
Meeting of the Health and Adult Social Care Scrutiny Committee – 25th January 2023

Joint Report of the Chief Executive, Director of Finance and Legal, Acting Director of Public Health and Wellbeing, and the Director of Adult Social Care

Medium Term Financial Strategy

Purpose

1. To consult the Scrutiny Committee on the draft Medium Term Financial Strategy (MTFS) to 2025/26 as approved by Cabinet on 14th December 2022, with emphasis on those proposals relating to the committee's terms of reference. For this committee the relevant items are those relating to paragraphs 25 and 26, and Appendices C and D, and the Public Health budget in paragraphs 27 to 29. Members may also wish to consider any of the proposals in terms of their wider impact on health and wellbeing.

Recommendations

2. That the Committee considers and comments on the Cabinet's proposals for the Medium-Term Financial Strategy to 2024/25, taking into account the considerations set out in paragraph 37.

Background

3. The Council approved the General Fund budget for 2022/23 and the MTFS up to 2024/25 on 7th March 2022. A report on the 2021/22 outturn was considered by Cabinet on 27th June 2022. At 31st March 2022 our unringfenced reserves¹ were 21% of net expenditure. The most recent comparable information available for other councils shows that average unringfenced reserves were 45% of net expenditure at 31st March 2020.

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

External Audit

4. The External Auditors (Grant Thornton) presented their 2020/21 Annual Auditor's Report to Cabinet on 27th June 2022. They did not identify any significant weaknesses in the Council's arrangements to secure financial sustainability. However, they recommended that the Council should take urgent action to reduce the significant reliance on use of reserves in the Medium Term Financial Strategy by approving savings schemes and tight scrutiny of additional spending proposals.

Forecast 2022/23 Position

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

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive	(0.3)	0.2	0.5
Adult Social Care	112.0	114.3	2.3
Children's Services	79.9	82.9	3.0
Health and Wellbeing	3.8	3.8	-
Finance and Legal	5.1	5.8	0.7
Digital, Commercial and Customer Services	5.3	5.6	0.3
Housing and Community	3.0	2.8	(0.2)
Public Realm	54.7	55.9	1.2
Regeneration and Enterprise	11.5	14.6	3.1
Corporate, Treasury and Levies	9.8	9.1	(0.7)
Total Service Costs	284.8	295.0	10.2
Total Resources	(287.0)	(287.5)	(0.5)
Use of Balances	(2.2)	7.5	9.7

6. Further detail is provided in Appendix A. The significant variances are as follows:
- Pay – the budget assumed a 2% pay award. The agreed pay award is £1,925 on all scale points which equates to a 6.5% average increase on Dudley's mix of staffing. This is partially offset by the reversal of the National Insurance Levy from November and the forecast net impact is a pressure of £5m on the General Fund.
 - Staff vacancy savings of £3.0m.

- Energy and fuel prices – after taking account of government support the forecast net impact is £1.5m.
 - Increased net costs of social care placements, both for children and adults, of £5.1m
 - Trading income shortfalls, particularly in catering, car parks and leisure, of £1.6m.
 - Delays in the capital programme and other cash flow factors that reduce financing costs by around £0.6m (note that this is only a short-term effect and rising interest rates are likely to create pressure in future years).
 - An increase in Section 31 grant for Business Rates of £0.5m.
 - Other net pressures of £0.6m.
7. Progress with delivery of specific savings within the current budget is set out in Appendix B. Performance on delivery of savings supports and is consistent with the forecast 2022/23 position outlined above and in Appendix A.
8. The majority of Special Education Needs and Disability (SEND) services are met from the High Needs Block within the Dedicated Schools Grant (DSG). As previously reported, we (in common with many other councils) have been experiencing significant financial pressures from increasing demand for children that require additional educational support. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast deficit on the DSG, mainly resulting from pressures on the High Needs Block of £24.2m at 31st March 2023. The Government has regulated temporarily to ensure that this pressure does not impact the General Fund and we are awaiting confirmation that this will be extended beyond the current year. As such this deficit is not included in Appendix A.
9. The Department for Education (DfE) acknowledges the pressures which local systems are experiencing delivering special educational needs and disability (SEND) services. Its 'Delivering Better Value in SEND programme' is aiming to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable. This optional programme is currently providing dedicated support and funding to 55 local authorities. Dudley has been selected to participate in the programme to work alongside Newton Europe, in collaboration with the Chartered Institute of Public Finance (CIPFA) and outcomes are expected to be known in 2023.

General Fund Balances

10. The impact of the outturn shown above leaves the forecast main unallocated General Fund Balance at 31st March 2023 as follows:

	Original Budget £m	Latest Position £m
Forecast balance 31 st March 2022	26.3	26.3
2021/22 outturn (as reported to June Cabinet) ²		+0.9
Balance at 31st March 2022	26.3	27.2
Planned addition to Reserves approved by Council March 2022	+2.2	+2.2
Forecast adverse 2022/23 outturn		(9.7)
Forecast General Fund Balance at 31st March 2023	28.5	19.7

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

Medium Term Financial Strategy to 2025/26

12. 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;

² This is £0.1m better than the position reported to Cabinet in June, due to the correction of roundings.

- (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

13. The Chancellor delivered the Autumn Statement on 17th November, which included the following indications for funding at the national level:
- £1.0bn of grant funding in 2023/24 and a further £1.7bn in 2024/25 to support adult social care and discharge.
 - Deferral of adult social care charging reform from October 2023 to October 2025 with the existing funding for this being retained to manage care costs.
 - Services Grant reduced by £0.2bn to reflect the fact that councils will not be required to pay the National Insurance Levy.
 - Other grants will be maintained in cash terms for two years and will be increased by 1% in real terms from 2025/26.
 - Business Rates will be frozen, but councils will be compensated through grant for the income shortfall compared with an inflationary uplift based on the Consumer Price Index (CPI).
14. We are awaiting full details of the proposed Local Government Finance Settlement for 2023/24 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.

Council Tax

15. 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 2022/23 of £1.0m, mainly as a result of accounts being credited for unclaimed Energy Rebate and Council Tax Reduction (CTR) claimant numbers having reduced more quickly than anticipated.

16. Looking forward and taking account of the economic climate, we are not forecasting any further reduction in CTR claimant numbers and we are allowing for a slowdown in new house building and a reduction in the collection rate from 99% to 98.5%. 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.
17. The Autumn Statement announced that Council Tax referendum limits for 2023/24 will allow a basic increase of up to 2.99% and in addition an Adult Social Care Precept of up to 2%. Forecasts in this report are based on a 4.99% Council Tax increase in 2023/24 and 2.99% for later years.

Business Rates

18. 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 surplus for 2022/23 of £1.7m, which is due to release of funds from the appeals provision and a favourable opening balance at the start of 2022/23.
19. There is still some 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. 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.
20. The next revaluation of all properties for business rates will take effect from 1 April 2023. Revaluation is done to maintain accuracy in the rating system by reflecting the changes in the property market since the last revaluation in 2017. Revaluation does not raise extra revenue nationally. This is because the government will reduce the tax rate – known as the multiplier – to offset the overall change in rateable value at the national level. Changes in rateable value at individual authority level will be offset by changes to top-up grants, tariffs and Government support to fund the transitional arrangements offered to businesses. Therefore our forecasts are based on revaluation being cost neutral.

21. Future years 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 will include 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 30 is a reasonable forecast at this stage).

Combined Authority

22. The West Midlands Combined Authority (CA) receives three elements of funding via the constituent authorities as follows:
- The Transport Levy to fund its transport functions, allocated by statute on a population basis.
 - A contribution to reflect assumed real terms growth in the central share of business rates from 2016/17 onwards to fund its regeneration activities, under the terms of the Devolution Deal.
 - A further contribution to fund its non-transport functions currently allocated by agreement partly on a population basis and partly by equal shares.
23. Forecasts in this report assume that the Transport Levy will be uplifted by 2% year on year.

Base Budget Forecasts

24. 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.

	2023/24	2024/25	2025/26
	£m	£m	£m
2022/23 base	284.8	284.8	284.8
Pay (note 1)	10.8	13.7	16.8
General price inflation (note 2)	-	4.7	8.9
Income uplift (note 3)	-1.6	-2.6	-3.7
Pensions (note 4)	1.0	1.0	1.0
Combined Authority (see paras 22-23)	0.4	0.8	1.2
Treasury (note 5)	4.7	9.1	8.2

Remove previous contingency (note 6)	-1.1	-1.1	-1.1
Other adjustments (note 7)	0.8	-0.3	-0.6
Base Budget Forecast	299.8	310.1	315.5

Notes:

(1) This allows for an average pay increase of 6.5% in the current year, 4% increase for 2023/24 and a further 2% increase for 2024/25. The 1.25% increase in employer's National Insurance has been removed following reversal of the social care levy by Government. Note that Central Government does not control Local Government pay directly.

(2) No general provision has been made for 2023/24, with any specific inflationary issues being reflected in additional spending in paragraph 25 below.

(3) Assumes a general increase of 2% per year on fees and charges, with exceptions being reflected in savings in paragraph 26 below.

(4) A new triennial review is currently underway, and the associated risks are noted in paragraph 32 below. Combined employer's contributions are expected to be 21.5% for 2023/24 onwards and are subject to the completion of the 2022 review. There will be no benefit from a three year upfront payment as in previous years.

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

(6) The existing Medium Term Financial Strategy includes a £1.1m contingency in relation to Market Sustainability. 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, transfer of Telecare and Enabling Communities to General Fund, works and Metro route enhancements, a provision for potential severance costs and other adjustments.

Additional Spending

25. 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 C.

	2023/24	2024/25	2025/26
	£m	£m	£m
Chief Executive	0.3	0.2	0.2
Adult Social Care	1.9	1.9	1.9
Children's Services	2.9	1.1	1.1
Finance and Legal Services	0.5	0.5	0.5
Digital, Commercial and Customer Services	1.2	1.5	1.2
Regeneration and Enterprise	2.5	2.5	2.7
Housing and Community	-	-	-
Public Realm	2.9	3.0	3.2
Total	12.2	10.7	10.8

Savings

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

	2023/24	2024/25	2025/26
	£m	£m	£m
Chief Executives	0.1	0.1	0.3
Adult Social Care	1.8	2.9	3.9
Children's Services	0.7	1.3	2.7
Finance and Legal Services	0.2	0.3	0.4
Health and Wellbeing	0.1	0.1	0.1
Digital, Commercial and Customer Services	0.3	0.9	2.1
Regeneration and Enterprise	1.0	1.5	2.0
Housing and Community	0.1	0.1	0.1
Public Realm	3.5	4.2	4.3
Total	7.8	11.4	15.9

Public Health

27. The 2022 Autumn Statement included provision to maintain 2021 Spending Review levels, assuming the overall increases of 2% for 2023/24 and 1.7% for 2024/25 that were announced in February 2022 when the 2022/23 Public Health Grant allocations were issued. Actual allocations for 2023/24 have not yet been announced and are expected in January / February 2023.

28. In 2022/23 there is a forecast surplus on the Public Health Grant due largely to the ongoing impact of the Covid-19 pandemic and post-pandemic review of service needs. 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, including support for the review of Family Safeguarding provision.
29. The overall forecast position for the Public Health Grant funded budget can be summarised as follows:

	2023/24	2024/25	2025/26
	£m	£m	£m
Base budget forecast	22.4	22.8	23.0
One-off spending plans	2.3	0.6	0.3
GF switch family safeguarding	1.8	-	-
Total spend	26.5	23.4	23.3
Forecast grant	22.4	22.8	23.0
Deficit	(4.1)	(0.6)	(0.3)
Reserve brought forward	5.2	1.1	0.5
Reserve carried forward	1.1	0.5	0.2

Medium Term Financial Strategy

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

	2023/24	2024/25	2025/26
	£m	£m	£m
Base Budget Forecast – see para 24	299.8	310.1	315.5
Additional Spending – see para 25	12.2	10.7	10.8
Savings – see para 26	(7.8)	(11.4)	(15.9)
Total Service Spend	304.2	309.4	310.4
Council Tax	147.2	152.6	158.1
Collection Fund Surplus/(Deficit) – Council Tax	1.0		
Retained Business Rates	94.9	97.5	99.5
Business Rate Grant	18.4	18.9	19.3
Collection Fund Surplus/(Deficit) – Business Rates	1.7		
Tariff	(6.0)	(6.2)	(6.3)
New Homes Bonus	0.5	0.5	0.5
Improved Better Care Fund (IBCF)	16.6	16.6	16.8
Social Care Grant	17.2	17.2	17.3

Services Grant	3.7	3.7	3.8
Assumed additional funding from Autumn Statement	5.0	8.5	8.6
Lower tier grant	0.4	0.4	0.4
Total Resources	300.6	309.7	318.0
Deficit funded from Balances	3.6	(0.3)	(7.6)
Balances brought forward	19.7	16.1	16.4
Balances carried forward	16.1	16.4	24.0

31. The table above assumes that Council Tax increases by 4.99% in 2023/24 and 2.99% each year after. 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

32. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
- i. that pay inflation does not vary materially from current forecasts;
 - ii. that the 2023/24 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 2023/24 and any inflationary pressures in 2024/25 and 2025/26 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) are in line with the indicative figures provided pending completion of the triennial review;
- 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 D will be delivered as planned;
- xvii. that the new arrangements for Energy for Waste are mobilised in line with the proposed timetable;
- xviii. 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.

33. The assumptions set out above are subject to uncertainty. 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

34. Thousands of people have taken part in the budget consultation over the past few years. Last year there were more than 1,000 valid responses 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.
35. 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.
36. 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.
37. 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

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

Law

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

43. 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. At the last review point, this risk was allocated the maximum rating of 25 (Extreme), reflecting the significant overspend in the current year. The forecasts and proposals in this report improve the outlook. However, significant risks and uncertainties remain (as set out in paragraph 32). The risk rating will be reviewed in due course once the Local Government Finance Settlement has been received and budget proposals have been finalised.

Equality Impact

44. Section 149 of the Equality Act 2010 - the general public sector equality duty - requires public authorities, including the Council, to have due regard to the need to:
 - eliminate discrimination, harassment and victimisation and other conduct that is prohibited by the Act;

- advance equality of opportunity between people who share a protected characteristic and those who don't;
 - foster good relations between people who share a protected characteristic and those who don't.
45. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
46. The legislation states that "the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities." In practice, this means that reasonable adjustments should be made for disabled people so that they can access a service or fulfil employment duties, or perhaps a choice of an additional service for disabled people is offered as an alternative to a mainstream service.
47. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice, and
 - promote understanding.
48. Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
49. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

50. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.
51. With regard to Children and Young People, a substantial element of the proposed budget for the 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

52. Proposals for the replacement of the obsolete e-learning system for employees are included in paragraph 25 and Appendix C.
53. Severance costs required to achieve the proposed savings, including those relating to pension strain, are dependent on the proportion of savings to be met from staffing reductions and the age and length of service of the individuals being made redundant, and therefore cannot be precisely calculated at this stage. It is considered that the provision of £1.0m during the term of the MTFS should be sufficient to cover the costs of any redundancies necessary to achieve the savings proposed in this report.

Commercial / Procurement

54. Proposed savings in paragraph 26 and Appendix D include savings from a number of commercial services including Leisure Centres.

Environment / Climate change

55. Proposed savings in paragraph 26 and Appendix D include new energy from waste arrangements which represent an opportunity for the Council to consider a broader Energy Strategy and deliver on net zero targets.

Council Priorities

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



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2022/23 Forecast Outturn position

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Comment variance
Chief Executives	(0.3)	0.2	0.5	Cost of pay award £0.2m, senior management cover £0.2m and pressures on CAPA £0.1m.
Adult Social Care	112.0	114.3	2.3	Cost of pay award £1.1m and pressure on care packages £5.0m. Offset by additional client contributions (£1.8m), vacancy savings (£1.5m) and maximising use of grant (£0.5m).
Children's Services	79.9	82.9	3.0	Cost of pay award £0.7m, net CLA placement pressure £1.9m, transport £0.8m, CDT pressures £0.4m, Innovate social work teams £0.4m and legal fees £0.1m. Offset by vacancy savings (£0.9m), Staying Put grant (£0.2m) and Supporting Families (£0.2m).
Health and Wellbeing	3.8	3.8	-	
Finance and Legal Services	5.1	5.8	0.7	Cost of pay award £0.6m, coroners £0.2m, Covid grant repayment £0.1m and care leavers support £0.1m. Offset by vacancy savings (£0.3m).
Digital, Commercial and Customer Services	5.3	5.6	0.3	Cost of pay award £0.3m.

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Comment variance
Housing and Community	3.0	2.8	(0.2)	Cost of pay award £0.1m. Offset by vacancy savings and maximising use of grant (£0.3m).
Public Realm	54.7	55.9	1.2	Cost of pay award £0.9m, 37% increase to Street Lighting energy and other utilities £0.5m, increased fuel costs £0.4m, sickness cover for front line Waste Care operatives £0.2m. Offset by 13 month credit note for inventory correction (£0.4m), additional income (£0.3m) and vacancy savings (£0.1m).
Regeneration and Enterprise	11.5	14.6	3.1	Cost of pay award £1.0m included within the following variances: Sport and Leisure pressures of £1.2m, Catering £0.8m, Property £0.5m, Bereavement £0.3m, Halls £0.2m, Regeneration projects £0.2m. Offset by other savings (£0.1m).
Corporate & Treasury	9.8	9.1	(0.7)	Pressures of £0.5m recharges to DSG. Offset by net saving on slippage of capital programme and borrowing costs (£0.6m), Brexit grant refund (£0.1m), Past Service pension contribution surplus (£0.3m) and other savings (£0.2m).
Total Service Costs	284.8	295.0	10.2	
Total Funding	(287.0)	(287.5)	(0.5)	Net favourable variance due to Business Rates S31 grant and reserve (£0.5m).

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Comment variance
Use of Balances	(2.2)	7.5	9.7	

Delivery of existing Medium Term Financial Strategy

	£'000	Comment
2021/22		
Adults		
Streamline the Lye Community Project	50	Achieved
Cease the moving and handling team and transfer functions to Occupational Therapy	50	Achieved
Maximise contributions to social care (Fairer Charging)	580	Achieved
Glebelands contract remodelling.	30	Achieved with alternative
Supported Living Package reviews in Mental Health	20	Achieved
Review and update the charging policy for transport	160	Achieved
Contract out aspects of the money management function	30	Achieved with alternative
Integrated Commissioning Hub restructure - assume straight 5% saving whilst still creating Cross Directorate / Council Programme resource	70	Achieved
Restructure of Mental Health Team and efficiencies from exit of Section 75 agreement.	250	Achieved
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	Achieved
Total	2,410	
Children's Services		

	£'000	Comment
Managed step down from external residential placements	425	In progress but new pressures emerging
Movement of external placements into internal residential placements	375	In progress but new pressures emerging
Review of home to school transport for SEND children	220	In progress but new pressures emerging
Total	1,020	
Regeneration and Enterprise		
Dudley Town Hall - increase the catering and bar offer.	50	In progress
Himley – staff re-structure	40	Delayed
Bereavement: stop locking cemetery gates	30	Not achievable
Leisure Centres: Options Plus Discount scheme - reduce or remove certain categories	20	Delayed
Total	140	
22/23		
Adults		
Streamline the Lye Community Project	50	Achieved
Cease the moving and handling team and transfer functions to Occupational Therapy	60	Achieved
Glebelands contract remodelling.	30	Achieved with alternative
Review and update the charging policy for transport	60	In progress
Contract out aspects of the money management function	30	Achieved with alternative
Integrated Commissioning Hub restructure - assume straight 5% saving whilst still creating Cross Directorate / Council Programme resource	90	Achieved
Restructure of Mental Health Team and efficiencies from exit of Section 75 agreement.	150	Achieved
Total	470	

	£'000	Comment
Children's Services		
Managed step down from external residential placements	425	Unachievable
Movement of external placements into internal residential placements	375	Unachievable
Total	800	
Chief Executive		
Income from Boundary signs	40	In progress
Total	40	
Regeneration and Enterprise		
Estate rationalisation - Regent House Dudley	50	Achieved
Estate rationalisation - Cottage St Offices, Brierley Hill	30	Achieved
Himley - increase in car park income generation due to recent price increase. Per Decision Sheet DRE/25/2021.	20	Achieved
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	In progress
Leisure Centres - increase in income as a result of increasing the price of peak usage of the leisure pool at CLC and badminton	100	Achieved
Bring bars back in-house for Stourbridge Town Hall & Cornbow Hall	10	In progress
Total	310	
Housing and Community		
Remove funding earmarked to match fund PSCO recruitment with Police	250	Achieved
Total	250	

Where savings have been partly implemented or delayed, the financial impact is reflected in the 2022/23 outturn forecast in Appendix A or is being met from directorate earmarked reserves.

Appendix C

Additional Spending

Adult Social Care	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Funding for market pressures as a result of cost of care increases	UN	1,940	1,940	1,940
Total		1,940	1,940	1,940

Children's Services	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Transport pressures for special educational needs.	UN	650	650	650
Children with Disabilities Team - Direct payments, due to demand, in year growth and inflationary pressures (national living wage)	UN	450	450	450
Looked After Children placements - net forecast pressures on external residential placements.	UN	1,800	-	-
Total		2,900	1,100	1,100

Chief Executive	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Replacement of obsolete e-learning system for employees	UN	100	60	60
Increase to Strategic Contingency Fund	EM	100	100	100
Contribution to ongoing Communication and Public Affairs service pressures but with reduced ongoing resource for Forging the Future now that this has been implemented	OR	20	-	-
Internal communications and engagement officer	OR	20	20	20
Total		240	180	180

Finance and Legal Services	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Additional costs of Black Country Coroner and contract with Dudley Group Hospitals	UN	200	200	200
Increase in external audit fees	UN	330	330	330
Total		530	530	530

Digital, Commercial and Customer Services	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Upgrade of Umbraco web content management system from version 7 (end of life in Sept 2023) to version 10 to remain Public Services Network (PSN) compliant.	UN	30	-	-
Migration of Umbraco to hosting in cloud.	OR	-	70	30
Robotic Process Automation pilot study / proof of concept.	OR	50	40	40
Relocation and reuse of 17 surplus contracted Virgin Media fibre circuits (@£4k each) because of schools not re-contracting in January 2021 to a new DGFL contract plus 1 new circuit (@£6k)	UN	80	80	80
Replacement of core data centre storage that is unsupported from 2023.	UN	60	60	60
Upgrade or replacement of our contract management system.	OR	-	60	30
Permanent funding for Commercial Business Analyst post.	OR	60	60	60
E5 licensing model to enable additional benefits of using the enhanced security, telephony, Business Intelligence, and data management.	OR	340	470	490
Royal Mail price increase	UN	100	110	120
Northgate cloud migration	OR	120	70	70

Digital, Commercial and Customer Services	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Investment in a business intelligence tool that allows us to derive insight from data and become an organisation that makes decisions based on data	OR	30	-	-
Contractual inflationary pressures on Libraries	UN	280	350	140
Additional costs arising from investment in new firewall technology	UN	90	90	90
Total		1,240	1,460	1,210

Regeneration and Enterprise	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
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
Dudley Canal Maintenance Agreement with Dudley Canal Trust	UN	10	20	20
Costs of more deployable CCTV cameras and reconnecting existing cameras	EM	40	40	70
Black Country Plan	UN	120	130	250
Forecast under-achievement of school catering income based on 2022/23 activity	UN	450	450	450
Electricity Prices Admin Buildings, Leisure Centres & Bereavement Services	UN	1,000	1,000	1,000
Gas Prices Admin Buildings, Leisure Centres & Bereavement Services	UN	300	300	300
Leisure Centres income under-achievement	UN	300	300	300

Regeneration and Enterprise	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Impact of National Living Wage on outsourced Cleaning Contract for Admin Buildings	UN	20	40	60
Salary costs to retain Impact Project staff for a 3 month period prior to the commencement of the UK Shared Prosperity fund.	OR	160	-	-
Loss of income in relation to future regeneration proposal	EM	80	80	80
Total		2,480	2,440	2,680

Public Realm	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Vehicle Fuel price increases	UN	400	400	400
Electricity Prices Street lighting & Depots	UN	1,800	1,800	1,800
Pop-up Household Waste and Recycling	EM	120	120	120
Removal of Public Health Funding	UN	100	100	100
Growth for Parks Development	EM	300	300	300
Investment in Commercial Waste Business	OR	70	70	70
EFW contract inflation	UN	-	120	200
Waste disposal - inflation pressures across the three main disposal contracts	UN	60	120	180
Total		2,850	3,030	3,170

Key

UN – Unavoidable cost pressures

EM – Elected Member priority

OR – Officer recommendation

Proposed Savings

Adult Social Care	2023/24 £'000	2024/25 £'000	2025/26 £'000
Income generation through fairer cost policy change, financial reviews and implementing charge on first day of confirmation permanent stay in a care home	30	70	100
Increase in joint funding agreements	600	1,040	1,700
Transformation of service structures	370	570	650
Application of eligible grant funding to support services	50	70	70
Deploy pre-payment cards and apply new approaches to the financial oversight of Direct Payments	100	210	210
Review, assessment, and appropriate financial packages of care	230	370	460
New bed based banding framework	120	250	350
Increase charges to Private residents for Telecare services	130	160	160
Reduce the Creative Support contract by 50% when current extension ends	160	160	160
Total	1,790	2,900	3,860

Children's Services	2023/24 £'000	2024/25 £'000	2025/26 £'000
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	350
Youth Justice Service - reorganisation following changes to service delivery	90	90	90
Redirection of grant funding via partnership delivery to support Early Help	40	40	40
Cessation of voluntary sector contract	30	30	30

Children's Services	2023/24 £'000	2024/25 £'000	2025/26 £'000
Education Business Partnership - vacancy review	30	30	30
Families Come First - prior year growth funding released now service embedded	110	110	110
Efficiency as a result of implementing market forces and avoiding excessive use of agency staff	100	100	100
Family Safeguarding	-	540	2,000
Total	750	1,290	2,750

Chief Executive	2023/24 £'000	2024/25 £'000	2025/26 £'000
Vacancy management in HR&OD	60	90	130
Remove vacant Corporate PMO & Performance Support Assistant post	30	30	30
Vacancy management and reduced hours / posts in Communication and Public Affairs team (including Graphic Design and Forging the Future support)	-	-	160
Total	90	120	320

Digital, Commercial and Customer Services	2023/24 £'000	2024/25 £'000	2025/26 £'000
Reduction in c.4 customer service advisors in DC+ and increase customer self-serve	-	120	470
Efficiencies resulting from new Libraries service / contract	-	360	1,080
Removal of ADSL on completion of Fibre Optic installations	10	10	10
Not recruiting a role on digital and a role in technology	70	70	70
Reduction in printing costs	30	40	50
Reduction in print and mailing costs	30	150	210
Virtualisation and consolidation of servers	30	40	50

Digital, Commercial and Customer Services	2023/24 £'000	2024/25 £'000	2025/26 £'000
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	100	100
Northgate cloud migration savings	-	60	60
Total	270	950	2,100

Regeneration and Enterprise	2023/24 £'000	2024/25 £'000	2025/26 £'000
Cease providing support for existing (and prospective) community groups/centres	80	80	80
Review and reduction in cleaning consultancy services	20	20	20
Dell Stadium - to implement price changes from September 2022	30	30	30
Saving of annual subscription to the Black Country Consortium as a result of the winding up of the BCLEP/BCC	50	50	50
Leisure Centres - savings	560	560	560
Phased transfer of the school meal service	-	500	1,000
Himley - net increase in car park income and secondary spend due to increased visits as a result of the installation of Play Area.	70	90	90
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	110	110
Estate rationalisation - Regent House Dudley	100	100	100
Total	960	1,540	2,040

Finance and Legal	2023/24 £'000	2024/25 £'000	2025/26 £'000
Reduced costs of self-insurance	100	100	100
Vacancy management in Revenues and Benefits	80	120	210
Adjust Members' Allowance budget to reflect entitlement to no more than one responsibility allowance	50	50	50
Total	230	270	360

Housing and Community	2023/24 £'000	2024/25 £'000	2025/26 £'000
Staff costs to be met from Homelessness grants.	40	40	40
Reduce abortive fees for Disabled Facilities Grants	10	10	10
Reduce costs incidental to Disabled Facilities Grants	20	20	20
Total	70	70	70

Public Realm	2023/24 £'000	2024/25 £'000	2025/26 £'000
Review Depot security	40	40	40
Parking - Review of charges (free hours remain)	140	140	140
Utilise Symology as the IT system for Street Lighting and end the contract with Mayrise as from 31st March 23	10	10	10
Review of current free surface car parks	40	90	90
Street Lighting Energy- Invest to save proposal, LED lighting across the Borough	140	300	450
Review of car parks maintenance	-	30	30
Closing NBW facility and move to Lister Road - Lease expires March 24	-	30	30
Efficiencies for MOT's	50	60	60
Stores review	170	210	210
Fleet review	150	190	190
Energy For Waste arrangements	2,000	2,000	2,000

Public Realm	2023/24 £'000	2024/25 £'000	2025/26 £'000
Review of parking enforcement	100	200	200
Reducing Market Saturday Rounds from 2 to 1	10	10	10
Savings from not deploying waste to HWRC	200	200	200
Trade Waste - Round Optimisation	50	50	50
Growth in Commercial Waste Business Unit	-	170	170
Review of Green Care working practices.	80	80	80
Savings from Directorate Restructure phase 1	30	30	30
Depot review - Blowers Green	10	10	10
Street Lighting efficiency review	70	70	70
Changes to standby/call out arrangements for winter gritting	20	20	20
Review of HWRC operating hours	210	210	210
Total	3,520	4,150	4,300

Health and Wellbeing	2023/24 £'000	2024/25 £'000	2025/26 £'000
Continued work on Public Health Grant funded substance misuse preventative measures, to reduce use of rehabilitation beds.	100	100	100
Total	100	100	100