, fuel savings (£150k).
Energy, Sustainability and Climate Change	6,904	8,128	1,224	Energy from Waste contract £1,255k (of which PPA income shortfall £653k, Commercial waste income £233k, EfW R&M cost £1,420k, Increased fire suppression cost £91k, release of disputed dilapidation provision (£243k), avoided landfill & street Sweeps costs (£370k), pressure on NNDR

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
				£64k, reduced payments to contractor due to lower income (£242k), reduced insurance premiums (£221k), release PPA reserve (£280k) and creation of £150k Reserve Request for EfW Strategy Consultancy). Household Waste Recycling Centre contract uplift inflation £150k, Pop up £80k, offset by staff saving (£221k) and other minor variances (£40k).
Neighbourhood Services	11,884	10,630	(1,255)	Net staffing savings (£2,315k), savings on vehicles including fuel (£90k), shortfall in pay and display income £158k, Street fines £692k and street scene income £258k. Other pressures including utilities £42k.
Transport & Highways Services	18,857	19,045	188	Net staff savings (£686k), offset by utilities £247k due to price inflation and £175k due to usage during roll out of infrastructure improvements, materials £160k, income pressure £360k offset with other savings on vehicles of (£68k).
Housing and Communities	2,507	1,775	(732)	
Maintenance	(80)	60	140	Under recovery of staff time £69k and high incidence of sickness resulting in under recovery 71k

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Community Safety	1,386	746	(640)	Maximising use of grants (£618k) and vacancies (£22k).
Housing Strategy	704	605	(99)	Staffing savings net of pay award (£141k), Other net pressures including Tenants Perception Survey (Private Sector) £42k.
Housing Options	290	290	0	
Housing Assets & Development	207	74	(133)	Net staffing savings (£19k). Movement due to increased capitalisation (£114k).
Regeneration and Enterprise	14,418	16,042	1,624	
Culture, Leisure & Bereavement Services	236	1,763	1,527	Bereavement £518k (of which utilities £124k, shortfall of income £370k, other £24k). Halls, Himley, Market & Museums +£319k (of which net staffing costs £50k, Utilities £57k, shortfall of income £193k, other £19k). Leisure Centres £600k (of which £374k net staff costs, utilities £410k, other supplies & services +£163k, increased income (£347k)). Executive Support +£90k (of which net cost of interims +£130k, less other s&s savings (£40k)).
Planning	1,920	2,094	174	Net staff savings (£335k), release of Dudley Local Plan reserve (£49k) offset by income shortfall £444k, consultants and other pressures £114k

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Economic Growth & Skills	2,346	984	(1,362)	One-off windfall re Black Country Legacy funds (£555k), maximising Adult and Community Learning external funding (£199k), Other favourable variance being mainly Enterprise Zone budget (£208k), Impact Project surplus (£250k) and maximising the use of UKSPF/CWG Legacy funds (£150k)
Corporate Landlord Services	7,499	9,041	1,542	Catering Commercial £606k (of which Staffing £129k, external income £766k, provisions (£269k), other (£20k)). Catering & Cleaning Other £262k (of which Staffing (650k), internal income £602k, external income £565k, catering provisions (£275k) other +£20k). Property £674k (of which Staffing (£175k), utilities £271k, Admin buildings including churn costs £244k, Construction and Design fees shortfall £169k, other internal income £69k, external income £104k, voids and NNDR £42k, Facility management £30k, CCTV (£80k)).
Projects and Placemaking	901	901	0	Income shortfall £50k offset by general savings (£50k)
Regeneration Projects	1,516	1,259	(257)	Release of unspent reserves Eton Project (£207k) and Stalled & Derelict sites (£50k)

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Corporate & Treasury	13,821	8,896	(4,925)	
Treasury	19,860	17,982	(1,878)	Lower borrowing costs and MRP compared to MTFs due to slippage and lower interest rates (£1,490k) offset by higher HRA balances on usable reserves and high interest rates £0.829m. Higher interest rates on interest paid on trust balances £56k. Higher interest rates and payments compared to budget (£1,365k) Reduction in income from fleet re internal borrowing and increased interest paid to Paragon for internal balances £92k.
Levies	15,020	14,369	(651)	Reduced share of Transport Levy (£51k), Surplus due to latest profile re EZ modelling of the black Country (£600k)
Corporate	(21,059)	(23,455)	(2,396)	BR revaluation contingency released (£3,013k), Pensions GF Over Recovery (£942k), other pension savings (£77k) general contingency released (£334k), other (£30k), £2,000k allowance for impairment of loans.
Total Service Costs	312,377	321,348	8,971	
Total Funding	(307,271)	(307,192)	79	Less S31 grant than budgeted for £79k

	Latest Service Budget £'000	Forecast £'000	Variance £'000	Comment
Use of Unallocated General Fund Reserve	5,106	14,156	9,050	

Delivery of Savings in current MTFS

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

2022/23 Savings		2022/23 Target £'000	Value Delivered to date £'000	Latest Update 2023
Adults	Review and update the charging policy for transport	60	60	
Chief Executive	Income from Boundary signs	40	40	
Regen & Enterprise	Halls - net increase in income from ticket sales, bar, and food because of increased number of shows following additional capital investment per recent Business Case	100	50	£50k from bar sales has not been achieved while £50k of events income was delivered
Regen & Enterprise	Bring bars back in-house for Stourbridge Town Hall & Cornbow Hall	10	0	Not achieved
	Total	210	150	71%

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
Adults	Income generation through fairer cost policy change, financial reviews and implementing charge on first day of confirmation permanent stay in a care home	30	30	
Adults	Increase in joint funding agreements	600	600	
Adults	Transformation of service structures	370	370	
Adults	Application of eligible grant funding to support services	50	0	Ongoing review of grant eligibility to support service
Adults	Deploy pre-payment cards and apply new approaches to the financial oversight of Direct Payments	100	100	
Adults	Review, assessment, and appropriate financial packages of care	230	165	Continual progress is being made to review and assess to ensure that appropriate levels of care are being provided
Adults	New bed based banding framework	120	120	
Adults	Increase charges to Private residents for Telecare services	130	50	Ongoing review on shortfall in

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
Adults	Introduce charges to Council tenants for Telecare services	130	80	savings, the accuracy of data and impact will be realised at year end
Adults	Reduce the Creative Support contract by 50% when current extension ends	160	160	
	Total	1,920	1,675	87%
Children's	Efficiency savings - review of expenditure budgets for low/medium risk areas inclusive of car mileage (post lockdown), supplies and services, premises, and a review of terminated pension agreements. Staffing savings arising from vacancy review	350	350	
Children's	Youth Justice Service - reorganisation following changes to service delivery	90	90	
Children's	Redirection of grant funding via partnership delivery to support Early Help	40	40	
Children's	Cessation of voluntary sector contract	30	30	
Children's	Education Business Partnership - vacancy review	30	30	
Children's	Families Come First - prior year growth funding released now service embedded	110	110	
Children's	Efficiency as a result of implementing market forces and avoiding excessive use of agency staff	100	100	
	Total	750	750	100%

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
CEX	Vacancy management in HR&OD	60	60	
CEX	Remove vacant Corporate PMO & Performance Support Assistant post	30	30	
	Total	90	90	100%
DCCS	Removal of ADSL on completion of Fibre Optic installations	10	10	
DCCS	Not recruiting a role on digital and a role in technology	70	70	
DCCS	Reduction in printing costs	30	0	Ongoing review
DCCS	Reduction in print and mailing costs	30	30	
DCCS	Virtualisation and consolidation of servers	30	30	Saving made via an alternative route in 2023/24
DCCS	Advancing to E5 Technology provides the most advanced functionality of Microsoft Office applications and additional security, giving an opportunity to rationalise other applications that are no longer required	100	70	Options been looked at deliver the remaining £30k, but currently unlikely to be delivered.
	Total	270	210	78%
F&L	Reduced costs of self-insurance	100	100	
F&L	Vacancy management in Revenues and Benefits	80	80	

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
F&L	Adjust Members' Allowance budget to reflect entitlement to no more than one responsibility allowance	50	50	
	Total	230	230	100%
H&W	Continued work on Public Health Grant funded substance misuse preventative measures, to reduce use of rehabilitation beds.	100	100	
	Total	100	100	100%
H&C	Staff costs to be met from Homelessness grants.	40	40	
H&C	Reduce abortive fees for Disabled Facilities Grants	10	10	
H&C	Reduce costs incidental to Disabled Facilities Grants	20	20	
	Total	70	70	100%
ENV	Review Depot security	40	21	£21k delivered from an alternative route, unlikely to make the remaining saving in 2023/24.

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
ENV	Parking - Review of charges (free hours remain)	140	36	£2k reversed for overnight charges, price increase implemented income received 15.9% up on same period in 2022/23 which is circa £36k for the year if this trend continues. Therefore a shortfall of £102k
ENV	Utilise Symology as the IT system for Street Lighting and end the contract with Mayrise as from 31st March 23	10	10	
ENV	Review of current free surface car parks	40	0	Saving reversed in July 2023
ENV	Street Lighting Energy- Invest to save proposal, LED lighting across the Borough	140	140	

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
ENV	Efficiencies for MOT's	50	50	Implemented and achieved but outsourcing work continues to be a pressure due to the age of the fleet.
ENV	Stores review	170	170	
ENV	Fleet review	150	150	
ENV	Energy For Waste arrangements	2,000	1,300	In progress, fluctuations in market price per MWh and performance of plant availability.
ENV	Review of parking enforcement	100	0	Not delivered, tender to go back out in Feb 2024.
ENV	Reducing Market Saturday Rounds from 2 to 1	10	10	
ENV	Savings from not deploying waste to HWRC	200	200	
ENV	Trade Waste - Round Optimisation	50	50	
ENV	Review of Green Care working practices.	80	80	

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
ENV	Savings from Directorate Restructure phase 1	30	30	
ENV	Depot review - Blowers Green	10	10	
ENV	Street Lighting efficiency review	70	70	
ENV	Changes to standby/call out arrangements for winter gritting	20	20	
ENV	Review of HWRC operating hours	210	0	This was reversed in July 2023
	Total	3,520	2,347	67%
R&E	Review and reduction in cleaning consultancy services	20	20	
R&E	Dell Stadium - to implement price changes from September 2022	30	30	
R&E	Saving of annual subscription to the Black Country Consortium as a result of the winding up of the BCLEP/BCC	50	50	
R&E	Leisure Centres - savings	560	560	
R&E	Himley - net increase in car park income and secondary spend due to increased visits as a result of the installation of Play Area.	70	0	Project delayed, but work has now started

2023/24 Savings		2023/24 Target £'000	Value Delivered to date £'000	Comment
R&E	Halls - net increase in income from ticket sales, bar and food as a result of increased number of shows following additional capital investment of £550k	50	0	Not achieved – this £50k relates to the forecast surplus to be generated by Brookes Bistro.
R&E	Estate rationalisation - Regent House Dudley	100	100	
	Total	880	760	86%
	Grand Total	7,830	6,232	80%

Public Consultation on 2024/25 Budget – Interim Analysis Report

Introduction

The analysis in this report relates to the public consultation on the council budget for 2024/25, which started on 3rd January 2024 and is due to finish on 16th February 2024. This interim report considers all valid responses received up to midday on 2nd February 2024.

The consultation asked members of the public to identify their top five priority areas from a list of services and to rank them from most important to fifth most important. Questions on demographics were also asked so the characteristics of respondents could be compared to those of the borough population. 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 service importance, 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 with the final analysis report.

To 2nd February 2024 the council received 1,336 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 1,336 consultation responses 14 did not provide verifiable address information, so were discounted.

The following analysis is based on the resultant 1,322 valid responses. A data table accompanies each question.

Service Priority

This question asked respondents to "...tell us your top five priority areas from the service list below (1 being the most important and 5 being the fifth most important)." The question listed 17 services in alphabetical order and required all respondents to choose and rank 5 services only. The count of respondents choosing each service and at which level of importance is shown in Table 1.

Table 1: Count of service area importance (Where first = most important)

Service area (ordered as per consultation)	Count of service importance by respondents				
	First	Second	Third	Fourth	Fifth
Benefits & other welfare services	66	46	46	42	59
Safeguarding children & family support	166	126	68	69	60
Community safety	187	93	85	80	105
Disabilities & mental health for children and adults	130	120	95	73	63
Food hygiene, air quality & trading standards	8	30	32	67	76
Good quality housing	69	70	58	60	48
Leisure centres & sport development	16	25	39	64	58
Libraries	37	46	60	74	88
Litter & street cleansing	38	91	133	157	96
New buildings & business developments leading to job creation	43	43	49	40	53
Older people's services	145	134	147	113	96
Parks & nature reserves	36	59	117	110	111
Refuse collection & recycling	176	201	165	128	115
Roads & street lighting	120	147	118	110	121
Supporting children's learning	66	53	58	54	65
Tourism & our heritage	7	13	14	29	50
Youth services	12	25	38	52	58

To take account of both the services and priority indicated by respondents, responses were allocated scores to reflect their relative level of importance. For example, a service ranked as most important was assigned a score of 5, second most important a score of 4 and so on. Once this methodology was applied the total score for each service area was calculated. To show overall importance, these scores are presented as a percentage of the total scores across all services (see Table 2).

Table 2: Service area by overall importance

Service Area (Ordered by percentage of total scores)	% of total scores
Refuse collection & recycling	12.9
Older people's services	10.2
Roads & street lighting	9.5
Community safety	9.2
Safeguarding children & family support	8.8
Disabilities & mental health for children and adults	8.2
Litter & street cleansing	6.9
Parks & nature reserves	5.5
Good quality housing	4.9
Supporting children's learning	4.5
Benefits & other welfare services	4.0
Libraries	4.0
New buildings & business developments leading to job creation	3.4
Leisure centres & sport development	2.4
Food hygiene, air quality & trading standards	2.3
Youth services	2.2
Tourism & our heritage	1.2

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

Taking consideration of the services chosen by respondents and their indicated level of importance, the top five priority services are Refuse collection and recycling with 12.9% of the total scores, followed by Older people's services with 10.2%, Roads and street lighting with 9.5%, Community safety with 9.2% and Safeguarding children and family support with 8.8%. Please see Table 2 for the order of importance and percentage of total score for all services.

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 1,322 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

1,241 people provided information on gender. The gender split was 49.8% male and 50.2% female. This differs marginally from the Dudley Borough figures (see Table 3).

Table 3: Gender of respondents compared to Dudley Borough

Gender	Number of Responses	% of Responses	% Dudley Borough
Male	618	49.8	48.6
Female	623	50.2	51.4
Total	1,241		
<i>No response given</i>	<i>81</i>		

Source for Dudley Borough figures: Population aged 18 and over by sex, Mid-Year Population Estimates 2022, Office for National Statistics

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

Age

1,241 people answered the question on age. The number and percentage of responses by age group are given in Table 4. 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 4: Age of respondents compared to Dudley Borough

Age	Number of Responses	% of Responses	% Dudley Borough
Under 25	5	0.4	9.1
25-44	161	13.0	32.1
45-64	504	40.6	32.7
65+	571	46.0	26.0
Total	1,241		
<i>No response given</i>	<i>81</i>		

Source for Dudley Borough figures: Population aged 18 and over by age group, Mid-Year Population Estimates 2022, 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 1.

Ethnic Group

1,236 people provided information on their ethnic group. 96% 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 5.

Table 5: Ethnic group of respondents compared to Dudley Borough

Ethnic Group	Number of Responses	% of Responses	% Dudley Borough
White	1,187	96.0	87.5
Black	5	0.4	2.3
Mixed	6	0.5	1.6
Asian	21	1.7	7.3
Other	17	1.4	1.2
Total	1,236		
<i>No response given</i>	86		

Source for Dudley Borough figures: Population aged 18 and over by ethnic group, Census 2021, Office for National Statistics
Note: Percentages may not total to 100.0% due to rounding

People with physical or mental health conditions or illnesses lasting or expected to last 12 months or more that reduce ability to carry out day-to-day activities (Disability)

The wording of this question is based on that used in the national Census 2021 as it meets the harmonised standard for measuring disability and is in line with the Equality Act (2010). 1,244 people answered this question, with 24.7% of respondents indicating they had reduced ability to carry out day-to-day activities due to a physical or mental health condition or illness, compared to the borough figure of 22.6%. Please see Table 6 for the full results.

Table 6: Physical or mental health conditions or long-term illnesses that reduce ability to carry out day-to-day activities (Disability); respondents compared to Dudley Borough

Disability	Number of Responses	% of Responses	% Dudley Borough
Yes	307	24.7	22.6
No	937	75.3	77.4
Total	1,244		
<i>No response given</i>	78		

Source for Dudley Borough figures: Population aged 18 and over by disability, Census 2021, Office for National Statistics
Note: Percentages may not total to 100.0% due to rounding

Area of residence

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 7. The Dudley Central and Dudley North areas are underrepresented. Brierley Hill is also underrepresented but the proportion of responses from this area are the most similar to the proportion seen in the borough's population. Halesowen and Stourbridge are both overrepresented.

Table 7: Area of respondent's residence compared to Dudley Borough population

Area of Residence	Number of Responses	% of Responses	% Dudley Borough
Brierley Hill	267	20.2	20.8
Dudley Central	252	19.1	22.5
Dudley North	202	15.3	16.4
Halesowen	289	21.9	20.4
Stourbridge	312	23.6	19.9
Total	1,322		

Source for Dudley Borough figures: Population aged 18 and over, Census 2021 Table TS007, 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 Thomas's
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 Town

Summary of response to the Provisional 2024/25 Settlement

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

1. We supported the proposed methodology for the distribution of the underlying Revenue Support Grant⁴ in 2024/25, welcoming the stability provided by the proposals.
2. We welcomed simplification of the system of local government funding by rolling grants into the local government finance settlement.
3. In respect of the council tax referendum principles proposed for 2024/25, we reiterated our belief that as a matter of principle democratically-elected councillors should be trusted to make decisions balancing service needs against affordability. We addressed this issue in our request for Exceptional Financial Support.
4. With regards to proposals for a new Funding Guarantee grant, we disagreed with having any form of funding floor as it has no regard to relative spending needs. This funding should be redirected and allocated on the basis of the Settlement Funding Assessment.
5. We welcomed the fact that a significant proportion of the additional funding provided by the Autumn Statement is being directed to authorities with social care responsibilities and that priority is given to addressing current market pressures over funding reform. We agreed with the general principle of allocating funding according to assessed need, noting however that we can see no logic for limiting the equalisation component for the Social Care Grant. 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.
6. We re-iterated our opposition to the New Homes Bonus (NHB) grant. There should be no top slice from RSG and this funding

⁴ For Dudley, underlying Revenue Support Grant is reflected in the calculation of our Tariff as part of the 100% Business rates Retention pilot.

should be allocated in proportion to the Settlement Funding Assessment.

7. We opposed the proposals for the Rural Services Delivery Grant. Funding requirements should be assessed using statistically-proven drivers of cost that reflect demographics and consider the particular needs of dense urban areas as well as those of sparse rural areas. This payment is not underpinned by any calculations of the additional costs resulting from sparsity and there is no objective justification for giving preference over other drivers of cost.
8. We opposed the decision to hold back a proportion of Services Grant to allow for adjustments to New Homes Bonus. There should be no top slice from RSG and this funding should be allocated in proportion to the Settlement Funding Assessment.

Appendix G

Additional Spending

Adult Social Care	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Additional placements in excess of budget forecast for people within Assessment and Independence	UN	3,340	3,340	3,340
Additional placements in excess of budget forecast for people within Dudley Disability Service	UN	3,500	3,500	3,500
Additional placements in excess of budget forecast for people within Mental Health Service	UN	790	790	790
Sustainable rates for residential and nursing care for older people	UN	2,870	5,750	8,630
Inflation uplifts across all care packages	UN	7,150	11,780	16,930
Total		17,650	25,160	33,190

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

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

Finance and Legal Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Increased cost of Section 13A Council Tax relief due to increased numbers of care leavers living in the Borough.	UN	110	110	110
Universal Credit migration impact on Housing Benefit recovery and subsidy.	UN	0	80	330
Increased non-pay costs for Electoral Registration as a result of high inflation and additional demands owing to new legislation.	UN	40	40	40
Total		150	230	480

Digital, Commercial and Customer Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Loss of income because of schools academisation and failure to buy back core services.	UN	70	180	315
Adjustment of print budget income	UN	425	425	425
Cloud hosting application 1 (e.g. business world/business world replacement)	UN	250	130	130
RPI increase on contracts: Agresso (Unit 4), BACS Subs (Bottomline), Axway Automation (Axway), LiquidLogic Integration	UN	20	20	20

Digital, Commercial and Customer Services	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Fund permanent security contractor for DC+ walk in centre (currently Dudley Council Plus, 259 Castle St).	UN	50	50	50
Fees for online payments	UN	20	20	20
Implement Civica ICON payment Webpaystaff	UN	60	10	10
Procure up to 70 more Microsoft E5 licences	UN	20	20	20
Library further inflation uplift	UN	170	250	330
Migration of Umbraco to hosting in cloud.	OR	70	30	30
Upgrade or replacement of Council contract management system.	OR	60	30	30
Microsoft E5 licensing model to enable additional benefits of using the enhanced security, telephony, business intelligence, and data management.	OR	130	150	150
Royal Mail price increase	UN	10	20	20
Total		1,355	1,335	1,550

Environment	Category	2024/25 £'000	2025/26 £'000	2026/27 £'000
Car Park Income - External Season Tickets	UN	90	90	90
Car Park Income - Pay and Display	UN	140	140	140
New Roads and Street Works Act - Sampling Legislation Change	UN	30	30	30
Concessionary contract for kerbside collection of mattresses, carpets, Underlay and bed-bases.	UN	250	250	250
Household Waste Recycling Centre & Green Waste Disposal Inflation	UN	250	340	400
Energy from Waste (EfW) Life Cycle review and inflation	UN	780	850	900
Total		1,540	1,700	1,810

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

Key

UN – Unavoidable cost pressures

EM – Elected Member priority

OR – Officer recommendation

Proposed Savings

Adult Social Care	2024/25 £'000	2025/26 £'000	2026/27 £'000
Relocation of service at Woodside to Community Centre	10	10	10
Eligible grant funding to support services	100	100	100
Income generation through fairer cost policy change, financial reviews and implementing charge on first day of confirmation permanent stay in a care home	40	70	70
Transformation of service structures	200	280	280
Application of eligible grant funding to support services	20	20	20
Deploy pre-payment cards and apply new approaches to the financial oversight of Direct Payments	840	840	840
Review, assessment and appropriate financial packages of care	140	230	230
Efficiencies arising from the procurement of residential and nursing care for older people	130	230	230
Re-provision of the Unicorn Day Centre to alternative Council Day Opportunities	460	930	930
Re-purpose grant money, combined with establishment management	1,080	490	490
Increase to Continuing Healthcare Clients income following consultancy reviews.	3,710	4,660	4,660
Total	6,730	7,860	7,860

Children's Services	2024/25 £'000	2025/26 £'000	2026/27 £'000
Family Safeguarding	540	2,000	2,000
Review of Sycamore site	0	30	30

Children's Services	2024/25 £'000	2025/26 £'000	2026/27 £'000
Additional income target from traded services	0	150	150
One off impact Spending Controls – Grant switches – Troubled Families	750	0	0
One off impact Spending Controls – Grant switches – Family Hubs	300	0	0
One off impact Spending Controls – Grant switches – vacancies	190	0	0
Total	1,780	2,180	2,180

Chief Executive	2024/25 £'000	2025/26 £'000	2026/27 £'000
Remove Strategic Contingency Fund	200	200	200
Vacancy management in HR&OD	30	70	70
Vacancy management and reduced hours / posts in Communication and Public Affairs team (including Graphic Design and Forging the Future support)	0	160	160
Switch funding of Forging the Future post	30	30	30
Reduce frequency of Your Borough Your Home Magazine	40	40	40
One off impact Spending Controls - vacancies	130	0	0
Total	430	500	500

Health and Wellbeing	2024/25 £'000	2025/26 £'000	2026/27 £'000
Existing staff to be funded from the Public Health Grant	130	130	130

Health and Wellbeing	2024/25 £'000	2025/26 £'000	2026/27 £'000
Remove discretionary grant funding per ward distributed via Community Forums	240	240	240
Total	370	370	370

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

Digital, Commercial and Customer Services	2024/25 £'000	2025/26 £'000	2026/27 £'000
Net saving from mobile phone contract	110	160	160
Reduction in printing costs	10	20	20
Reduction in print and mailing costs	120	180	180
Virtualisation and consolidation of servers	10	20	20
Northgate cloud migration savings	60	60	60
Reduction in c.4 customer service advisors in DC+. Increase customer self serve	120	470	470
One off impact Spending Controls - Vacancies	70	0	0
Total Savings	500	910	910

Environment	2024/25 £'000	2025/26 £'000	2026/27 £'000
Charging for Green Waste collections	1,310	1,360	1,340
Reduction of opening hours of the Household Waste Recycling Centre Facility	30	30	30
Redesign of weed control services with a newly created street scene team.	35	50	50
Redesign of street cleansing and grounds maintenance with a newly created street scene team.	342	342	342
Redesign of clean teams with a newly created street scene team.	253	253	253
Street Cleansing – reduction in funding or replacing litter bins and general maintenance work.	200	200	200
Green Care – reduction in funding for In Bloom floral displays.	100	100	100
Street Lighting energy- upgrade to LED lighting across the Borough (invest to save).	160	310	310
Review of car parks maintenance.	30	30	30
Closing Narrow Boat Way facility and move to Lister Road – (lease expires March 2024) and efficiencies for MOT's	40	40	40
The closure of the inhouse stores and the procurement of a parts contract.	40	40	40
Fleet Review	40	40	40
Review of parking enforcement	100	100	100
Growth in Commercial Waste Business Unit	170	170	170
One off impact Spending Controls – Grant switches – Highways Incentive Fund	80	0	0
One off impact Spending Controls – vacancies	1,220	0	0
Total	4,150	3,065	3,045

Housing and Community	2024/25 £'000	2025/26 £'000	2026/27 £'000
One off impact Spending Controls – Grant switches – Prevent Grant	250	0	0
One off impact Spending Controls – vacancies	100	0	0
Total	350	0	0

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

Proposed use of Public Health Grant 2024/25⁵

Service	£000s
Healthy Aging	1,184
PH Business Management Team	1,195
Communicable Diseases	466
CYP Team 5+	3,180
CYP Team 0-5	6,601
Community Council	921
Commissioning For Intelligence	679
Long Term Conditions	499
Sexual Health	2,161
Supportive Environments	1,226
Working Age Adults	1,107
Substance Misuse	3,478
Emergency Planning	206
Healthy Towns	349
Total Spend	23,252

⁵ Excludes expenditure funded from reserves

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. Directors are responsible for delivering planned service outputs within cash-limited budgets.
7. The financial implications of the Council's partnership working will be reflected in the MTFS.

8. An annual Budget Review process will be undertaken by the Chief Executive, Deputy 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.
9. 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

10. 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).
11. All earmarked reserves will be periodically reviewed. Any reserves no longer required for their original purpose will be transferred to Unallocated General Fund Reserves.
12. Unallocated General Fund Reserves will be managed to enable spending pressures and resources to be balanced over the medium term.
13. 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

14. A comprehensive financial risk assessment will be undertaken for all parts of the revenue and capital budgets, including any lessons learned from previous experience.
15. 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.

16. A specific risk assessment will also be undertaken for any proposals to increase or reduce expenditure.
17. Financial and other risks will be actively managed as part of the Council's established policies and procedures.
18. 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 Unallocated General Fund Reserves where this is proven to be impossible.

Income

19. 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.
20. 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

21. 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.
22. 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.

23. 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.
24. A package will be agreed in the light of overall resource availability.
25. 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 - Other Savings

26. 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 discretionary non-surplus-generating expenditure.
27. 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.
28. 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.
29. Once approved, the implementation of any budget reductions will be monitored as part of normal budget and output monitoring processes.

Capital Programme

30. 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.
31. All known revenue costs arising out of capital spend will be included in the revenue budget.
32. 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

33. 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.
34. 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

35. 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.
36. As set out above, particular emphasis will be given to monitoring the impact of budget growth and savings.

External Funding and Partnerships

37. 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.

38. 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.
39. 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.
40. 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.
41. For all external sources of funding or partnership support, an exit strategy will be put in place.

Consultation

42. 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.
43. In addition, public consultation will be undertaken as appropriate during the budget process.
44. 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 Select 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.

45. 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 4% in 2024/25 and 2% thereafter. A 1% increase in pay inflation would cost around £1.3m extra per year.
Power Purchase Agreement	A 10% change in electricity prices equates to £0.2m. A 10% change in MWH generated by the incinerator would equate to £0.2m variance
Government grant income is less than assumed	We have assumed that the final 2024/25 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	A 1% shortfall in income would reduce annual resources by £1.2m.
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 numbers of working age claimants will remain stable but overall there will be fewer claimants. Failure to grow the tax based as anticipated would reduce annual resources by around £0.9m.

<p>Price inflation is more than provided for.</p>	<p>There is no provision for general price increases on non-pay budgets for 2024/25. 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 £4m for non-pay inflation from 2025/26. 1% price inflation in excess of provision would cost around £1m extra per year</p>
<p>Income and expenditure relating to treasury management activity are not in line with forecasts</p>	<p>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 £2.6m in total more than budgeted for over the life of the MTFS.</p>
<p>There will be no other unplanned expenditure or shortfalls in income that cannot be met from reserves.</p>	<p>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 £0.6m per year.</p>
<p>Reduction in maximum underlying Council Tax increases without the need for a referendum.</p>	<p>A 1% reduction in Council Tax increase would cost around £1.5m per year.</p>
<p>Adult Social Care budget is insufficient to meet demand, market and other pressures.</p>	<p>A 1% increase in care charges over the budget allowed would cost £1.3m per year.</p> <p>The average targeted income from a continuing health care assessment is £3.5k. There are currently a number of high cost cases under review.</p>

Appendix L

Analysis of Proposed 2024/25 Budget by Service Area

	£'000
Physical and Sensory support 18-64	9,455
Learning Disability support 18-64	48,436
Mental Health support 18-64	5,630
Support for older Adults 65+	35,442
Support for Carers	31
Social Care activities	13,129
Adult Social Care Information and Early Intervention	6,002
Adult Social Care commissioning and service delivery	11,179
Total Adult Social Care	129,304
Registrars, Events and Other Services	185
Other Corporate costs	67
Total Chief Executive	252
Schools	21,033
Youth Service	1,515
Children & Families Social Services	71,397
Other Children's Services	3,412
Total Children's Services	97,357
Libraries and Archives	4,881
Other Corporate costs	793
Total Digital, Commercial and Customer Services	5,674
Transport Levy	13,622
Other WMCA contributions	1,815
Flood Defence Levy	116
Other Corporate and Treasury	(4,120)
Contingency & Other Corporate costs	4,292
Total Corporate and Treasury	15,725
Elections & Electoral Registration	885
Tax Collection & Benefits	3,140
Coroners, Democratic and Other Costs	2,519
Total Finance and Legal	6,544

Public Health	293
Environmental Health & Consumer Protection	3,184
Total Health and Wellbeing	3,477
Private Sector Housing	1,327
Homelessness & Welfare	661
Community Safety	728
Other Services	291
Total Housing	3,007
Waste Collection & Disposal	21,317
Street Cleansing	4,070
Traffic Management & Road Safety	1,240
Flood Defence & Land Drainage	363
Highways Maintenance (including depreciation)	21,001
Other Engineering & Transportation Services	1,274
Recreation & Sport and Open Spaces	6,246
Other Services	184
Total Public Realm	55,695
Cemeteries & Crematoria	(1,740)
Culture and Heritage	2,551
Recreation & Sport and Open Spaces	4,462
Planning, Building and Development Control	2,706
Economic Regeneration	3,247
Environmental Initiatives	419
Adult Learning	1,359
Community Safety	575
Catering	949
Other Services	1,379
Total Regeneration and Enterprise	15,907
Total Service Budget ⁶	<u>332,942</u>

⁶ Within the Environment budgets detailed above there is £0.435m of spending on staff resources to deliver on the Council's climate targets.

Appendix M

Details of Calculations to be Determined by the Council

1. That the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:

(a) £ 827.016m 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) £ 671.435m 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) £ 155.581m 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) £1,646.7067 being the amount at (c) above divided by the Council Tax base 94,480.09, 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
£	£	£	£	£	£	£	£
1,097.80	1,280.77	1,463.74	1,646.71	2,012.64	2,378.58	2,744.51	3,293.41

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.