

Meeting of the Council – 6th March 2023

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

Medium Term Financial Strategy

Purpose

1. To consider 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 2023 to 31st March 2024.

Recommendations

2. That Council notes:
 - a) The actions of the External Auditors as set out in paragraph 14.
 - b) The forecast variances to budget in 2022/23 and progress with delivery of savings set out in paragraph 15 and Appendices A and B.
3. That Council approves, with effect from 1st April 2024 and subject to the enactment of the Levelling Up and Regeneration Bill, for properties which have been empty (i.e. unoccupied and unfurnished) for more than one year, 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 31.

4. That Council authorises the Director of Finance and Legal in consultation with the Cabinet Member for Finance and Legal to finalise Council Tax reductions funded from the Council Tax Support Fund 2023 as set out in paragraph 32.
5. That Council authorises the Director of Finance and Legal and Director of Public Health and Wellbeing, in consultation with the Cabinet Member for Health and Adult Social Care and Opposition Spokesperson for Health and Adult Social Care to approve any minor changes to the 2023/2024 budget proposals resulting from the final allocation of Public Health Grant, as set out in paragraph 44.
6. That subject to any amendments arising from the above, Council approves the following:
 - The budget for 2023/24, 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 2023/24 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government and Finance Act 1992 as shown in Appendix L of this report.
 - That, having calculated the aggregate in each case of the amounts in Appendix L, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, agrees the following levels of Council Tax for 2023/24.

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1229.31	1434.20	1639.07	1843.97	2253.73	2663.50	3073.27	3687.93

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

7. That 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 50.
8. That Council authorises 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

9. At its meeting on 14th December 2022, the Cabinet approved a preliminary budget strategy as a basis of consultation and at its meeting 16th February approved final proposals for consideration by Council. Changes to forecasts compared with the figures reported in December are set out in Appendix C.
10. 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.

Consultation on Budget Proposals

11. A consultation on budget proposals for 2023/24 was launched in December and ended on 10th February 2023. A total of 1,582 valid responses were received. These are summarised at Appendix D.
12. Scrutiny Committees considered the provisional budget proposals in their January cycle of meetings. There were no formal resolutions to make recommendations to Cabinet.
13. A link to the report to Cabinet on 14th December 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 6th March.

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

14. 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

15. 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)	0.1	0.4
Adult Social Care	113.1	114.1	1.0
Children's Services	79.9	83.6	3.7
Health and Wellbeing	3.8	3.7	(0.1)
Finance and Legal	5.0	5.7	0.7
Digital, Commercial and Customer Services	5.3	5.4	0.1
Housing and Community	3.0	2.7	(0.3)
Public Realm	54.7	55.9	1.2
Regeneration and Enterprise	11.5	15.1	3.6
Corporate, Treasury and Levies	8.8	8.2	(0.6)
Total Service Costs	284.8	294.5	9.7
Total Resources	(287.0)	(288.1)	(1.1)
Use of Balances	(2.2)	6.4	8.6

16. An £8.6m adverse variance represents a £0.6m improvement since last reporting to Cabinet in February 2023. This relates to the distribution of a national Business Rates levy surplus which Dudley's share is £0.6m. 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.
 - Net Staff savings of £3.0m.
 - Energy and fuel prices – after taking account of government support the forecast net impact is £2.3m.
 - Increased net costs of social care placements, both for children and adults, of £5.5m
 - Trading income shortfalls, particularly in catering and leisure, of £1.3m.
 - 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.
 - One off distribution of Business Rates levy £0.6m.
 - One off receipts from property lease arrangement and street lighting inventory update £0.7m.
 - Maximising the use of external grants saving £0.7m.
 - Other net pressures of £0.6m.
17. 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.
18. 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 cumulative deficit of £27.3m on the High Needs Block, resulting in an overall DSG deficit at 31st March 2023 of £23.7m.

19. 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 for a further three years to 31st March 2026. As such this deficit is not included in Appendix A.
20. 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

21. 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		(8.6)
Forecast General Fund Balance at 31st March 2023	28.5	20.8

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

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

Medium Term Financial Strategy to 2025/26

23. 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 and savings 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

24. The Provisional Local Government Finance Settlement 2023/24 was announced on 19th December. This included the following:
- Deferral of adult social care charging reform from October 2023 to October 2025 with the existing national funding of £162m plus £400m for 23/24 rolled into a new ASC Market Sustainability and Improvement Fund, ringfenced to Adult Social Care.
 - Introduction of Discharge Funding Grant, nationally £300m, ringfenced to Adult Social Care.
 - Services Grant reduced by £0.4bn partly to reflect the fact that councils will not be required to pay the National Insurance Levy, funding other parts of the settlement with a small amount held back as a contingency.

- Improved Better Care Fund confirmed to be cash flat.
 - Lower Tier grant redirected to new Funding Guarantee Grant of £136m nationally.
 - The Independent Living Fund now forms part of the Social Care grant funding.
 - Local Council Tax Support and several other grants have been rolled into baseline funding.
 - The Business Rates multiplier 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).
 - Continuation of the 2017/18 100% Business Rates Retention pilots – including that for the West Midlands.
 - An inflationary increase in the underlying Revenue Support Grant.
25. When compared to the estimate of resources included in the report to Cabinet on 14th December, the allocations to Dudley give a net improvement of £2.2m as shown in Appendix C. We have responded to the 2023/24 provisional settlement consultation and our response is summarised at Appendix E.
26. The final Local Government Finance Settlement for 2023/24 was received on 6th February 2023. This resulted in an additional £0.085m Services Grant allocation.

Council Tax

27. 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.
28. 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.

29. The Local Government Settlement confirmed that Council Tax referendum limits for 2023/24 and 2024/25 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% from 2024/25 onwards.
30. 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.
31. The Levelling Up and Regeneration Bill is currently passing through Parliament and, if enacted, will introduce the power to reduce the qualifying period from two years to one year. It is now proposed, subject to enactment of the Bill and with effect from 1st April 2024, to apply a premium of 100% for properties which have been empty and unfurnished for between one year and five years.
32. In parallel with the Provisional Local Government Finance Settlement, the Government has announced the Council Tax Support Fund 2023. Dudley’s provisional allocation is £0.640m. Guidance indicates that the majority of this funding should be used to apply further reductions over and above our existing Council Tax Reduction (CTR) scheme. To allow time to test software, it is proposed to authorise the Director of Finance and Legal in consultation with the Cabinet Member for Finance and Legal to finalise reductions, but it is likely that these will be at least £25 (or sufficient to reduce a household’s 2023/24 liability to nil where it is already less than £25). Further work will be undertaken to develop a local discretionary policy to apply the remainder of the funds.

Business Rates

33. 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.
34. 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. It is not intended to raise extra revenue nationally and changes in rateable value at individual authority level should be offset by changes to top-up grants, tariffs and Government support to fund the transitional arrangements offered to businesses. We have revised our forecasts of Business Rates and Section 31 Grant to reflect the new valuations as well as updating forecasts of exemptions, reliefs, appeals and bad debt provisions. We have updated the tariff forecast in line with the Provisional Local Government Finance Settlement. We have allowed for a transfer to earmarked reserves of £3m per year in view of uncertainty around appeals against the new valuation and the fact that the Government's tariff figures are provisional and may be subject to adjustment in the light of data to be provided at year end.
35. Other announcements within the Autumn Statement included: the 2023/24 Retail, Hospitality and Leisure Business Rates Relief scheme which will provide eligible, occupied, retail, hospitality and leisure properties with a 75% relief, up to a cash cap limit of £110,000 per business; and the Supporting Small Business Scheme which will be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief, due to the revaluation. Local Authorities are fully compensated for these measures by way of Section 31 grant.
36. The impact of these changes compared with the December report position is shown in Appendix C.

Combined Authority

37. 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.
38. Forecasts in this report assume that the Transport Levy will be uplifted by 2% year on year.

Base Budget Forecasts

39. 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	13.8	16.9
General price inflation (note 2)	-	4.2	8.5
Income uplift (note 3)	-1.7	-2.7	-3.8
Pensions (note 4)	0.7	0.7	0.7
Combined Authority (see paras 37-38)	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
Mainstream grants (see para 24)	1.4	1.4	1.4
Other adjustments (note 7)	3.9	3.4	3.1
Base Budget Forecast	303.9	314.4	319.9

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 40 below.
- (3) Assumes a general increase of 2% per year on fees and charges, with exceptions being reflected in savings in paragraph 42 below.
- (4) Sets out the final results of the triennial actuarial review of the West Midlands pension Fund. Combined employer's contributions will be 21.2% for 3 years of the MTFS. 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, the ending of Enterprise Zone pooling arrangements, reserve for Business Rates forecasting uncertainty and other adjustments.

Additional Spending

40. 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 F.

	2023/24	2024/25	2025/26
	£m	£m	£m
Chief Executive	0.2	0.2	0.2
Adult Social Care	2.1	2.4	2.4
Children's Services	5.6	2.8	2.8
Finance and Legal Services	0.5	0.5	0.5
Digital, Commercial and Customer Services	1.2	1.5	1.2
Regeneration and Enterprise	2.9	2.9	3.1
Housing and Community	-	-	-
Public Realm	2.9	3.0	3.2
Total	15.4	13.3	13.4

41. The impact of changes compared with the December report position are shown in Appendix C. These relate to the addition of the following items:

- Increased pressure on Children's SEN Transport.
- Provision for the increased number of Children's placements.
- Additional provision for inflation on Children's and Adults placements.
- Revenue funding to finance capital expenditure for a number of initiatives within Regeneration and Enterprise.
- Funding to support development of external bids.
- Specialist support for key Regeneration projects.

Savings

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

	2023/24	2024/25	2025/26
	£m	£m	£m
Chief Executives	0.1	0.1	0.3
Adult Social Care	1.9	3.4	4.3
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	0.9	1.4	2.0
Housing and Community	0.1	0.1	0.1
Public Realm	3.5	4.2	4.3
Total	7.8	11.8	16.3

43. The impact of changes compared to the December report position are shown in Appendix C and relate to:

- Introduction of telecare charging for Council tenants
- Removal of saving relating to support to community groups

Public Health

44. 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.

45. 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.

46. 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	5.1	1.0	0.4
Reserve carried forward	1.0	0.4	0.1

47. The proposed Public Health grant funded budget for 2023/24 is shown in Appendix H.
48. Given that the 2023/24 grant allocation has not been confirmed, it is proposed that Council authorises the Director of Finance and Legal and Director of Public Health and Wellbeing, in consultation with the Cabinet Member for Health and Adult Social Care and Opposition Spokesperson for Health and Adult Social Care to approve any minor changes to the 2023/24 budget proposals resulting from the final allocation of Public Health Grant.

Medium Term Financial Strategy

49. The principles underlying the MTFs are set out in Appendix I. 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.

	2023/24	2024/25	2025/26
	£m	£m	£m
Base Budget Forecast – see para 39	303.9	314.4	319.9
Additional spending – see para 40	15.4	13.3	13.4
Savings – see para 42	(7.8)	(11.8)	(16.3)
Total Service Spend	311.5	315.9	317.0
Council Tax	147.2	152.6	158.2
Collection Fund Surplus/(Deficit) – Council Tax	1.0	-	-
Retained Business Rates	82.4	84.6	86.3
Business Rate Grant	28.7	29.5	30.1
Collection Fund Surplus/(Deficit) – Business Rates	1.7	-	-
Tariff	(0.8)	(0.8)	(0.8)
New Homes Bonus	0.1	0.1	0.1
Improved Better Care Fund (IBCF)	16.6	16.6	16.8
Social Care Grant	27.6	31.1	31.4
Services Grant	2.8	2.8	2.8
Total Resources	307.3	316.5	324.9
(Surplus) / Deficit funded from Balances	4.2	(0.6)	(7.9)
Balances brought forward	20.8	16.6	17.2
Balances carried forward	16.6	17.2	25.1

50. The table above assumes that Council Tax increases by 4.99% in 2023/24 and 2.99% in subsequent years. Based on proposed referendum limits, this would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992.

Detailed 2023/24 Budget Proposals

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

Revenue Budget Allocations 2023/24

Directorate	£m
Adult Social Care	117.802
Children's Services	90.465
Health and Wellbeing	3.830
Chief Executive	0.008
Corporate and Treasury	15.133
Finance and Legal	6.058
Digital, Commercial and Customer Services	5.371
Regeneration and Enterprise	14.833
Housing and Community	3.221
Public Realm	54.769
Total Service Budget	311.490

52. Details of each Directorate's budget analysed by main service area are shown at Appendix K.
53. 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 2023/24

Source of Funding	2022/23 £m	2023/24 £m
Dudley MBC Service Budget	284.812	311.490
Less: Retained Business Rates	(80.206)	(82.343)
Tariff	5.457	0.798
Business Rate Grant (inc. reserve)	(35.802)	(28.709)
New Homes Bonus (NHB)	(0.478)	(0.052)
Improved Better Care Fund (iBCF)	(16.627)	(16.628)
Social Care Grant	(17.176)	(27.627)
Services Grant	(4.748)	(2.786)
Lower Tier Services Grant	(0.413)	-
Market Sustainability	(1.054)	-
Collection Fund Surplus(-)/Deficit – Council Tax	(0.263)	(1.046)
Collection Fund Surplus(-)/ Deficit – Business Rates	4.437	(1.708)
Contribution to/from(-) General Balances	2.172	(4.219)
Dudley’s Council Tax Requirement (including Social Care Precept) ³	140.111	147.170
Tax Base	93,790.94	93,834.60
COUNCIL TAX (Band D) FOR DUDLEY	1493.87	1568.40

54. The proposed Dudley MBC Council Tax for a Band D property for 2023/24 of £1568.40 represents an increase of 4.99% compared with 2022/23. A referendum will not be required in respect of the Council’s own element of overall Council Tax.

³ For 2023/24 includes £19.453m in respect of the Social Care Precept

55. The total level of Council Tax now being considered includes the precepts for Police, and Fire and Rescue, as follows:

	2022/23	2023/24	Change
	£	£	%
Dudley MBC ⁴	1493.87	1568.40	4.99
Police Precept	187.55	202.55	8.00
Fire & Rescue Precept	68.03	73.02	7.33
Total Band D Council Tax	1749.45	1843.97	5.40

56. 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 L.

Finance

57. The Local Government Act 2003 requires the designated Chief Finance Officer of the authority (the Director of Finance and Legal) to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves. The Director of Finance and Legal's report is set out in Appendix M. Reserves help to cushion the impact of economic events during periods of uncertainty. It should be noted that the Council's reserves are relatively low when compared to the national average.

Law

58. The Council's budget setting process is governed by the Local Government Finance Acts 1988, 1992, and 2012 and the Local Government Act 2003.
59. 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.

⁴ For 2022/23 includes £177.44 in respect of the Social Care Precept, the increase in which accounts for 1.0% of the overall increase of 2.99%

60. 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.
61. 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.
62. 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 2023/24 before the 11th March 2023.
63. 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

64. 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 final 2023/24 finance settlement and any specific grant income is in line with the provisional settlement and that the final year of the spending review period is in line with assumptions;
 - 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 there will be no changes to government policy on maximum underlying Council Tax increases without the need for a referendum;
- x. that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
- xi. that any impact of social care reforms at the end of the MTFs period can be met within the available funding;
- xii. that there will be no material losses to the Council as a result of loans, guarantees and/or grant clawback;
- xiii. that spending pressures in relation to Special Education Needs and Disability can be contained within the Dedicated Schools Grant;
- xiv. 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;
- xv. that the savings proposals set out in Appendix G will be delivered as planned;

- 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.
65. 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.
66. An impact assessment of the significant risks which Members should consider prior to agreeing a budget and MTFs is set out in Appendix J.
67. 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 above).

Equality Impact

68. 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.
69. 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.
70. 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.
71. 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.
72. 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.
73. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
74. In line with the Public Sector Equality Duty, Directors have been asked to identify which savings proposals for 2023/24 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/>

75. 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
76. 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

77. Proposals for the replacement of the obsolete e-learning system for employees are included in paragraph 40 and Appendix F.
78. 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

79. Proposed savings in paragraph 42 and Appendix G include savings and additional income from a number of commercial services including Leisure Centres.

Environment / Climate Change

80. Proposed savings in paragraph 42 and Appendix G include new energy from waste arrangements which represent an opportunity for the Council to consider a broader Energy Strategy and deliver on low Carbon targets.
81. The proposed revenue budget includes £0.3m of spending on staff resources to deliver on the Council's climate targets.

Council Priorities

82. 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)	0.1	0.4	Cost of pay award net of vacancies £0.1m, senior management cover £0.2m and pressures on CAPA £0.1m
Adult Social Care	113.1	114.1	1.0	Cost of pay award +£1.1m, pressure on care packages +£4.9m. Offset by; (£2.4m) additional client contributions, (£2.1m) vacancy savings (£0.5m) maximising use of grant
Children's Services	79.9	83.6	3.7	Cost of pay award £0.7m, net CLA placements pressure £3.0m, pressure on transport £1.0m, CDT pressures £0.5m, innovate social work teams £0.4m, Legal fees pressures of £0.1m, other pressures £0.1m. Offset by; vacancy savings of (£1.7m) staying put (£0.2m) and (£0.2m) released from Supporting Families.
Health and Wellbeing	3.8	3.7	(0.1)	Other net savings (£0.1m)
Finance and Legal Services	5.0	5.7	0.7	Cost of pay award £0.6m, Coroners £0.2m, Covid grant repayment £0.1m, Care Leavers support £0.1m, offset by vacancies (£0.3m)

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Comment variance
Digital, Commercial and Customer Services	5.3	5.4	0.1	Cost of pay award £0.3m offset by vacancies (£0.2m)
Housing and Community	3.0	2.7	(0.3)	Cost of pay award £0.1m, offset by vacancies (£0.3) and maximising use of grants (£0.1m)
Public Realm	54.7	55.9	1.2	Cost of pay award +£0.9m, +£0.5m due to increase to Street Lighting energy and other utilities, +£0.4m due to increased fuel costs, net staffing costs +£0.1m. Offset by 13 month credit note for inventory correction (£0.4m), net favourable income (£0.3m).
Regeneration and Enterprise	11.5	15.1	3.6	£1.0m impact of pay award, £1.1m Utility pressure due to price increases and shortfalls of income specifically from CLS £0.9m (includes £0.3m from Bars & Bistro) & Leisure Centres £0.4m and other non funded projects £0.2m.

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Comment variance
Corporate & Treasury	8.8	8.2	(0.6)	Pressures +£0.5m recharges to DSG. Offset by; (£0.6m) net saving on slippage of capital programme and borrowing costs, (£0.1m) Brexit grant refund, (£0.3m) Past Service pension contribution surplus, (£0.1m) other savings
Total Service Costs	284.8	294.5	9.7	
Total Funding	(287.0)	(288.1)	(1.1)	Net favourable £0.5m variance in relation to Business rates s31 grant and reserve. £0.6m one off distribution of levy surplus announced as part of Final LG Settlement
Use of Balances	(2.2)	6.4	8.6	

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

	£'000	Comment
Total	2,410	
Children's Services		
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

	£'000	Comment
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	
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	

	£'000	Comment
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.

Changes compared with December report

	2023/24 £m	2024/25 £m	2025/26 £m
Previous forecast (surplus) / deficit	3.6	(0.3)	(7.6)
Changes to Spending Proposals:			
Additional Children's ongoing pressures	2.7	1.7	1.7
Other amendments to pressures and savings	0.1	0.1	0.1
Roundings	-	0.1	0.1
Total Changes to Spending Proposals	2.8	1.9	1.9
Changes to government funding:			
Remove estimated funding announced in Autumn Statement	5.0	5.0	5.0
Cessation of Lower Tier grant	0.4	0.4	0.4
Increase to Social Care grant	(10.4)	(10.4)	(10.4)
Reduction in Services Grant	0.9	0.9	0.9
Reduction in New Homes Bonus	0.4	0.4	0.4
Reduction in funding roundings	0.1	0.1	0.1
Grants rolled into Settlement	1.4	1.4	1.4
Total Changes to Government Funding	(2.2)	(2.2)	(2.2)
Changes to local resources:			
Adjustment to Tariff	(4.2)	(4.3)	(4.3)
Business Rates and grants	1.2	1.3	1.3
Appeals / Tariff reserve	3.0	3.0	3.0
Total Changes to Resources	0.0	0.0	0.0
Latest forecast deficit	4.2	(0.6)	(7.9)

Public Consultation on 2023/24 Budget – Analysis Report

Introduction

The analysis in this report relates to the public consultation on the council budget for 2023/24, which started on 20th December 2022 and finished on 10th February 2023. This report considers all valid responses received during the consultation period.

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.

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 council received 1,598 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 1,598 consultation responses 16 did not provide verifiable address information, so were discounted.

The following analysis is based on the resultant 1,582 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	111	91	53	60	83
Safeguarding children & family support	220	161	104	77	75
Community safety	246	119	115	110	104
Disabilities & mental health for children and adults	143	161	132	110	83
Food hygiene, air quality & trading standards	17	33	55	69	86
Good quality housing	94	67	84	80	55
Leisure centres & sport development	21	34	60	51	57
Libraries	17	23	53	77	80
Litter & street cleansing	65	139	146	137	124
New buildings & business developments leading to job creation	47	45	46	80	86
Older people's services	194	172	153	143	124
Parks & nature reserves	54	86	121	150	131

Refuse collection & recycling	136	174	176	170	154
Roads & street lighting	113	153	136	109	133
Supporting children's learning	72	79	71	58	64
Tourism & our heritage	13	15	11	33	57
Youth services	19	30	66	68	86

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
Older people's services	10.6
Refuse collection & recycling	10.1
Community safety	10.0
Safeguarding children & family support	9.6
Disabilities & mental health for children and adults	8.7
Roads & street lighting	8.2
Litter & street cleansing	7.2
Parks & nature reserves	5.9
Benefits & other welfare services	5.4
Good quality housing	5.1
Supporting children's learning	4.5
New buildings & business developments leading to job	3.4

Youth services	2.7
Food hygiene, air quality & trading standards	2.6
Leisure centres & sport development	2.4
Libraries	2.4
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 Older people's services with 10.6% of the total scores, followed by Refuse collection and recycling with 10.1%, Community safety with 10.0%, Safeguarding children and family support with 9.6% and Disabilities and mental health for children and adults with 8.7%. 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 1,582 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

1,472 people provided information on gender. The gender split was 48.2% male and 51.8% 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	710	48.2	48.6
Female	762	51.8	51.4

Total	1,472		
<i>No response given</i>	<i>110</i>		

Source for Dudley Borough figures: Population aged 18 and over by sex, Census 2021 Table TS009, Office for National Statistics
 Note: Percentages may not total to 100.0% due to rounding

Age

1,474 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	0.3	9.2
25-44	200	13.6	31.7
45-64	628	42.6	33.1
65+	641	43.5	25.9
Total	1,474		
<i>No response given</i>	<i>108</i>		

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

1,459 people provided information on their ethnic group. 94.6% 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	1,380	94.6	88.1
Black	11	0.8	2.2
Mixed	18	1.2	1.4
Asian	30	2.1	7.2
Other	20	1.4	1.1
Total	1,459		
<i>No response given</i>	<i>123</i>		

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

Long-term illness, health problem or disability

1,472 people answered whether they had a long-term illness, health problem or disability which limits their daily activity. 26.1% of respondents indicated they had a limiting condition, compared to the borough figure of 22.9%. Please see Table 6 for the full results.

Table 6: Long-term illness, health problem or disability of respondents compared to Dudley Borough

Long Term Illness	Number of Responses	% of Responses	% Dudley Borough
Yes	384	26.1	22.9
No	1,088	73.9	77.1

Total	1,472		
<i>No response given</i>	<i>110</i>		

Source for Dudley Borough figures: Population aged 20 and over by disability, Census 2021, Office for National Statistics
Notes: Percentages may not total to 100.0% due to rounding. Figures for the population aged 18 and over having a disability are not available from Census 2021 outputs so the age group 20 and over has been used to calculate the percentages for Dudley Borough.

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 overrepresented 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 also 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	337	21.3	20.8
Dudley Central	287	18.1	22.5
Dudley North	229	14.5	16.4
Halesowen	344	21.7	20.4
Stourbridge	385	24.3	19.9
Total	1,582		

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 2023/24 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 Grant⁵ in 2023/24, 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 to the council tax referendum principles proposed for 2023/24, we reiterated our belief that as a matter of principle democratically-elected councillors should be trusted to make decisions balancing service needs against affordability.
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.

⁵ For Dudley, underlying Revenue Support Grant is reflected in the calculation of our Tariff as part of the 100% Business rates Retention pilot.

6. We re-iterated our opposition to the New Homes Bonus (NHB) grant. There should be no top slice from RSG and this funding 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 supported the decision to continue to allocate the Services Grant in line with the Settlement Funding Assessment.

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 ⁶	UN	2,070	2,440	2,440
Total		2,070	2,440	2,440

Children's Services	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Transport pressures for special educational needs.	UN	1,500	1,000	1,000
Children with Disabilities Team - Direct payments, due to demand, in year growth and inflationary pressures (national living wage)	UN	510	510	510
Looked After Children placements - net forecast pressures on external residential placements.	UN	3,420	1,120	1,120
Internal Fostering Inflationary pressures	UN	150	150	150
Total		5,580	2,780	2,780

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

⁶ There are a number of funding streams on top of the money provided here which are supporting inflationary pressures within ASC. These include Better Care Fund (BCF) uplifts and Market Sustainability funding. All of these combined allow for an average increase of around 7% on placement costs in 2023/24.

Chief Executive	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
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

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

Digital, Commercial and Customer Services	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
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
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

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

Public Realm	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Vehicle Fuel price increases	UN	400	400	400

Public Realm	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
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

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

Regeneration and Enterprise	Category	2023/24 £'000	2024/25 £'000	2025/26 £'000
Gas Prices Admin Buildings, Leisure Centres & Bereavement Services	UN	300	300	300
Leisure Centres income under-achievement	UN	300	300	300
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
VLR prudential borrowing repayments (due to increased project costs).	UN	50	50	50
Regeneration Projects prudential borrowing repayment (delivery of unfunded project changes/additions).	UN	20	20	20
Refurbishment of Gornal Crematoria Chapel and associated buildings (i.e toilets, waiting room etc)	OR	50	50	50
External Bid development costs (non-recoverable)	OR	100	100	100
Funding for continued specialist support aligned to key regeneration projects	OR	200	200	200
Total		2,900	2,860	3,100

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
Introduce charges to Council tenants for Telecare services	130	500	500
Reduce the Creative Support contract by 50% when current extension ends	160	160	160
Total	1,920	3,400	4,360

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

Children's Services	2023/24 £'000	2024/25 £'000	2025/26 £'000
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
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

Digital, Commercial and Customer Services	2023/24 £'000	2024/25 £'000	2025/26 £'000
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
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

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

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

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

Public Realm	2023/24 £'000	2024/25 £'000	2025/26 £'000
Fleet review	150	190	190
Energy For Waste arrangements	2,000	2,000	2,000
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

Regeneration and Enterprise	2023/24 £'000	2024/25 £'000	2025/26 £'000
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

Regeneration and Enterprise	2023/24 £'000	2024/25 £'000	2025/26 £'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	880	1,460	1,960

Proposed use of Public Health Grant 2023/24⁷

Service	£000
Healthy Aging	1,077
PH Business Management Team	1,134
Communicable Diseases	426
CYP Team 5+	3,208
CYP Team 0-5	6,269
Community Council	790
Commissioning For Intelligence	611
Long Term Conditions	429
Sexual Health	2,153
PH Management	440
Supportive Environments	1,016
Working Age Adults	1,067
Substance Misuse	3,341
Emergency Planning	193
Healthy Towns	302
Total Spend	22,456

⁷ 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. The Council's budget will be linked to performance to enable the effectiveness of the allocation of resources to be fully assessed.
7. Directors are responsible for delivering planned service outputs within cash-limited budgets.

8. The financial implications of the Council's partnership working will be reflected in the MTFS.
9. 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.
10. 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

11. 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).
12. All earmarked reserves will be periodically reviewed. Any reserves no longer required for their original purpose will be transferred to General Balances.
13. General Balances will be managed to enable spending pressures and resources to be balanced over the medium term.
14. 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

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

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

Income

20. 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.
21. 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

22. 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.

23. 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.
24. 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.
25. A package will be agreed in the light of overall resource availability.
26. 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 - Value for Money Efficiency Review

27. All services will be subject to regular reviews to ensure the best use is being made of resources across the Council. This will include a detailed justification of resources required after determining service objectives; establishing the level of service needed to meet those objectives. Where relevant, evidence from other authorities will be used to inform the reviews.

Budget Realignment - Other Savings

28. 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.
29. 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.

30. 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.
31. Once approved, the implementation of any budget reductions will be monitored as part of normal budget and output monitoring processes.

Capital Programme

32. 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.
33. All known revenue costs arising out of capital spend will be included in the revenue budget.
34. 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

35. 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.

36. 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

37. 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.
38. As set out above, particular emphasis will be given to monitoring the impact of budget growth and savings.

External Funding and Partnerships

39. 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.
40. 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.
41. 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.
42. 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.

43. For all external sources of funding or partnership support, an exit strategy will be put in place.

Consultation

44. 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.
45. In addition, public consultation will be undertaken as appropriate during the budget process.
46. 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 Scrutiny 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.
47. 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 2023/24 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 £0.4m. A 10% change in MWH generated by the incinerator would equate to £0.3m variance
Government grant income is less than assumed	We have assumed that the final 2023/24 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 £1.0m.
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 £0.3m.

Price inflation is more than provided for.	There is no provision for general price increases on non-pay budgets for 2023/24. 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 £4.2m for non-pay inflation from 2024/25. 1% price inflation in excess of provision would cost around £2.1m extra per year.
Income and expenditure relating to treasury management activity are not in line with forecasts	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 £4.1m in total more than budgeted for over the life of the MTFS.
There will be no other unplanned expenditure or shortfalls in income that cannot be met from reserves.	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.
Reduction in maximum underlying Council Tax increases without the need for a referendum.	A 1% reduction in Council Tax increase would cost around £1.3m per year.
Adult Social Care budget is insufficient to meet demand, market and other pressures.	A 1% increase in care charges over the budget allowed would cost £0.8m per year

2. Actual outcomes in respect of the above risks, or in general, may be more positive or more negative than assumed. In the event that outcomes are more negative, it may become necessary to take urgent action to reduce levels of expenditure or increase income. In this respect, the uncertainty about the outcome of any local government funding reforms is particularly significant.

Analysis of Proposed 2023/24 Budget by Service Area

	£'000
Physical and Sensory support 18-64	6,503
Learning Disability support 18-64	41,479
Mental Health support 18-64	4,122
Support for older Adults 65+	36,524
Support for Carers	39
Social Care activities	11,573
Adult Social Care Information and Early Intervention	5,848
Adult Social Care commissioning and service delivery	11,112
Other Services	602
Total Adult Social Care	117,802
Registrars, Events and Other Services	304
Other Corporate costs	(296)
Total Chief Executive	8
Schools	21,955
Youth Service	1,630
Children & Families Social Services	61,621
Other Children's Services	5,259
Total Children's Services	90,465
Libraries and Archives	4,645
Other Corporate costs	726
Total Digital, Commercial and Customer Services	5,371
Transport Levy	13,225
Other WMCA contributions	1,681
Flood Defence Levy	114
Other Corporate and Treasury	(887)
Severance costs	1,000
Total Corporate and Treasury	15,133
Elections & Electoral Registration	817
Tax Collection & Benefits	2,798

Coroners, Democratic and Other Costs	2,443
Total Finance and Legal	6,058
Public Health	634
Environmental Health & Consumer Protection	3,196
Total Health and Wellbeing	3,830
Private Sector Housing	1,523
Homelessness & Welfare	724
Community Safety	684
Other Services	290
Total Housing	3,221
Waste Collection & Disposal	20,532
Street Cleansing	4,036
Traffic Management & Road Safety	1,333
Flood Defence & Land Drainage	366
Highways Maintenance (including depreciation)	20,777
Other Engineering & Transportation Services	974
Recreation & Sport and Open Spaces	6,498
Other Services	253
Total Public Realm	54,769
Cemeteries & Crematoria	-1,987
Culture and Heritage	2,428
Recreation & Sport and Open Spaces	4,013
Planning, Building and Development Control	2,472
Economic Regeneration	3,347
Environmental Initiatives	401
Adult Learning	1,205
Community Safety	599
Catering	1,152
Other Services	1,203
Total Regeneration and Enterprise	14,833
Total Service Budget ⁸	311,490

⁸ Within the Public Realm and Regeneration and Enterprise budgets detailed above there is £0.297m of spending on staff resources to deliver on the Council's climate targets.

Details of Calculations to be Determined by the Council

1. That the following amounts be now calculated by the Council for the year 2023/24 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:
 - (a) £ 765.075m 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) £ 617.905m 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) £ 147.170m 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) £1568.3980 being the amount at (c) above divided by the Council Tax base 93,834.60, 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
£	£	£	£	£	£	£	£
1045.60	1219.87	1394.13	1568.40	1916.93	2265.46	2614.00	3136.80

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.

(f) Precepts for each Valuation Band

That it be noted that for the year 2023/24, the major precepting authorities have issued the following amounts in precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
West Midlands Police	135.03	157.54	180.04	202.55	247.56	292.57	337.58	405.10
West Midlands Fire & Rescue	48.68	56.79	64.90	73.02	89.24	105.47	121.69	146.03

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 Chief Officer, 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 Balance 31.3.22 £m	Forecast Balance 31.3.23 £m	Forecast Balance 31.3.24 £m
Unearmarked General Fund Balance	27.2	20.8	16.6
Insurance	5.4	6.4	6.4
Other Grants	3.6	2.6	0.2
Other Corporate Reserves	4.6	3.7	0.6
DGfL & Paragon equalisation	3.3	3.1	2.5
Business rates grants	14.2	0.0	0.0
Appeals / Tariff changes	0.0	0.0	3.0
Schools Trading	2.0	2.2	2.2
Total Earmarked Reserves	33.1	18.0	14.9
Total Unringfenced Reserves	60.3	38.8	31.5

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 from grants in relation to Covid, Homelessness, Domestic Abuse, along with the equalisation account for the Impact project.
6. Other Corporate reserves includes resources for Community Forums, Adult Social Care, Regeneration, OFSTED, and Transformation.
7. The DGfL and Paragon equalisation reserves represent Government revenue support for these PFI schemes received in advance and will be expended over the remaining life of the projects.
8. The Business Rate Grant reserve carries forward consistently additional income received in lieu of business rates. The balance at 31.3.22 mainly comprises grant received to cover increased relief for retail, leisure, hospitality and nurseries in 2021/22. This will offset the impact on the Collection Fund of the lost income, which was charged to the General Fund in 2022/23.

9. We have allowed for a transfer to earmarked reserves of £3m per year in view of uncertainty around appeals against the new valuation and the fact that the Government's tariff figures are provisional and may be subject to adjustment in the light of data to be provided at year.
10. The Schools Trading reserves are balances held by schools to support their community and pupil focused activities.
11. 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.
12. At 31st March 2022 our unringfenced reserves⁹ 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.
13. The budget proposals for 2023/24 require the use of unearmarked General Fund reserves. Based on current income and spending forecasts, a significant contribution of £8.5m will be made to the General Fund balance over the remaining years of MTFS. The estimated level of the unearmarked General Balance at 31st March 2026 is £25.1m. However, uncertainty remains over the economic outlook and demographic pressures and a number of the savings proposals are challenging.
14. In my professional opinion:
 - (a) The estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in this report, are robust.

⁹ 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.

- (b) The financial reserves that will remain available to the Council as a result of agreeing the proposals contained in this report are adequate to enable the setting of a lawful budget for 2023/24.
- (c) Although adequate to set a lawful budget for 2023/24, 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 2023/24. There are significant risks to the forecast and Members should note that, if these risks materialise, there could be a need to reduce spending plans and/or raise additional income in order to avoid imprudent reductions to the level of reserves. This would be challenging in view of the context set out above.

Iain Newman
Director of Finance and Legal