
Meeting of the Cabinet – 15th December 2021

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

Medium Term Financial Strategy

Purpose

1. To consider the latest General Fund revenue position for 2021/22 and provisional Medium Term Financial Strategy (MTFS) to 2024/25.
2. Cabinet is not being asked to make final decisions on the MTFS. The proposals in this report will be the subject of public consultation and will be considered by Scrutiny Committees before returning to Cabinet on 17th February and going to Full Council for final decisions on 7th March.

Recommendations

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

Background

5. The Council approved the General Fund budget for 2021/22 and the MTFS up to 2023/24 on 1st March 2021. A report on the 2020/21 outturn was considered by Cabinet on 24th June 2021. At 31st March 2020 our unringfenced revenue reserves as a proportion of net revenue spend were 17%. At 31st March 2021 our unringfenced reserves¹ were 24% of net expenditure. The most recent comparative information available for other councils shows that average unringfenced reserves were 45% of net expenditure at 31st March 2020.

External Audit

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

Forecast 2021/22 Position

7. In response to Covid-19, the Government has directed significant additional funding to councils. New allocations for the financial year 2021/22 are shown in Appendix A. We anticipate receiving £13.0m of unringfenced funding and further grants totalling £29.4m for specific purposes. It is expected that the latter are matched by specific increases in expenditure or reductions in income.

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

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

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive	0.0	(0.1)	(0.1)
Adult Social Care	102.2	104.9	2.7
Children's Services	74.2	74.2	0.0
Health and Wellbeing	3.5	2.7	(0.8)
Finance and Legal	4.0	4.2	0.2
Digital, Commercial and Customer Services	0.5	0.8	0.3
Housing and Community	6.8	6.5	(0.3)
Public Realm	51.4	52.7	1.3
Regeneration and Enterprise	11.3	14.0	2.7
Corporate, Treasury and Levies	18.1	10.2	(7.9)
Total Service Costs	272.0	270.1	(1.9)
Total Resources	(263.0)	(265.6)	(2.6)
Use of Balances	9.0	4.5	(4.5)

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

- Pressures of £9.5m from the impact of Covid, mainly in additional costs of Adult Social Care to support the health service and ongoing reduced levels of trading income in a number of services.
- Favourable variances of £14.8m arising as a result of charging costs to Covid specific grants where services are continuing to support the pandemic response, additional grants to partially offset trading and tax income losses and application of the general Covid contingency to the pressures outlined above.
- Net pressures of £0.8m that are unrelated to Covid, mainly from the national pay offer being higher than budgeted, offset by lower than expected borrowing costs.

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

11. The majority of Special Education Needs and Disability (SEND) services are met from the High Needs Block within the Dedicated Schools Grant (DSG). As previously reported, we (in common with many other councils) have been experiencing significant financial pressures from increasing demand for children that require additional educational support. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast deficit on the High Needs Block of £18.9m at 31st March 2022. The Government has regulated temporarily to ensure that this pressure sits within the Dedicated Schools Grant, although there is a risk that there may be an impact on the General Fund from 2023/24. As such this deficit is not included in Appendix B.

General Fund Balances

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

	Original Budget £m	Latest Position £m
Forecast balance 31 st March 2021	24.5	24.5
2020/21 outturn (as reported to June Cabinet)		+4.4
Balance at 31st March 2021	24.5	28.9
Planned use of Reserves approved by Council March 2021	(8.3)	(8.3)
Council Decision to amend budgets during 2021/22		(0.7)
Forecast favourable 2021/22 outturn		+4.5
Forecast General Fund Balance at 31st March 2022	16.2	24.4

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

Medium Term Financial Strategy to 2024/25

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

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

Government Funding

15. The Chancellor announced the conclusion of a three-year Spending Review on 27th October. This included the following:
 - An additional £1.6bn of funding to local government at the national level (including £200m for supporting families and £38m for cyber security).
 - An increase in assumed Business Rate income and underlying Revenue Support Grant in line with inflation. The actual Business Rate multiplier will be frozen but councils will be compensated through grant for the income shortfall compared with an inflationary uplift.
 - Further Business Rates reliefs (in 2022/23 for retail, hospitality and leisure and in later years to incentivise property improvements, renewable energy and decarbonisation) also with councils being compensated through grant for loss of income.
 - Continuation of the 2017/18 100% Business Rates Retention pilots – including that for the West Midlands.
 - Improved Better Care Fund to continue at 2021/22 levels.
 - New Homes Bonus funding on the basis of new homes (and reductions in long term empty homes) above a threshold, with a consultation on review for 2022/23 to be published shortly.
 - Additional funding of £3.6bn over three years for reforms to social care charging.
16. We are awaiting full details of the proposed Local Government Finance Settlement for 2022/23 including details of how the extra funding above will be allocated to individual councils. At this stage we have made reasonable assumptions, based on past experience, about funding allocations to Dudley. These forecasts assume that social care charging reforms (loss of charging income offset by additional government funding) have a neutral impact on the council, but this is subject to uncertainty and will need to be monitored closely.
17. The Government has indicated that it will take stock of the previously proposed funding reforms (Business Rate Retention and Fair Funding Review) in the context of the position in which the sector now finds itself, both with regard to the impact that the pandemic has had on the resources available to councils, and the demands on local services. The timing and impact of any review are uncertain.

Council Tax

18. Accounting for Council Tax Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Forecasts reflect a planned charge to the General Fund of £0.3m per year for the next two years, spreading the impact of the deficit in 2020/21 that arose mainly as a result of Council Tax Reduction (CTR) claimant numbers being increased due to the pandemic. For 2022/23, this charge is more than offset by a surplus arising mainly from the fact that CTR claimant numbers in the current year have been lower than expected, leading to a net credit of £0.3m. Tax Income Guarantee (TIG) grant, compensating deficits in 2021/22, has been credited to the General Fund in the current year and this is reflected in the forecast in Appendix B.
19. Although numbers of CTR claimants in the current year are lower than expected, they remain around 1,800 higher than they were before the pandemic. Forecasts for Council Tax income in future years assume that these numbers will gradually return to pre-pandemic levels over the life of the MTFS. Forecasts have also been adjusted to reflect current numbers of households in receipt of discounts and exemptions. The position will continue to be monitored closely and any updated forecasts reported to Cabinet in February.
20. The Spending Review included proposed Council Tax referendum principles for 2022/23 of a core limit of less than 2% plus an Adult Social Care (ASC) precept limit of 1%. Forecasts in this report are based on a 2.99% Council Tax increase in 2022/23 and assume the same in later years.

Business Rates

21. Accounting for Business Rates Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Forecasts reflect a planned charge to the General Fund of £1.8m per year for the next two years, spreading the impact of the deficit in 2020/21 that arose mainly as a result of the impact of the pandemic on businesses. For 2022/23, we expect an additional charge of £10.5m (reflecting the loss of income in the current year from reliefs to retail, hospitality and leisure businesses) offset by a credit of £11.4m mainly arising from a review of provisions for business rate appeals (see below) leading to a net overall charge of £0.9m. The impact of current year reliefs is offset by grant that will be credited to the General Fund in 2022/23. Tax Income Guarantee (TIG) grant, compensating deficits in 2021/22, has been credited to the General Fund in the current year and this is reflected in the forecast in Appendix B.

22. There is ongoing uncertainty concerning the impact of the 2017 revaluation on our Business Rate and grant income, in particular the impact of appeals under what was then a new “Check, Challenge, Appeal” process. For the last four years we have been making provision broadly in line with central government assumptions about the impact of appeals. We have now reviewed this provision in the light of actual appeals received together with external advice on potential future appeals and comparisons with other councils. In light of this review, we have reduced our provision for appeals to around 1.8% of gross rates payable.
23. For future years, we have adjusted our forecasts to 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 anticipated Retail Price Index.

Combined Authority

24. 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.
25. Forecasts in this report assume that contributions continue on the same basis.

Base Budget Forecasts

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

	2022/23	2023/24	2024/25
	£m	£m	£m
2021/22 base	271.3	271.3	271.3
Pay (note 1)	5.3	7.9	10.7
General price inflation (note 2)	-	3.8	7.9
Income uplift (note 3)	-1.1	-2.4	-3.4
Pensions (note 4)	-0.9	1.0	0.1
Combined Authority (see paras 22-23)	0.1	0.3	0.4
Treasury (note 5)	0.7	2.8	3.0
Remove previous contingency (note 6)	-8.8	-8.8	-8.8
Other adjustments (note 7)	-1.0	-1.4	-1.3
Base Budget Forecast	265.6	274.5	279.9

Notes:

- (1) This allows for a pay increase of 1.75% in the current year (based on the employers' latest offer), future increases at 2% per year and a 1.25% uplift in employer's National Insurance from next year. Note that Central Government does not control Local Government pay directly.
- (2) No general provision has been made for 2022/23, with any specific inflationary issues being reflected in additional spending in paragraph 28 below.
- (3) Assumes an increase of 2% per year on fees and charges.
- (4) Contributions from 2023/24 will be determined following the 2022 actuarial review. It is currently assumed this will not give rise to any change in underlying contributions. Contributions in individual years are impacted by the current arrangements which give varying annual discounts for 3 year advance payment.
- (5) Impact of Capital Programme, treasury management and investment income changes.
- (6) The existing Medium Term Financial Strategy includes a £8.8m general contingency. Specific additional spending has now been identified within this report so, to avoid double counting, the contingency has been removed.
- (7) Fall-out of previous one-off items, timing of Leisure Centre works and Metro route enhancements, payments to the Local Enterprise Partnership (LEP) in relation to the DY5 Enterprise Zone, costs of the Portersfield design competition, previously agreed increases in Members' Allowances and other adjustments.

Additional Spending

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

	2022/23	2023/24	2024/25
	£m	£m	£m
Chief Executive	0.4	0.4	0.4
Adult Social Care	10.4	12.3	12.3
Children's Services	1.5	1.5	1.5
Finance and Legal Services	0.6	0.6	0.6
Digital, Commercial and Customer Services	1.7	1.6	1.5
Regeneration and Enterprise	1.0	0.8	0.9
Housing and Community	0.8	0.9	0.9
Public Realm	3.5	1.9	2.1
Total	19.9	20.0	20.2

Savings

28. In total the following saving proposals have been identified. Details are set out in Appendix E.

	2022/23	2023/24	2024/25
	£m	£m	£m
Adult Social Care	0.5	0.6	0.6
Chief Executives	0.1	0.1	0.1
Children's Services	0.8	0.8	0.8
Digital, Commercial and Customer Services	0.0	0.0	0.1
Regeneration and Enterprise	0.3	0.7	1.9
Housing and Community	0.2	0.2	0.6
Public Realm	1.9	1.9	1.9
Total	3.8	4.3	6.0

Public Health

29. The recent Spending Review announcement gave a commitment to maintaining the Public Health Grant in real terms for 2022/23, with continuing investment in healthy weight programmes and additional investment in the Start for Life offer for families. In 2021/22 there is a forecast surplus on the Public Health Grant due to the continued focus in Health & Wellbeing on dealing with the Covid-19 pandemic. This surplus will be added to the ringfenced Public Health Reserve. Programmes of work are being planned, in line with council priorities, to ensure that the best use is made of these reserves.
30. The overall forecast position for the Public Health Grant funded budget can be summarised as follows:

	2022/23	2023/24	2024/25
	£m	£m	£m
Base budget forecast	22.1	22.7	23.4
One-off spending plans	2.7	0.7	0.4
Total spend	24.8	23.4	23.8
Forecast grant	22.1	22.7	23.4
Deficit	-2.7	-0.7	-0.4
Reserve brought forward	4.2	1.5	0.8
Reserve carried forward	1.5	0.8	0.4

Medium Term Financial Strategy

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

	2022/23	2023/24	2024/25
	£m	£m	£m
Base Budget Forecast - see para 26	265.6	274.5	279.9
Additional spending - see para 27	19.9	20.0	20.2
Savings - see para 28	(3.8)	(4.3)	(6.0)
Total Service Spend	281.7	290.2	294.1
Retained Business Rates	89.1	92.2	94.7
Tariff	(6.3)	(6.5)	(6.7)
Business Rate Grant	13.7	14.2	14.6
New Homes Bonus	0.6	0.6	0.6
Improved Better Care Fund (IBCF)	16.1	16.1	16.1
Social Care Grant	12.7	12.7	12.7
Assumed additional funding from CSR	8.0	8.0	8.0
Council Tax	139.7	145.6	151.8
Collection Fund Surplus/(Deficit) – Council Tax	0.3	(0.3)	-
Collection Fund Deficit – Business Rates	(0.9)	(1.8)	
Business Rate Grant reserve	10.5		
Total Resources	283.5	280.8	291.8
Deficit funded from Balances	(1.8)	9.4	2.3
Balances brought forward	24.4	26.2	16.8
Balances carried forward	26.2	16.8	14.5

32. The table above assumes that Council Tax increases by 2.99% in each year. Based on proposed referendum limits, this would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992.

Estimates, Assumptions & Risk Analysis

33. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
- that pay inflation does not vary materially from current forecasts;
 - that the 2022/23 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 CSR funding to Dudley);
 - 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 RPI, 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 2022/23 and any inflationary pressures in 2023/24 and 2024/25 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 CSR;
 - x. that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
 - xi. that there will be no underlying change in the level of employers' pension contributions from 2023/24 compared with the current MTFS;
 - xii. that the net impact of social care reforms (reduced charging income offset by additional government funding) will be neutral;
 - 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 spending or income pressures caused by Covid-19 will not be material from 2022/23 onwards or will be met from further additional government funding;
 - xvi. 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.
34. The assumptions set out above are subject to uncertainty. While there is a forecast budget surplus in 2022/23, there is currently a forecast deficit of £9.4m in 2023/24 and this represents a significant risk. In the event that outcomes are more negative than the assumptions in this report, then action (to reduce levels of expenditure or increase income) may become urgent.

Consultation

35. Thousands of people have taken part in the budget consultation over the past few years. Last year a total of 2,148 valid responses were received after an extensive promotion period through the media, social media and through the e-bulletin. Hard copies were also made available in libraries, leisure centres and at Dudley Council Plus. This year, the council will continue to consult far and wide using the extensive reach it has through a range of communications channels as well as working with partner organisations and community groups to encourage more people to have their say. The results will be reported back to Cabinet in the spring.
36. Detailed consultation will also be undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below.
37. A consultation document will be distributed to representatives of Non-Domestic Ratepayers setting out the provisional budget proposals in this report. Consultees will be offered the opportunity for a meeting to be held if there is sufficient interest. Further detailed information (as required in pursuance of the statutory duty to consult) will be distributed in February for comment before the Council Tax setting meeting.
38. In accordance with the Council's Constitution, the Scrutiny Committees will be asked to consider the issues set out in this report and any related specific issues relevant to their Council Plan and service responsibilities in the January cycle. In framing their responses, the Scrutiny Committees will be asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.

Finance

39. This report is financial in nature and relevant information is contained within the body of the report. Based on current resource forecasts and spending and saving proposals, the General Fund is forecast to reduce by £14.4m between 1st April 2021 and 31st March 2025.

Law

40. The Council's budget setting process is governed by the Local Government Finance Acts 1988, 1992, and 2012 and the Local Government Act 2003.
41. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.

42. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992 making provision for Council Tax referendums to be held if an authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.
43. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 are designed to enable a local authority to compensate employees whose employment terminates on grounds of redundancy or in the interests of the efficient exercise of the authority's functions. Any local arrangements in place must also be compliant with the Employment Rights Act 1996 and the Equality Act 2010.

Risk Management

44. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget so as to meet its statutory obligations within the resources available. This risk is currently assigned a rating of High. A detailed analysis of risks and uncertainties is included in paragraph 33.

Equality Impact

45. 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.
46. 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.
47. 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.

48. 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.
49. 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.
50. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
51. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.
52. 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

53. Proposals for an Employee Assistance Programme, for a new leadership development programme and to support transition to a new agency model are included in paragraph 27 and Appendix D.

Commercial / Procurement

54. Proposed savings from increasing the Dudley Town Hall catering and bar offer, increased leisure centre income, charging for green waste collections and income from advertising on Boundary signs are included in paragraph 28 and Appendix E.

Council Priorities

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





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List of Background Papers

Budget and Council Tax setting 2021/22 report to Council, 1st 2021
Revenue Outturn 2020/21 report to Cabinet, 24th June 2021

Funding provided by Government in response to Covid-19

Name	£m	Comment
General Covid-19 grant	8.8	
Compensation for sales, fees and charges	1.2	Latest estimate
Local Council Tax Support	3.0	
Total Unringfenced	13.0	
Section 31	10.7	Compensates for additional Business Rates relief
Additional Restrictions Grant (ARG)	1.8	
Contain Outbreak Management	2.3	
Infection control and Rapid Testing	3.0	
Extension to Infection Control	2.0	Announced Sept 30 th , awaiting allocation from £363m national pot
Social Care Workforce grant	1.1	To be mainly passported to providers
Practical Support Grant	0.6	
Track and Trace Support Payments and administration	0.7	New burdens round 5 announced
Local Elections	0.2	
Covid Catch up grant for schools	0.8	
Local Support Programme – Winter scheme	1.2	
National Testing	0.5	
Holiday Activities	1.2	
Other DFE – Workforce/ Free School Meals and Mental Health	0.1	
Recovery Premium	0.2	
School Led Tutoring	0.2	
WMCA – Transport	0.2	
Household Support Fund	2.6	
Total Ringfenced	29.4	
CCG	TBC	Support hospital discharges, £0.5m claimed to date

2021/22 Forecast Outturn position

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Chief Executives	0.0	(0.1)	(0.1)	(0.3)	0.2	Covid - Proportion of salaries charged to COMF (£0.3m). Non covid - one-off spend £0.2m.
Adult Social Care	102.2	104.9	2.7	2.7	0.0	Covid - Increased number of clients, bed based £4.6m and community care £0.7m, offset by; release of BCF reserve (£0.3m) and inflation contingency (£0.5m), COMF (£0.3m), CEV (£0.5m), PSF (£0.3m), salary savings (£0.6m), other savings (£0.1m)
Children's Services	74.2	74.2	0.0	0.3	(0.3)	Covid, £0.3m loss of traded income Non covid - salary savings (£0.4m) offset by external placements £0.1m.
Health and Wellbeing	3.5	2.7	(0.8)	(0.8)	0.0	Covid - 6 months of Env Health and Trading standards salaries charged to COMF (£0.8m)
Finance and Legal Services	4.0	4.2	0.2	0.0	0.2	Covid - loss of summons income £0.3m, offset by one off grant income (£0.3m). Non covid - Housing Benefit subsidy £0.2m and offsite

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
						processing and Council Tax discount £0.1m, offset by salary savings (£0.1m).
Digital, Commercial and Customer Services	0.5	0.8	0.3	0.0	0.3	Non Covid - Legal fees £0.1m, ICT loss of traded services income and workspace pressures £0.2m
Housing and Community	6.8	6.5	(0.3)	0.0	(0.3)	Non covid - Electrical and Mechanical productivity pressures £0.1m offset by vacancies and release of PCSOs budget £0.4m
Public Realm	51.4	52.7	1.3	1.4	(0.1)	Covid - £0.8m net pressure on waste - additional tonnages collected and agency staff. £0.5m car parking income, £0.1m other Non Covid - net savings (£0.1m)
Regeneration and Enterprise	11.3	14.0	2.7	2.2	0.5	Covid - £1.2m Leisure centres, £0.8m catering, £0.2m Himley/Halls and events. Non Covid - one off receipt from LLP (£0.3m) offset by pressures on Land Development and other Corporate Landlord services. £0.3m, CCTV costs £0.3m, and staff costs £0.2m

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Corporate & Treasury	18.1	10.2	(7.9)	(8.8)	0.9	Covid – released contingency (£8.8m). Non Covid - payaward of 1.75% compared to budget 0.3% £2.0m, EZ payment to the LEP 0.3m; offset by Pension over recovery (£0.1m), Capital Slippage and borrowing costs (£1.2m), other (£0.1m)
Total Service Costs	272.0	270.1	(1.9)	(3.3)	1.4	
Total Funding	(263.0)	(265.6)	(2.6)	(2.0)	(0.6)	Covid - Sales, Fees and Charges compensation grant (£1.2m), Local Tax Guarantee grant (£0.8m) Non Covid - additional section 31 grant to compensate for Business Rates relief (£0.6m)
Use of Balances	9.0	4.5	(4.5)	(5.3)	0.8	

Delivery of existing Medium Term Financial Strategy

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

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

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

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

Additional Spending

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

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

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

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

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

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

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

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

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

Public Realm	2022/23 £'000	2023/24 £'000	2024/25 £'000
Additional resource required to manage the impact of Ash Dieback (a disease killing Ash Trees in large numbers across the UK). This will be achieved by cataloguing and monitoring the trees condition as well as undertaking necessary remedial works.	400	20	20
Weed Control trial	70	0	0
Car Parks R&M	120	120	120
Waste disposal - inflation pressures across the three main disposal contracts	230	470	710
Food Waste collection trial	200	0	0
Technical resources to provide support to corporate programmes	230	0	0
Total	3,480	1,840	2,080

Proposed Savings

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

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

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

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

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

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

Public Realm	2022/23 £'000	2023/24 £'000	2024/25 £'000
Charging for green waste collections (net of additional spending to extend the service to 25 fortnightly collections)	1,900	1,900	1,900
Total	1,900	1,900	1,900