

## Meeting of the Council

**Monday, 1<sup>st</sup> March, 2021 at 6.00pm  
On Microsoft Teams**

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You are hereby summoned to attend a meeting of the Dudley Metropolitan Borough Council for the purpose of transacting the business set out in the numbered agenda items listed below.

### **Agenda - Public Session** **(Meeting open to the public and press)**

#### Prayers

1. Apologies for absence
2. To receive any declarations of interest under the Members' Code of Conduct
3. Mayor's Announcements
4. Revenue Budget Strategy and Setting the Council Tax 2021/22
5. To consider any business not on the agenda which by reason of special circumstances the Mayor is of the opinion should be considered at the meeting as a matter of urgency under the provisions of the Local Government Act 1972



**Chief Executive**  
**Dated: 18<sup>th</sup> February, 2021**

#### **Distribution:**

All Members of the Council



**Please note the following:**

- This meeting will be held virtually by using Microsoft Teams. The meeting will be held live via the Internet link.
- This is a formal Council meeting and it will assist the conduct of business if participants speak only when invited by the Mayor.
- The Mayor reserves the right to adjourn the meeting, as necessary, if there is any disruption or technical issues.
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## **Meeting of the Council – 1<sup>st</sup> March 2021**

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

### **Revenue Budget Strategy and Setting the Council Tax 2021/22**

#### **Purpose of Report**

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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.

#### **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 2020/21 and progress with delivery of savings, as set out in paragraphs 17 - 19 and Appendices B and C.
3. That Council approves that, with effect from 1st April 2021 for properties which have been empty (i.e. unoccupied and unfurnished) for more than ten years, an Empty Homes Premium of 300% is applied, resulting in a 400% council tax charge being payable in these circumstances, as set out in paragraph 30.

4. That Council approves that from 1<sup>st</sup> April 2021 the Council Tax Reduction scheme be documented in such a manner that any personal allowances, premiums, disregards and non-dependent deductions are automatically linked to equivalent annually up-rated values published by central government in either Housing Benefit Legislation or the prescribed Council Tax Reduction Scheme for pensioners (including any other miscellaneous amendments to the aforementioned legislation that are relevant to our local scheme), thus allowing any approved scheme locally to be automatically carried forward to future years, without the need for annual public consultation and re-approval, until such time that further scheme changes are considered, as set out in paragraph 31.
  
5. That Council approves the following:
  - The budget for 2021/22, and Directorate allocations (including the Public Health budget) as set out in the report.
  
  - That 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 2021/22 budget proposals resulting from the final allocation of Public Health Grant, as set out in paragraph 53.
  
  - 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 2021/22 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government and Finance Act 1992 as shown in Appendix M of this report.
  
  - That having calculated the aggregate in each case of the amounts in Appendix M, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, agrees the following levels of Council Tax for 2021/22.

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1127.40	1315.30	1503.20	<b>1691.10</b>	2066.90	2442.70	2818.50	3382.20

- The Medium Term Financial Strategy as set out in the report.
6. 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 55.



7. 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**

8. At its meeting on 17<sup>th</sup> December 2020, the Cabinet approved a preliminary budget strategy as a basis for consultation and at its meeting on 11<sup>th</sup> February approved final proposals for consideration by Council.
9. This report sets out those proposals taking into account the final local government finance settlement 2021/22 and other developments since finalising the report to Cabinet on 11<sup>th</sup> February.
10. Changes to forecasts compared with the figures reported in October are set out in Appendix D.

## **Consultation on Budget Proposals**

11. A consultation on budget proposals for 2021/22 was launched on 18<sup>th</sup> December 2020 and ended on 29<sup>th</sup> January 2021. A total of 2,148 valid responses were received. These are summarised at Appendix E.
12. Scrutiny Committees considered the provisional budget proposals in their January cycle of meetings. The Children's Services Scrutiny Committee requested further information relating to home to school transport pressures and how budget savings are to be achieved. The Health and Adult Social Care Scrutiny Committee resolved that Cabinet be requested to consider the concerns and comments made by the Scrutiny Committee as set out below with regard to the proposals for the Medium-Term Financial Strategy to 2023/24:
  - The Covid-19 Pandemic has highlighted the integral contribution of adult social care to protecting lives and delivering the critical care to the most vulnerable residents of the borough. The Health and Adult Social Care Scrutiny Committee notes the sustained failure of Government to produce an adult social care green paper and provide a sustainable and safe footing upon which to deliver future care. The Committee asks for a cross party representation to Government to prioritise adult social care as we emerge from the pandemic, cease short-termism and 'hand to mouth' funding as an urgent priority.
  - The Committee is also concerned about adult social care in Dudley delivering significant budget savings whilst the pandemic continues to devastate the community and asks the Cabinet to re-consider this.



- The Committee offers its full support to the adult social care workforce who have operated so bravely and selflessly throughout the pandemic alongside so many Council employees.

The Overview and Scrutiny Management Board (OSMB) also considered and noted these matters at its February meeting.

13. A link to the Medium Term Financial Strategy report to Cabinet on 17<sup>th</sup> December was distributed to representatives of Non-Domestic Ratepayers in pursuance of the statutory duty to consult. Links to the Revenue Budget Strategy and Capital Monitoring reports to Cabinet on 11<sup>th</sup> February (which include the detailed information required under the statutory duty) have been distributed, and any comments will be reported to the Council Tax setting meeting on 1<sup>st</sup> March.

### External Audit

14. The External Auditors (Grant Thornton) presented their Audit Findings Report to the Audit and Standards Committee on 21<sup>st</sup> September 2020. On the basis of significant risks threatening the Council's financial sustainability, they reported their intention to give an adverse qualified opinion on Value for Money. They have subsequently reviewed the position and issued a qualified "except for" opinion on Value for Money.

### Forecast 2020/21 Position

15. Since originally setting the budget in March, the Council's operations and finances have been significantly impacted by the Covid-19 pandemic. The forecasts in this report are made in the context of significant uncertainty about the path of the virus, the nature and duration of the public health measures and the severity of the economic impact, so the financial impact by the year end may in practice be greater.
16. In response to Covid-19, the Government has directed significant additional funding to councils and the table in Appendix A shows the allocations to Dudley at the time of writing the report to February Cabinet. Of the forecast allocation, £31.9m is unringfenced (of which £0.9m was used to offset impacts in the last financial year, £4.2m will be used in future years and £31.0m remains to offset impacts in 2020/21). The remainder (£164.8m) is for specific purposes and is expected to be matched by specific increases in expenditure or reductions in income.
17. The forecast General Fund position after transfers from / to earmarked reserves is as follows. It is important to note that this table does not include forecast reductions in Business Rates and Council Tax income (see paragraphs 29 and 35 below) as these do not impact on the General Fund in the current year, but can be spread over future years.



Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive Other	0.8	0.7	(0.1)
Adult Social Care	97.0	102.1	5.1
Children's Services	69.1	77.4	8.3
Health and Wellbeing	2.9	1.3	(1.6)
Finance and Legal	3.5	3.8	0.3
Commercial and Customer Services	0.7	5.6	4.9
Housing	6.6	6.7	0.1
Public Realm	50.1	51.3	1.2
Regeneration and Enterprise	11.0	16.2	5.2
Corporate, Treasury and Levies	8.3	7.1	(1.2)
<b>Total Service Costs</b>	<b>250.0</b>	<b>272.2</b>	<b>22.2</b>
<b>Total Resources</b>	<b>(250.0)</b>	<b>(281.0)</b>	<b>(31.0)</b>
<b>Use of Balances</b>	<b>0.0</b>	<b>(8.8)</b>	<b>(8.8)</b>

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

- We have included £21.6m of service pressures on returns to the Government identifying costs arising from Covid-19 and we are forecasting £31.0 of unringfenced Covid-19 funding for 2020/21 which will generate a net favourable variance of £9.4m. This does not include pressures on Business Rates and Council Tax income (see Collection Fund below).
- There are pressures arising from Children Looked After placements totalling £3.5m
- There is an underlying cost pressure of £1.0m within Home to School Transport.
- The Successor project is forecast to cost an additional £1.1m.
- £1.6m of costs within Health and Wellbeing have been identified as chargeable to specific Covid grants.
- Delayed deployment of budgetary growth has generated mobilisation savings of £0.8m within Public Realm.
- As a result of local elections being postponed until May 2021 there is a £0.3m underspend this financial year.
- The budget included provision for a 2% staff pay award, but this has now been settled nationally at 2.75% which represents a £1.0m cost pressure.
- Due to slippage in the Council's borrowing requirement there are £1.0m savings in debt financing costs.
- Release of the £2m contingency provision from the original budget.
- Other net favourable variances of £0.3m





19. Progress with delivery of specific savings within the current budget is set out in Appendix C. Performance on delivery of savings supports and is consistent with the forecast 2020/21 position outlined above and in Appendix B.
20. The costs of Special Education Needs and Disability (SEND) services are met from the High Needs Block within the Dedicated Schools Grant (DSG). As previously reported, we (in common with many other councils) have been experiencing significant financial pressures from increasing demand for children that require additional educational support. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast deficit on the High Needs Block of £13.9m at 31<sup>st</sup> March 2021. The Government has regulated to ensure that this pressure sits within the Dedicated Schools Grant and can be recovered over a number of financial years. As such it is not included in Appendix B.

### General Fund Balances

21. The impact of the outturn shown above leaves the main unallocated General Fund Balance at 31<sup>st</sup> March 2021 as follows:

	<b>Original Budget £m</b>	<b>Latest Position £m</b>
Forecast balance 31 <sup>st</sup> March 2020	15.2	15.2
2019/20 outturn (as reported to July Cabinet)		+0.5
<b>Balance at 31<sup>st</sup> March 2020</b>	<b>15.2</b>	<b>15.7</b>
Forecast 20/21 outturn		+8.8
<b>General Fund Balance at 31<sup>st</sup> March 2021</b>		<b>24.5</b>

22. Although improved, this continues to show a relatively low level of reserves in the light of the financial challenges that the Council faces.

### Budget 2021/22 and Medium Term Financial Strategy (MTFS) to 2023/24

23. In formulating the Council's Budget and Council Tax levels for 2021/22 and updating the Council's Medium Term Financial Strategy, Members will need to consider carefully:
  - (a) the levels of Government support allocated to the Council;
  - (b) spending pressures, opportunities to free up resources (including savings), and Council Plan priorities;
  - (c) the implications of spending levels in later years as part of the Council's medium term financial plan;





- (d) the views of consultees;
- (e) the external factors and risks inherent in the Strategy;
- (f) the impact on Council Tax payers.
- (g) the potential impacts on people with protected characteristics as defined in the Equality Act 2010. Members will need to have due regard to the Public Sector Equality Duty under the Equality Act 2010. (Further details are set out in the Equality Impact section below.)

## Government Funding

24. The Provisional Local Government Finance Settlement 2021/22 and proposed COVID funding in 2021/22 was announced on 17<sup>th</sup> December. This included the following, largely in line with the one-year Spending Review on 25<sup>th</sup> November.
- An increase in assumed Business Rate income and underlying Revenue Support Grant in line with inflation. The actual Business Rate multiplier will be frozen but councils will be compensated for the income shortfall compared with an inflationary uplift.
  - Additional Social Care Grant of £300m nationally.
  - Improved Better Care Fund to continue at 2020/21 levels.
  - New Homes Bonus funding on the basis of new homes (and reductions in long term empty homes) above a threshold, with a consultation on review for 2022/23 to be published shortly.
  - One-off £1.55bn unringfenced funding nationally for Covid spending pressures in 2021/22.
  - Continuation of compensation for a proportion of lost income from sales fees and charges for the first quarter of 2021/22.
  - Local Tax Income Guarantee compensation for a proportion of 2020/21 Council Tax and Business Rates losses, which would otherwise have to be charged to the General Fund in future years.
  - £670m unringfenced funding nationally towards the anticipated additional cost of providing Local Council Tax Support in 2021/22.
  - Continuation of the 2017/18 100% Business Rates Retention pilots – including that for the West Midlands.
  - A new Lower Tier Services grant of £111m nationally (not announced in the Spending Review).

25. The Government has indicated that it will take stock of the previously proposed funding reforms (Business Rate Retention and Fair Funding Review) in the context of the position in which the sector now finds itself, both with regard to the impact the pandemic has had on the resources available to councils, and the demands on local services. This is a very significant area of risk and uncertainty. The figures in this report assume that underlying Government funding continues to increase in line with inflation in 2022/23 and 2023/24.
26. We responded to the 2021/22 provisional settlement and COVID funding consultations and our responses are summarised at Appendix F.
27. The impact of changes compared with the December report position (which was based on a prudent assessment of the Chancellor's announcements in the one-year Spending Review on 25<sup>th</sup> November, which did not include detailed allocations for some grants) is shown at Appendix D.
28. The final Local Government Finance Settlement for 2021/22 was announced on 4<sup>th</sup> February. There were no changes affecting Dudley. Proposed COVID funding in 2021/22 has also been confirmed.

### Council Tax

29. Latest forecasts take into account the economic outlook reflected in the Spending Review and indicate:
  - A Collection Fund deficit for the current year arising mainly from increased numbers of working age Council Tax Reduction (CTR) claimants and partially offset by government compensation for losses of income. This deficit (of £1.8m net of grants carried forward in reserve) will be charged to the General Fund mainly in 2021/22.
  - Ongoing reductions in the Council Tax base, mainly arising from increases in the number of working age CTR claimants, peaking at around 17,500 in the second quarter of 2021 and then recovering gradually in line with the assumptions in the Spending Review.

Forecasts have also been adjusted to reflect current numbers of households in receipt of discounts and exemptions.

30. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 enabled the Council to increase the "Empty Homes Premium", thereby increasing the council tax payable on properties that have been empty for more than two years as follows:

- from 1st April 2019 for properties which have been empty for between two and five years a premium of up to 100%, resulting in a 200% council tax charge;
- from 1st April 2020 for properties which have been empty for between five and ten years a premium of up to 200%, resulting in a 300% council tax charge;
- from 1st April 2021 for properties which have been empty for ten years or more a premium of up to 300%, resulting in a 400% council tax charge.

The Council, when setting the 2019/20 and 2020/21 budgets, agreed that the flexibilities available from 1<sup>st</sup> April 2019 and 1<sup>st</sup> April 2020 be utilised in full from those dates. It is now proposed that the further flexibility available from 1<sup>st</sup> April 2021 be utilised in order to incentivise the bringing back into use of some of the Borough's housing stock in line with the Council's Empty Homes Strategy.

31. It is also proposed that from 1<sup>st</sup> April 2021 the Council Tax Reduction scheme be documented in such a manner that any personal allowances, premiums, disregards and non-dependent deductions are automatically linked to equivalent annually up-rated values published by central government in either Housing Benefit Legislation or the prescribed Council Tax Reduction Scheme for pensioners (including any other miscellaneous amendments to the aforementioned legislation that are relevant to our local scheme), thus allowing any approved scheme locally to be automatically carried forward to future years, without the need for annual public consultation and re-approval, until such time that further scheme changes are considered.
32. The Government has proposed that the Council Tax referendum principles for 2021/22 applicable to Dudley will comprise a core limit of less than 2% plus an Adult Social Care (ASC) precept increase of 3%, i.e. less than 5% in total. There has been no indication that an ASC precept will be allowed in subsequent years. However, the 3% for 2021/22 can be spread over the two years 2021/22 and 2022/23.
33. Taking account of the Council's overall financial position, the proposals set out in this report are based on a Council Tax increase of 4.99% in 2021/22. The MTFs assumes further increases of 1.99% in 2022/23 and 2023/24.
34. There are no changes compared with the December report position.

### Business Rates

35. Latest forecasts take account of the economic outlook reflected in the Spending Review and indicate:

- A Collection Fund deficit for the current year of reflecting challenges to collection, partially mitigated by 100% relief for retail, leisure, hospitality and nurseries and also partially offset by government compensation for losses of income. This deficit (of £2.3m net of grants carried forward in reserve) will be charged to the General Fund over the next three years (£1.1m in 2021/22 and £0.6m in each of 2022/23 and 2023/24).
- A prudent assumption that 100% relief for retail, leisure, hospitality and nurseries will cease in 2021/22, though final announcements on this are not now expected until March.
- Adverse impacts in the wake of the pandemic, leading to increased empty property reliefs, removal of properties from rating and other losses. Forecasts are on the basis that these impacts will peak in 2021 and gradually recover.

There is ongoing uncertainty concerning the impact of the 2017 revaluation on our business rate and grant income. We continue to face considerable uncertainty arising from the impact of appeals following the revaluation and the introduction of the new “Check, Challenge, Appeal” process. We have already applied part of our provision for appeals to partially offset underlying reductions in gross rates payable and further application of the appeals provision is likely to be needed in future years.

36. Business Rate poundages have been frozen for 2021/22. The provisional settlement indicated that Councils would be compensated for the income thereby foregone compared with a RPI increase (rather than CPI as previously forecast).
37. The impact of changes compared with the December report position is shown at Appendix D.

### Combined Authority

38. 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 from 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.

The Combined Authority finalised its budget on 12<sup>th</sup> February 2021. This was in line with the figures reported to Cabinet on 11<sup>th</sup> February.

39. The Transport Levy across the West Midlands for 2021/22 reflects a standstill position compared with 2020/21, with a small reduction for Dudley as a result of relative population changes between the districts (the levy being apportioned on a population basis). Dudley's share of the levy is £12.598m. We have assumed, in line with the CA's transport MTFS that the levy will remain at the same level in 2022/23 and 2023/24.
40. The contribution from business rates to fund regeneration activities is estimated to be £0.806m. Given the detrimental impact the pandemic has had on business rates across the region, payment of this sum is subject to consideration of affordability and agreement by all seven constituent councils.
41. The Combined Authority's non-transport budget for 2021/22 reflects the following Constituent Authority contributions that comprise three elements:
- a £0.250m membership fee on an equal shares basis;
  - a £0.169m fee on an equal shares basis to deliver of outcomes of the West Midlands Combined Authority Commissions;
  - a fee funded on the basis of population in relation to corporate services that support the non-transport budget (representing ongoing costs previously funded within the Transport Levy) being £0.188m for Dudley.
42. The Combined Authority will finalise its budget on 12<sup>th</sup> February 2021. It is therefore proposed that Cabinet authorises the Director of Finance and Legal, in consultation with the Cabinet Member for Finance and Legal Services and the Opposition Spokesperson for Finance and Legal to approve any minor changes to the budget proposals resulting from final decisions on the Combined Authority Transport Levy and non-transport funding contributions.

## Base Budget Forecasts

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

	2021/22	2022/23	2023/24
	£m	£m	£m
2020/21 base	250.0	250.0	250.0
Pay (note 1)	1.4	3.5	5.9
General price inflation (note 2)	-	3.1	6.7
Income uplift (note 3)	-0.8	-1.8	-3.2
Pensions (note 4)	-0.8	-1.6	0.7
Combined Authority (see paras 38-42)	0.1	0.3	0.4
Treasury (note 5)	1.4	1.9	1.1
Remove previous contingency (note 6)	-2.0	-2.0	-2.0
Other adjustments (note 7)	-0.9	-1.3	-1.5
<b>Base Budget Forecast</b>	<b>248.4</b>	<b>252.1</b>	<b>258.1</b>

### Notes:

- (1) Allows for an increase in line with the Chancellor's announced public sector "pay freeze" in 2021/22 with increases only for staff earning less than £24,000 per annum of £250, and increases in line with forecast CPI thereafter. The 2021/22 figure also includes the impact of the actual 2020/21 pay settlement being 2.75% rather than the budgeted 2%. Note that Central Government does not control Local Government pay directly.
- (2) No general provision has been made for 2021/22, with any specific inflationary issues being reflected in spending pressures below.
- (3) Assumes an increase of 2% per year on fees and charges.
- (4) Contributions in 2023/24 will be determined following the 2022 actuarial review. It is currently assumed this will not give rise to any change in underlying contributions. Contributions in individual years are impacted by the current arrangements which give varying annual discounts for 3 year advance payment.
- (5) Impact of Capital Programme, treasury management and investment income changes. Figures are consistent with proposals concerning the Council's Capital Strategy, Capital Programme and Prudential Indicators being considered by Council on 22<sup>nd</sup> February.
- (6) The existing Medium Term Financial Strategy includes a £2m general contingency. Specific pressures have now been identified within this report so to avoid double counting the contingency has been removed.
- (7) Fall-out of previous one-off items, non treasury impact of Leisure Centre Strategy, and other adjustments.



## Spending Pressures

44. Spending pressures provided for are as follows. These are detailed in Appendix G.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Social Care	8.3	10.2	12.1
Children's Services	6.2	6.2	6.2
Health and Wellbeing	0.1	0.1	0.1
Chief Executive	0.4	0.4	0.4
Finance and Legal Services	0.6	0.6	0.6
Commercial and Customer Services	0.5	1.0	1.1
Regeneration and Enterprise	0.0	0.0	0.1
Housing and Community	0.3	0.3	0.3
Public Realm	1.3	0.8	0.8
<b>Total</b>	<b>17.7</b>	<b>19.6</b>	<b>21.7</b>

45. In addition to ongoing pressures the proposed budget contains a £8.8m contingency for Covid cost pressures and loss of income, to the extent that they are not covered from the extended compensation for Sales, Fees and Charges scheme, that may arise in the early part of 2021/22.

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

47. The impact of changes compared with the December report position is shown at Appendix D.

## Savings

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

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Social Care	3.2	3.7	3.8
Children's Services	1.3	2.1	2.1
Commercial and Customer Services	0.0	0.1	0.1
Regeneration and Enterprise	0.6	0.7	0.9
Housing and Communities	0.1	0.1	0.1
Public Realm	0.2	0.2	0.2
<b>Total</b>	<b>5.4</b>	<b>6.9</b>	<b>7.2</b>





49. The impact of changes compared with the December report position is shown at Appendix D.

### Public Health

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

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Base budget forecast	21.3	21.7	22.0
One-off spending plans	0.7	0.7	0.7
<b>Total spend</b>	<b>22.0</b>	<b>22.4</b>	<b>22.7</b>
Forecast grant	21.3	21.7	22.0
<b>Deficit</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.7</b>
Reserve brought forward	3.1	2.4	1.7
<b>Reserve carried forward</b>	<b>2.4</b>	<b>1.7</b>	<b>1.0</b>

52. The proposed Public Health grant funded budget for 2021/22 is shown at Appendix I.
53. Given that the 2021/22 grant allocation has not been confirmed, it is proposed that Cabinet 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 2021/22 budget proposals resulting from the final allocation of Public Health Grant.

### Medium Term Financial Strategy

54. The principles underlying the MTFS are set out in Appendix J. They apply to all aspects of Council activity, including the Housing Revenue account (HRA). The MTFS reflecting the revised spending proposals set out above, and forecasts of likely resource availability can be summarised as follows.



	2021/22	2022/23	2023/24
	£m	£m	£m
<b>Base Budget Forecast</b> - see para 43	248.4	252.1	258.1
<b>Pressures</b> - see para 44	17.7	19.6	21.7
<b>Covid Contingency</b>	8.8		
<b>Savings</b> - see para 48	-5.4	-6.9	-7.2
<b>Terms and Conditions</b>	1.8	1.8	1.8
<b>Total Service Spend</b>	<b>271.3</b>	<b>266.6</b>	<b>274.4</b>
Retained Business Rates	84.2	86.5	89.0
Tariff	-6.0	-6.1	-6.2
Business Rate Grant	12.9	13.2	13.7
New Homes Bonus	0.6	0.6	0.6
Improved Better Care Fund (IBCF)	16.1	16.4	16.7
Social Care Grant	12.7	12.9	13.1
Covid General Grant	8.8		
Lower Tier Services Grant	0.4		
LCTS Support Grant	3.0		
Council Tax	133.2	138.3	142.8
Collection Fund Deficit – Council Tax	-2.0	-0.3	-0.3
Compensation Grant reserve	0.3	0.3	0.3
Collection Fund Deficit – Business Rates <sup>1</sup>	-46.7	-1.8	-1.8
Business Rate Grant reserve	44.4		
Compensation Grant reserve	1.1	1.1	1.1
<b>Total Resources</b>	<b>263.0</b>	<b>261.1</b>	<b>269.0</b>
<b>Deficit funded from Balances</b>	<b>8.3</b>	<b>5.5</b>	<b>5.4</b>
Balances brought forward	24.5	16.2	10.7
<b>Balances carried forward</b>	<b>16.2</b>	<b>10.7</b>	<b>5.3</b>

55. The table above assumes that Council Tax increases by 4.99% in 2021/22 and 1.99% in subsequent years. Based on proposed referendum limits, this would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992.

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

## Estimates, Assumptions & Risk Analysis

56. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
- (a) that pay inflation does not vary materially from current forecasts;
  - (b) that 2021/22 specific grant income is in line with forecasts;
  - (c) that in subsequent years income from (non Covid related) general and specific grants rises in line with forecast CPI;
  - (d) that the underlying impact of any local government funding reforms is neutral;
  - (e) that underlying net income from Business Rates (excluding temporary Covid impacts) rises in line with forecast CPI, and that income and expenditure in respect of the EZ is in line with current forecasts;
  - (f) that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the underlying tax base (excluding temporary Covid impacts) will continue to grow as anticipated;
  - (g) that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2021/22 and any inflationary pressures in 2022/23 and 2023/24 will be no more than the amount provided for;
  - (h) that income and expenditure relating to treasury management activity are in line with forecasts;
  - (i) 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;
  - (j) that there will be no changes to government policy on maximum underlying Council Tax increases without the need for a referendum;
  - (k) that the Adult Social Care budget is insufficient to meet demand, market and other pressures;
  - (l) that there will be no underlying change in the level of employers' pension contributions from 2023/24 compared with the current MTFs;
  - (m) that the proposed contingency will be sufficient to cover any additional costs of managing Covid in 2021/22.



57. The assumptions set out above lead to forecast deficits in all financial years. These assumptions are subject to uncertainty and in some cases this uncertainty is significant. Actual outcomes may be more positive or more negative than the forecasts set out in this report. In the event that outcomes are more negative, then action (to reduce levels of expenditure or increase income) may become more urgent. It should be noted that this budget is being set against a background of significant political and economic uncertainties.
58. An impact assessment of the significant risks which Members should consider prior to agreeing a budget and MTFS is set out in Appendix K.

### Detailed 2021/22 Budget Proposals

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

### **Revenue Budget Allocations 2021/22**

<b>Directorate</b>	<b>£m</b>
Adult Social Care	102.183
Children's Services	74.246
Health and Wellbeing	3.450
Chief Executive	-0.045
Corporate and Treasury	18.083
Finance and Legal	3.737
Commercial and Customer Services	0.524
Regeneration and Enterprise	10.898
Housing and Community	6.842
Public Realm	51.389
<b>Total Service Budget</b>	<b>271.307</b>

Details of each Directorate's budget analysed by main service area are shown at Appendix L.

60. 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 2021/22

Source of Funding	2020/21 £m	2021/22 £m
Dudley MBC Service Budget	250.026	271.307
Less: Retained Business Rates	(85.725)	(84.159)
Tariff	6.108	6.009
Business Rate Grant (inc. reserve)	(14.040)	(12.949)
New Homes Bonus (NHB)	(1.089)	(0.571)
Improved Better Care Fund (iBCF)	(16.139)	(16.139)
Social Care Grant	(9.772)	(12.703)
Covid General Grant	-	(8.815)
Lower Tier Services Grant	-	(0.392)
LCTS Support Grant	-	(2.990)
Collection Fund Surplus(-)/Deficit – Council Tax	(0.772)	2.016
Compensation grant reserve	-	(0.257)
Collection Fund Deficit – Business Rates	0.427	46.678
Business Rate Grant reserve	(0.452)	(44.441)
Compensation Grant reserve	-	(1.134)
Contribution to/from(-) General Balances	0.019	(8.302)
<b>Dudley's Council Tax Requirement (including Social Care Precept)<sup>2</sup></b>	<b>128.591</b>	<b>133.158</b>
Tax Base	93,074.22	91,800.53
<b>COUNCIL TAX (Band D) FOR DUDLEY</b>	<b>1381.60</b>	<b>1450.51</b>

61. The proposed Dudley MBC Council Tax for a Band D property for 2021/22 of £1450.51 represents an increase of 4.99% compared with 2020/21. A referendum will not be required in respect of the Council's own element of overall Council Tax.
62. The total level of Council Tax now being considered includes the precepts for Police, and Fire and Rescue (proposed at time of writing), as follows.

	2020/21 £	2021/22 £	Change %
Dudley MBC <sup>3</sup>	1381.60	1450.51	+4.99
Police Precept	162.55	177.55	+9.23
Fire & Rescue Precept	61.81	63.04	+1.99
<b>Total Band D Council Tax</b>	<b>1605.96</b>	<b>1691.10</b>	<b>+5.30</b>

<sup>2</sup> For 2021/22 includes £14.958m in respect of the Social Care Precept

<sup>3</sup> For 2021/22 includes £162.94 in respect of the Social Care Precept, the increase in which accounts for 3.0% of the overall increase of 4.99%



63. It is proposed that the Council approves the statutory calculations required by virtue of Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992 as set out in Appendix M.
64. 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 N. The authority also has a statutory obligation to review its budget during the year, with particular regard to any deterioration in its financial position and the taking of any necessary corrective action.

## **Finance**

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

## **Law**

66. The Council's budget setting process is governed by the Local Government Finance Acts, 1988, 1992, and 2012, and the Local Government Act 2003.
67. 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.
68. The Local Government Act 2003 requires 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.
69. 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.
70. 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 2020/21 before the 11<sup>th</sup> March 2021.

## Equality Impact

71. 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.
72. 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.
73. 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.
74. 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.
75. 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.

The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.





76. In line with the Public Sector Equality Duty, Directors have been asked to identify which savings proposals for 2021/22 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.
77. Copies of the equality impact assessments that have been undertaken by Directors have been circulated with this report and published on the Committee Management Information System (CMIS) or can be obtained from Democratic Services. An equality impact assessment to consider the cumulative impact of savings on staffing across the council has been carried out in previous years to ensure there is no evidence of discrimination in redundancy processes. This has not been updated this year as there were no redundancies associated with achieving the budget savings during 2020/21.
78. 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.
79. With regard to Children and Young People, the relevant part of the proposed budget for the People Directorate will be spent on maintaining and improving services for children and young people. The expenditure of other Directorates' budgets will also have a significant impact on this group.

### **Human Resources/Organisational Development**

80. Proposals in relation to staff Terms and Conditions are set out in paragraph 46.

### **Commercial/Procurement**

81. Proposed savings from increasing the Dudley Town Hall catering and bar offer and income from advertising on Boundary signs are included in paragraph 48 and Appendix H.
82. Proposed additional investment in the Procurement team is included in paragraph 44 and Appendix G.

### **Health, Wellbeing and Safety**

83. The forecast Public Health budget is set out in paragraphs 50-53. This report includes proposals for investment in the SCAMs Team to support Adult Social Care and wider investment in the health, wellbeing and safety of the residents of the borough.





.....  
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**Chief Executive**

.....  
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**List of Background Papers**

Final Local Government Finance Settlement 2021/22

Medium Term Financial Strategy report to Cabinet, 17<sup>th</sup> December 2020

Revenue Budget Strategy and Setting the Council Tax report to Cabinet, 11<sup>th</sup> February 2021.



## Funding provided by Government in response to Covid-19

Name	£m	Comment
General Covid-19 grant	25.9	4 tranches of funding
Compensation for loss of Sales, Fees and Charges	6.0	Latest estimate
Local Tax Income Guarantee	4.2	Estimated based on losses on Collection Fund (Council Tax and Business Rates)
<b>Total unringfenced</b>	<b>36.1</b>	
Section 31	44.5	Compensates for additional Business Rates relief
SBGF / RHLGF / Discretionary Bus. grants	58.9	Initial allocation to fund grants to businesses. (Lockdown 1)
Local Restrictions Support Grant (closed)	4.8	Up to £3000 per month while closed
Local Restrictions Support Grant (open)	0.2	Support while open
Closed addendum	7.3	Award for 6 weeks (January schemes)
Closed Business Lockdown payment	14.5	Up to £9k per business (Lockdown 3). Top up funding for retail, hospitality, and leisure
Further rounds of LRSG	TBC	
Additional Restrictions Grant (ARG) + top up	9.3	£20 per head discretionary fund to support businesses. Top up announced Jan 2021
Wet led pubs support payments	TBC	£1,000 payment to pubs relying on mainly drink sales
Infection control - Care Homes	2.9	Ringfenced. 75% to be distributed on a per bed basis, 25% discretionary
Infection Control round 2	2.6	80% to Care homes & CQC care providers, 20% discretionary
ASC Rapid Testing Fund	0.8	80% to Care homes & CQC care providers, 20% discretionary



Name	£m	Comment
Staffing in care homes	0.8	Indicative allocation out of national £120m
Support hospital discharges	TBC	Claimed £1.1m to date from CCG
Hardship Fund	3.0	To fund additional Council Tax relief
Test and Trace Support Payment	0.4	£500 lump sum for those on low incomes when requested to isolate and discretionary scheme (Sept & Jan 2021)
Emergency Assistance Grant	0.4	Food & Essentials
Winter Grant Scheme	1.1	£170m nationally. Ringfenced, with at least 80% earmarked for food and bills.
Test, Track and Trace	1.9	Ringfenced
Compliance and Enforcement	0.2	Ringfenced to support compliance and enforcement. Covid Business Advisors
Contain Outbreak Management Fund (COMF)	7.7	Oct 20 - March 21 forecast
Clinically Extremely vulnerable	0.2	
Lateral Flow Testing	TBC	Bid accepted circa £1m
Education - Catch up premium	1.9	Academic year grant DSG
School Emergency Support	0.1	Passed to schools on a claim basis
Covid Workforce Fund	TBC	For schools once reserves have decreased to 4%
Next Steps Accommodation Programme	0.4	Capital £0.3m, Revenue £0.1m – Conversion to shared accommodation (Victoria St)
Emergency Active Travel 1 <sup>st</sup> tranche	0.3	£50k Revenue, £235k Capital. 2 <sup>nd</sup> tranche TBC



Name	£m	Comment
Reopening High St fund	0.3	Eligible expenditure to be claimed
New Burdens-administration funding	0.3	Implementation of hardship funding / business grants / CTR / Test and Trace
<b>Total ringfenced</b>	<b>164.8+</b>	



2020/21 Forecast Outturn position

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Chief Executive's	0.8	0.7	(0.1)	0.0	(0.1)	Other - (£0.1m) vacancies within Human Resources
Adult Social Care	97.0	102.1	5.1	4.8	0.3	Covid – provider support £2.5m, £3.0m pressures on Dudley Disability Services, offset by (£0.6m) vacancies and (£0.1m) of other underspends Other - £0.3m Successor
Children's Services	69.1	77.4	8.3	2.5	5.8	Covid – CLA placements £0.6m, Traded Services £0.5m, Schools Trading accounts £1.4m. Other - £3.5m CLA Placements, £1.0m Home to School Transport, £0.8m Successor, £0.5m other net pressures including agency.
Health and Wellbeing	2.9	1.3	(1.6)	0.1	(1.7)	Covid – Foodbanks £0.1m Other - (£1.6m) Trading Standards and other staff costs charged against grants, (£0.1m) other savings
Finance and Legal Services	3.5	3.8	0.3	0.6	(0.3)	Covid - £0.6m loss of income including summons income Other - Elections fallow year (£0.3m) saving



	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Commercial and Customer Services	0.7	5.6	4.9	4.2	0.7	Covid – PPE £2.1m, Regional Mortuary £0.6m, ICT £0.8m, CAPA events £0.4m, Registrars £0.3m  Other ICT £0.5m, Legal fees £0.2m
Housing	6.6	6.7	0.1	0.2	(0.1)	Covid - £0.2m Homelessness  Other - (£0.1m) vacancies
Public Realm	50.1	51.3	1.2	2.1	(0.9)	Covid – Waste collection and disposal £0.8m, loss of income (Permit scheme, s74 notices, licensing, car parks) £1.3m  Other - (£0.8m) Mobilisation savings, (£0.2m) waste and recycling, Oak lane (£0.2m) offsetting £0.3m transport pressure
Regeneration and Enterprise	11.0	16.2	5.2	5.7	(0.5)	Covid – Leisure £2.7m, Catering £2.1m, Local Mortuary £0.2m, Himley and Halls £0.6m, other pressures £0.1m  Other - (£0.4m) net saving on non covid Leisure activities, (£0.2m vacancies), and reduced expenditure in Adult and Community Learning (£0.1m), MIPIM £0.2m





	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Corporate & Treasury	8.3	7.1	(1.2)	1.4	(2.6)	Covid – investment income impacted by Covid £1.4m  Other - Slippage in borrowing requirements (incl MRP) (£1.0m), (£2m) contingency released, pensions over recovery (£0.5m), lower banking transaction fees (£0.1m), offset by additional 0.75% pay award £1.0m,
<b>Total Service Costs</b>	<b>250.0</b>	<b>272.2</b>	<b>22.2</b>	<b>21.6</b>	<b>0.6</b>	
Total Funding	(250.0)	(281.0)	(31.0)	(31.0)	0.0	£0.8m of grant funding used in 19/20. Includes £6.0m compensation for Sales, Fees and Charges
<b>Use of Balances</b>	<b>0.0</b>	<b>(8.8)</b>	<b>(8.8)</b>	<b>(9.4)</b>	<b>0.6</b>	



## Delivery of existing Medium Term Financial Strategy

	£'000	Comment
<b>2020/21</b>		
<b>Adults</b>		
Demand management / All Age Commissioning within Dudley Disability Services (DDS) - a focussed approach within DDS services to: reduce initial demand, increase self-assessment, identify placements eligible for Continuing Health Care funding, and develop specific all age commissioning projects targeted at reducing costs over 5 years	210	Implemented
Residential Care Charging Fraud Initiative - Tackle fraudulent asset disposal in regard to Residential Care financial assessment and charging	200	Implemented
Redesign of voluntary sector contracts - A bespoke exercise to consolidate a number of existing contracts into a single market opportunity to the Voluntary Sector	60	Part of pressures
Home care / Extra Care (new models) - Development of a transformational model for the delivery of home care / extra care provision in the Borough	140	Part of pressures
Re-design Day Opportunities - To re-profile usage of the Dementia Gateways in Dudley whilst retaining both services	30	Implemented
<b>Total</b>	<b>640</b>	
<b>Children's</b>		
Children's Transport – Implement new contracts and route management, to ensure services are safe and efficient	360	Part of pressures
Contact Centres - Reviewing the delivery of Family Contact for Children Looked After and Post Adoption support to ensure that the service is delivered effectively, efficiently and offers value for money	30	Part of pressures
<b>Total</b>	<b>390</b>	
<b>Regeneration and Enterprise</b>		
Dudley Town Hall - increase the catering and bar offer.	50	Delayed
<b>Total</b>	<b>50</b>	

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

## Changes compared with December report

	2021/22 £m	2022/23 £m	2023/24 £m
<b>Previous forecast deficit</b>	<b>4.6</b>	<b>2.6</b>	<b>2.6</b>
<b>Government funding (para 24):</b>			
New Homes Bonus - updated allocation	-0.4	-0.4	-0.4
Social Care Grant - updated allocation	-0.9	-0.9	-1.0
Covid Cost Pressures Grant - updated allocation	-2.1	-	-
LCTS Grant - updated allocation	-0.4	-	-
Lower Tier Grant - new grant	0.3	-	-
	<b>-3.5</b>	<b>-1.3</b>	<b>-1.4</b>
<b>Changes to Spending Proposals:</b>			
Review of proposed pressures and savings (paras 44 and 48 and Appendices G and H)			
- Investment in potholes and highway maintenance	1.0	-	-
- Additional Adult Social Care ongoing pressures	3.1	3.1	3.1
- Additional Children's ongoing pressures	1.4	1.4	1.4
- Other amendments to pressures and savings	0.1	0.1	0.1
Increased Covid cost pressures contingency (para 45)	2.1	-	-
	<b>7.7</b>	<b>4.6</b>	<b>4.6</b>
<b>Changes to Local Resources:</b>			
RPI rather than CPI impact on Business Rates Grant (para 36)	-0.5	-0.5	-0.5
Revised forecast Business Rate Collection Fund Deficit net of grant (para 35)	-	0.1	0.1
	<b>-0.5</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Latest forecast deficit</b>	<b>8.3</b>	<b>5.5</b>	<b>5.4</b>

## Public Consultation on 2021/22 Budget – Analysis Report

### Introduction

The analysis in this report relates to the public consultation on the Council's budget for 2021/22, which started on 18<sup>th</sup> December 2020 and finished on 29<sup>th</sup> January 2021. This report considers all responses received during the consultation period.

The consultation asked members of the public to help plan future investment in council services by ranking six service areas in priority order from most to least important. Questions on demographics were also asked so the characteristics of respondents could be compared to those of the borough population as a whole. A final question asked for comments on how the Council could improve.

### Analysis and Responses

This report looks at the responses to the primary question on the priority order of services, followed by an examination of the demographic characteristics asked of respondents in the consultation. The suggestions received for improvements are not presented here; a full list of these responses will be provided separately for consideration.

The council received 2,195 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 2,195 consultation responses 47 did not provide verifiable address information, so were discounted.

The following analysis is based on the resultant 2,148 valid responses. A data table accompanies each question. Charts illustrating the results can be found in Appendix 1.

## Ranking of Services in Order of Priority

This question asked respondents to “Please rank the services below in the order you think we should be investing in them from 1 to 6 (1 being most important to you and 6 least important). You can only use each number once. Please rank every service”. To aid interpretation responses have been transformed so that a higher number indicates a greater service importance. For example, a service ranked as 1 (most important) is assigned a score of 6, 2 a score of 5 and so on. Once this methodology was applied, average scores were calculated for each service (see Table 1).

**Table 1: Service Average Score (Where 6 = Higher Priority)**

Service Area (ordered by highest to lowest average score)	Average Score
Adult Social Care – helping the elderly and the vulnerable	4.3
Children’s Services – young people and children in care	4.0
Health and Wellbeing – keeping the borough healthy and well	3.6
Environment – from roads and bins to our parks and open space	3.2
Regeneration and Enterprise – building a better borough and boosting the economy	3.0
Housing – tackling homelessness and private landlord enforcement	2.8

Adult Social Care has the highest average service score with 4.3, followed by Children’s Services with 4.0 and Health and Wellbeing with 3.6. The remaining three service areas all have scores of 3.2 or less.

## Demographic Characteristics

A further section of the consultation (“About yourself”) asked people about their demographic characteristics; responses were optional. The analysis of responses by these characteristics is based on the 2,148 people with a valid borough address. Comparisons are given to the demographics of the borough population aged 18 and over using the most recent data available.

### Gender

2,066 people provided information on gender. The gender split was 47.7% male and 52.3% female. This differs marginally from the Dudley Borough figures (see Table 2).

**Table 2: Gender of respondents compared to Dudley Borough**

<b>Gender</b>	<b>Number of Responses</b>	<b>% of Responses</b>	<b>% Dudley Borough</b>
Male	986	47.7	48.5
Female	1,080	52.3	51.5
<b>Total</b>	<b>2,066</b>		
<i>No response given</i>	82		

Source for Dudley Borough figures: Mid-Year Population Estimates 2019, population aged 18 and over, Office for National Statistics

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

## Age

2,070 people answered the question about age. The number and percentage of responses by age group are given in Table 3. 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 3: Age of respondents compared to Dudley Borough**

<b>Age</b>	<b>Number of Responses</b>	<b>% of Responses</b>	<b>% Dudley Borough</b>
Under 25	23	1.1	9.5
25-44	361	17.4	31.0
45-64	941	45.5	33.5
65+	745	36.0	26.0
<b>Total</b>	<b>2,070</b>		
<i>No response given</i>	78		

Source for Dudley Borough figures: Mid-Year Population Estimates 2019, population aged 18 and over, 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.

## Ethnic Group

2,062 people provided information on their ethnic group. 95.8% of responses came from White ethnic groups. This indicates this group is over represented in the consultation when compared to the Dudley population. The detailed breakdown of numbers and percentages is given in Table 4.

**Table 4: Ethnic group of respondents compared to Dudley Borough**

Ethnic Group	Number of Responses	% of Responses	% Dudley Borough
White	1,975	95.8	92.0
Black	25	1.2	1.4
Mixed	18	0.9	1.0
Asian	33	1.6	5.1
Other	11	0.5	0.5
<b>Total</b>	<b>2,062</b>		
<i>No response given</i>	86		

Source for Dudley Borough figures: 2011 Census Table LC2109, population aged 18 and over, Office for National Statistics  
Note: Percentages may not total to 100.0% due to rounding

## Long-term illness, health problem or disability

2,066 people answered whether they had any long-term illness, health problem or disability which limits their daily activity. 24.2% of respondents indicated they had a limiting condition, slightly above the borough figure of 23.5%. Please see Table 5 for the full results.

**Table 5: Long-term illness, health problem or disability of respondents compared to Dudley Borough**

Long Term Illness	Number of Responses	% of Responses	% Dudley Borough
Yes	501	24.2	23.5
No	1,565	75.8	76.5
<b>Total</b>	<b>2,066</b>		
<i>No response given</i>	82		

Source for Dudley Borough figures: 2011 Census Table DC3302, population aged 16 and over, Office for National Statistics  
Note: Percentages may not total to 100.0% due to rounding

## Township of respondents

Postcodes were used to assign each respondent's location to their township of residence. This analysis examines how the geographic distribution of respondents compares to that of the borough's population, as shown in Table 6. The Dudley Central and Dudley North Townships are underrepresented. The proportion of responses from Brierley Hill and Halesowen are similar to those seen in the borough population. Stourbridge is the most overrepresented Township.

**Table 6: Township of respondents compared to Dudley Borough**

Township	Number of Responses	% of Responses	% Dudley Borough
Brierley Hill	438	20.4	20.6
Dudley Central	397	18.5	22.6
Dudley North	304	14.2	16.4
Halesowen	459	21.4	20.2
Stourbridge	550	25.6	20.1
<b>Total</b>	<b>2,148</b>		

Source for Dudley Borough figures: Mid-Year Population Estimates 2019, population aged 18 and over, Office for National Statistics

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

The Townships used in this analysis consist of groups of electoral Wards as defined below:

Township	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



## Appendix 1: Analysis Charts

Chart 1: Service average score (where 6 = higher priority)

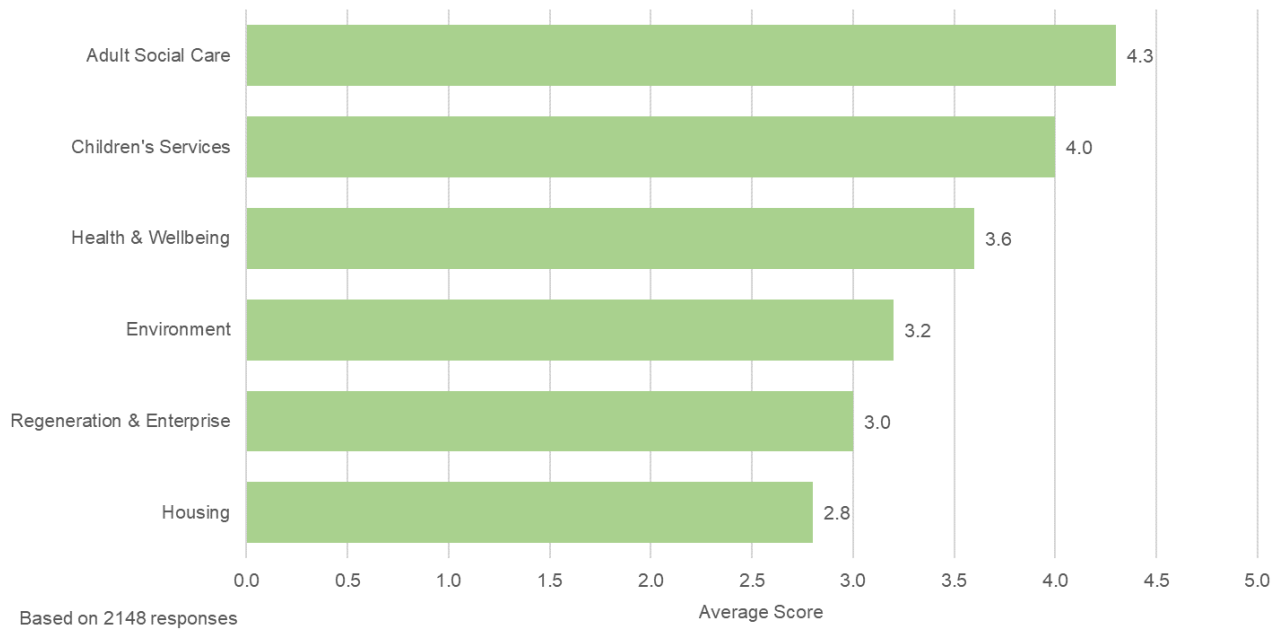


Chart 2: Gender of respondents compared to Dudley Borough

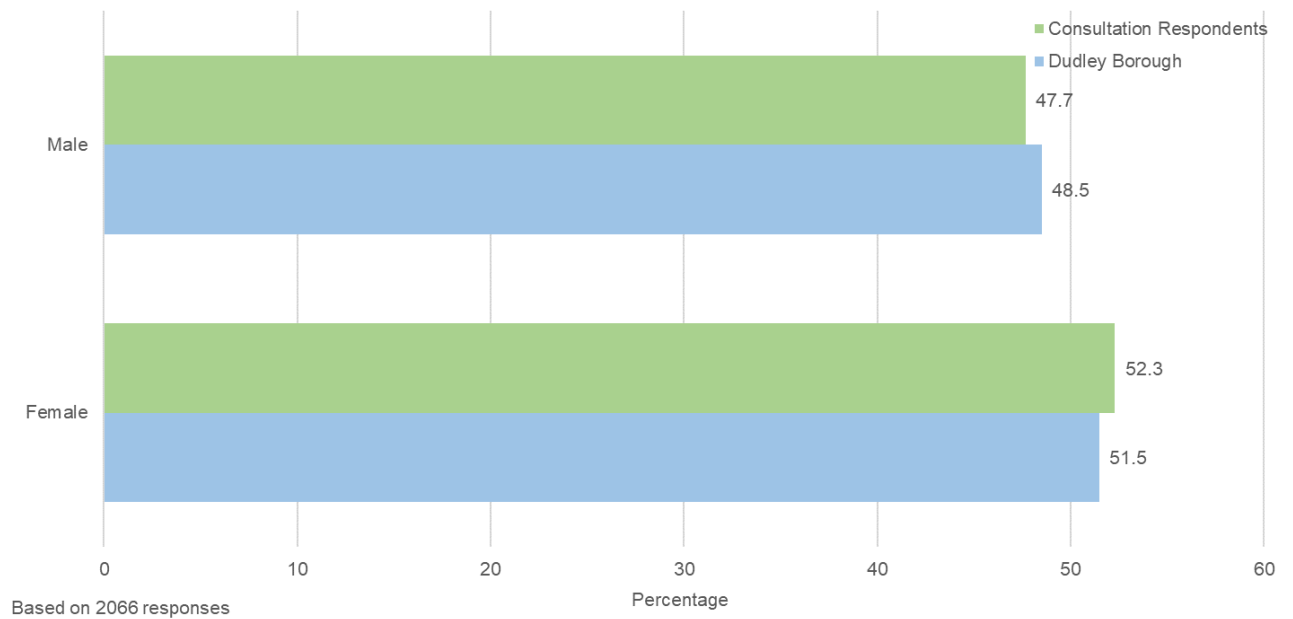


Chart 3: Age of respondents compared to Dudley Borough

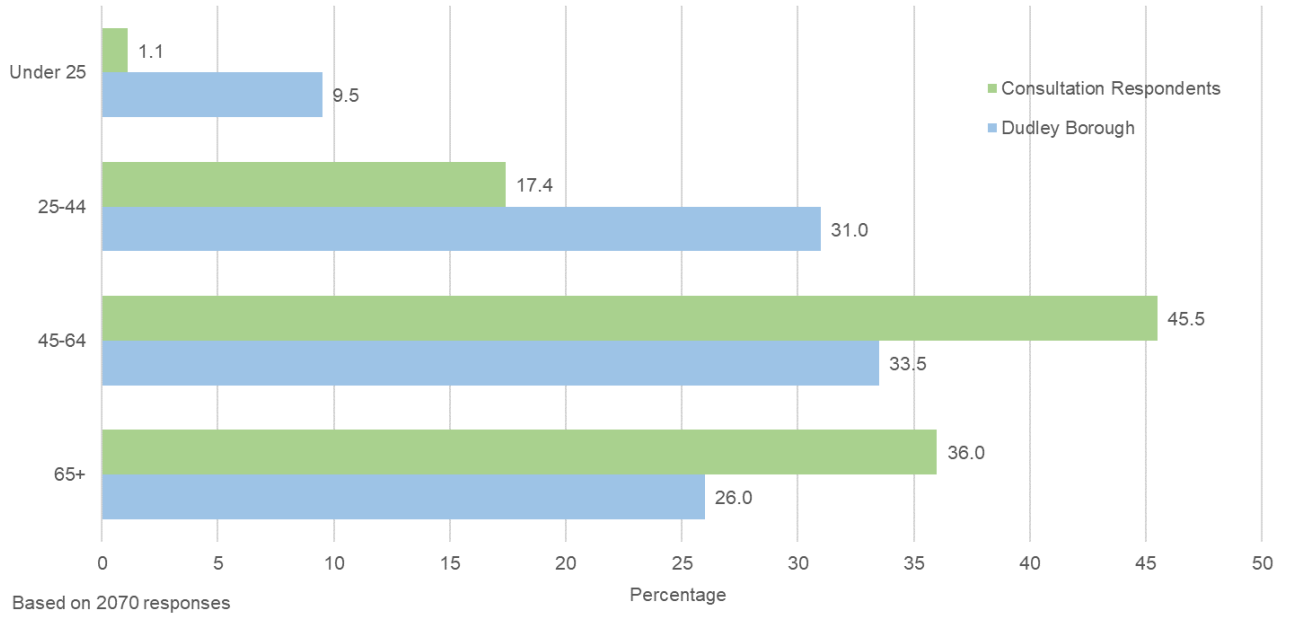


Chart 4: Ethnic group of respondents compared to Dudley Borough

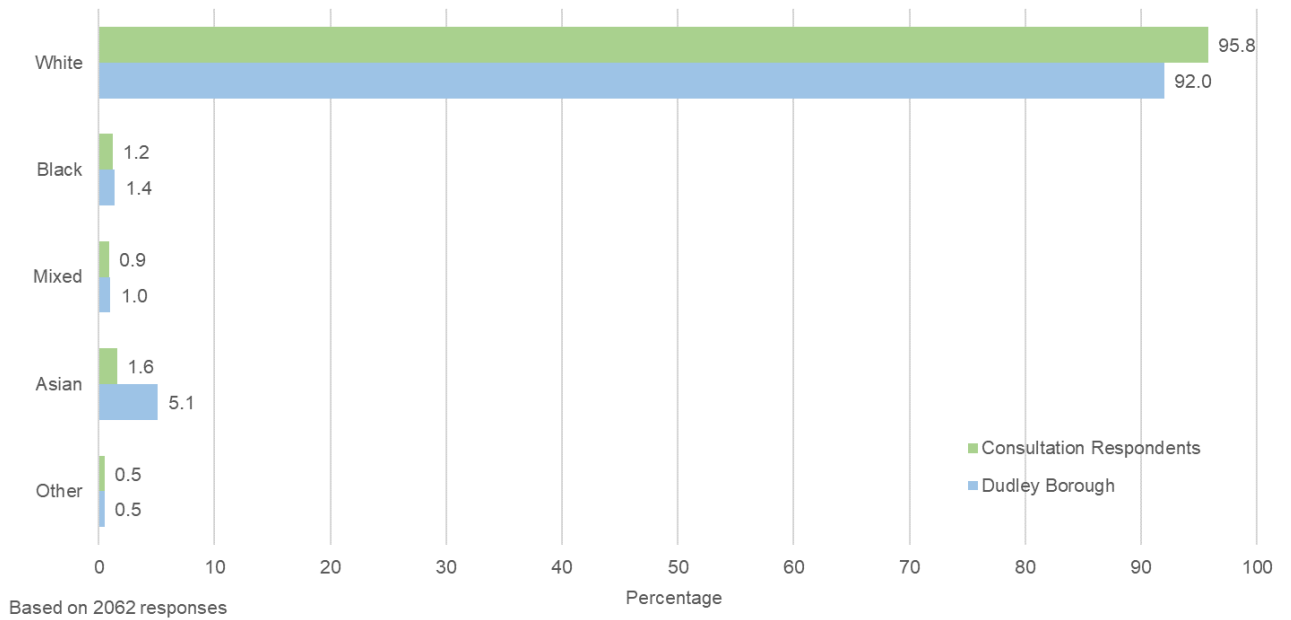


Chart 5: Long term illness, health problem or disability of respondents compared to Dudley Borough

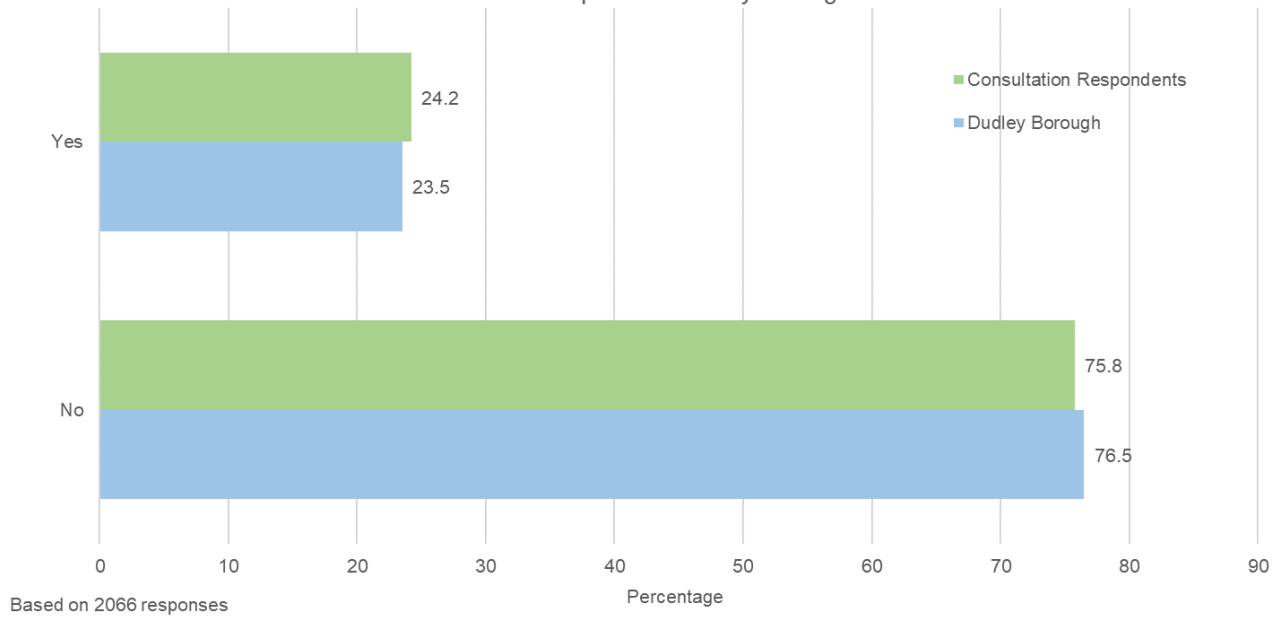
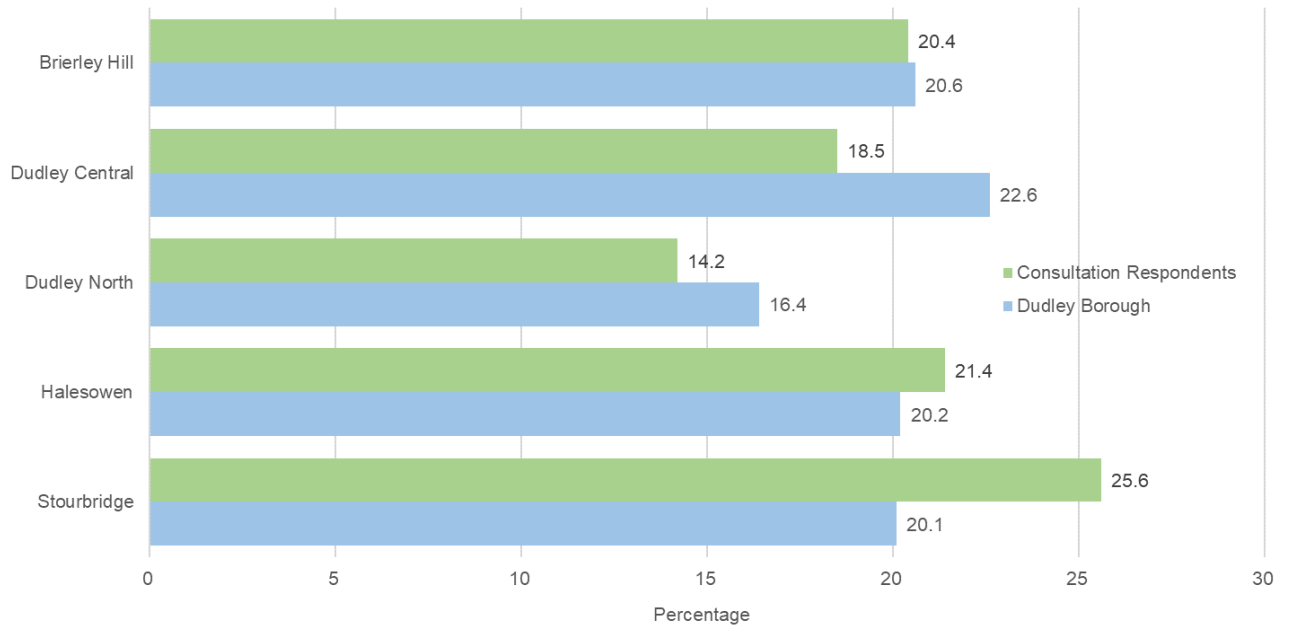


Chart 6: Township of respondents compared to Dudley Borough



## Summary of response to the Provisional 2021/22 Settlement and Covid 2021/22 funding consultations

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

1. We supported the proposed methodology for distributing underlying Revenue Support Grant<sup>4</sup> in 2021/22, welcoming the stability provided by the “roll forward” proposals.
2. In respect of to the council tax referendum principles proposed for 2021/22, we reiterated our belief that as a matter of principle democratically-elected councillors should be trusted to make decisions balancing service needs against affordability.
3. We agreed with the proposals for allocating Social Care Grant in 2021/22 according to assessed need, welcoming the stability provided by continuing with the same methodology as for 2020/21.
4. We agreed with the proposals for allocating Improved Better Care Fund grant in 2021/22 (on the basis of assessed need and potential Social Care Precept income) welcoming the stability provided by continuing with the same methodology as for 2020/21.
5. We reiterated our opposition to the New Homes Bonus (NHB) in principle and welcomed the Government’s intention to consult shortly on the future of NHB. We argued that pending such review there should be no new allocations for 2021/22 and that the resources not required to fund legacy payments from previous years should be distributed proportionately (on the basis of assessed need and resources) to all authorities.
6. We supported the proposal for the element of the new Lower Tier Services Grant to fund service pressures. We opposed the funding floor element, which would appear to be directed towards authorities who are seeing a substantial reduction in New Homes Bonus without any regard to their spending needs and argued that the whole grant should be allocated on the basis of relevant assessed spending need.

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

7. We opposed the proposed approach to paying Rural Services Delivery Grant in 2021/22 on the basis of sparsity measures given that this payment is not underpinned by any calculations of the additional costs resulting from sparsity.
8. We agreed with the proposed approach to distributing the £670m of Local Council Tax Support grant.



## Spending Pressures

<b>Adult Social Care</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
To meet the increased demand and cost of care for people with complex disabilities and people discharged from the Transforming Care Cohort	3,050	3,050	3,050
Increasing demand for domiciliary care and a basic inflationary increase.	1,120	1,120	1,120
Increase in the cost and complexity of nursing care placements	240	240	240
Increase in the cost and complexity of care for people with Mental Health problems; particularly care that is jointly funded with the NHS (Dudley CCG)	230	230	230
Maintaining investment in the Voluntary Sector given the vital contribution made to the Borough throughout Covid '19	160	160	160
Contingency to manage the impact of market pressures leading to rising costs of care	3,470	5,380	7,310
<b>Total</b>	<b>8,270</b>	<b>10,180</b>	<b>12,110</b>

<b>Children's Services</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Placements for children looked after	4,360	4,360	4,360
Home to school and post 16 transport	1,500	1,500	1,500
Growth to meet current pressures within Dudley's Counselling Service.	120	120	120
Growth to create a permanent children with disability team which includes Family Support workers (Disability Services)	170	170	170
<b>Total</b>	<b>6,150</b>	<b>6,150</b>	<b>6,150</b>

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

<b>Chief Executive</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Additional core corporate capacity for Project Management, Policy, Performance, Equality and Diversity	340	340	340
Support to strengthen existing Human resources and Organisational Development structure	60	60	60
<b>Total</b>	<b>400</b>	<b>400</b>	<b>400</b>

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

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

<b>Commercial and Customer Services</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Payroll turnover within DC+ (front line)	50	50	50
<b>Total</b>	<b>480</b>	<b>1,010</b>	<b>1,100</b>

<b>Regeneration and Enterprise</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Impact of National Living Wage on outsourced cleaning contract for admin buildings	20	40	60
<b>Total</b>	<b>20</b>	<b>40</b>	<b>60</b>

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

<b>Public Realm</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Investment in potholes and highway maintenance	1,000	0	0
Waste disposal - inflation pressures across the three main disposal contracts	220	450	690
Food Waste collection trial	0	200	0
Additional resource capacity to support delivery of the Traffic Regulation Order Programme	50	50	50
Additional resource required to manage the impact of Ash Dieback (a disease killing ash trees in large numbers across the UK). This will be achieved by cataloguing and monitoring the trees condition as well as undertaking necessary remedial works.	30	50	50



<b>Public Realm</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Tree Planting - reinstate budget for planting new trees across the borough.	10	10	10
<b>Total</b>	<b>1,310</b>	<b>760</b>	<b>800</b>



## Proposed Savings

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

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

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

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

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

<b>Regeneration and Enterprise</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Adult and Community Learning - maximising of costs charged to external grant which funds the service, leading to saving on core budget	50	50	50
Estate rationalisation - Regent House Dudley	0	50	150
Estate rationalisation - Cottage St Offices, Brierley Hill	0	30	30
Estate rationalisation - The Mere Education Centre	0	0	40
Reduction in costs, Enterprise Zone Management & Skills budget	150	150	150
Bereavement: Memorial Safety budget	10	10	10
Himley – staff re-structure	40	40	40
Bring bars back in-house for Stourbridge Town Hall & Cornbow Hall	0	10	10
Bereavement: stop locking cemetery gates	30	30	30
Leisure Centres: Options Plus Discount scheme - reduce or remove certain categories	20	20	20
Reduce Dudley Business First controllable budgets - based on 2019/20 outturn	50	50	50
Review of vacant posts/spare hours in CLS	30	30	30
Wider re-structure within Regeneration & Skills following a retirement	60	60	60
<b>Total</b>	<b>550</b>	<b>690</b>	<b>930</b>

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

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

## Proposed use of Public Health Grant 2021/22

	£000	£000
Community Council	873	
Supportive Environments	1,090	
Parks and Physical Activity	260	
<b>Communities &amp; Healthy Places</b>		<b>2,223</b>
Children 5+	3,521	
Children 0-5	6,938	
<b>Children &amp; Young People</b>		<b>10,459</b>
PH Health Protection	504	
Long Term Conditions	598	
Emergency Planning	195	
<b>Healthcare</b>		<b>1,297</b>
Healthy Aging	1,255	
Sexual Health	2,165	
Working Age Adults	1,187	
Substance Misuse	3,471	
<b>Adults' Public Health</b>		<b>8,078</b>
<b>Total Spend</b>		<b>22,057</b>

## 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, 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 non-statutory expenditure, or where spend is in excess of statutory levels.
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 in line with the Chancellor's announced public sector "pay freeze" in 2021/22 with increases only for staff earning less than £24,000 per annum of £250, and increases in line with forecast CPI thereafter. A 1% increase in pay inflation would cost around £1.3m extra per year.
Government grant income is less than assumed	We have assumed that the final 2021/22 finance settlement and any specific grant income is in line with forecasts; that in subsequent years income from (non Covid related) general and specific grants rises in line with forecast CPI; 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	The ultimate impact of appeals in particular creates considerable uncertainty. 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 underlying tax base will continue to grow to reflect anticipated developments. Failure to grow would reduce annual resources by around £0.9m cumulatively.
Price inflation is more than provided for.	There is no provision for general price increases on non-pay budgets for 2021/22. 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 for non-pay inflation from 2022/23 in line with Government inflation forecasts. 1% price inflation in excess of provision would cost around £1.9m 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 £1.9m 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 £0.4m 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.	There is a significant contingency built into the MTFS for these pressures.
Underlying increase in employers' pension contributions in 2023/24 compared with current MTFS.	A 1% increase in the contribution rate would cost around £0.1m per year.
Proposed contingency will be insufficient to cover any additional costs of managing Covid in 2021/22.	There is significant uncertainty about the path of the virus, the nature and duration of the public health measures and the severity of the economic impact, but to date the Government has directed significant additional short term funding to Councils.

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 2021/22 Budget by Service Area

	<b>£'000</b>
Physical and Sensory support 18-64	6,645
Learning Disability support 18-64	37,745
Mental Health support 18-64	3,843
Support for older Adults 65+	25,225
Support for Carers	266
Social Care activities	9,062
Adult Social Care Information and Early Intervention	4,275
Adult Social Care commissioning and service delivery	9,882
Other Services	1,770
Contingency	3,470
<b>Total Adult Social Care</b>	<b>102,183</b>
Corporate costs	-45
<b>Total Chief Executive</b>	<b>-45</b>
Schools	16,447
Youth Service	1,501
Children & Families Social Services	52,344
Other Children's Services	3,954
<b>Total Children's Services</b>	<b>74,246</b>
Coroners, Registration, Events and Other Services	524
<b>Total Commercial and Customer Services</b>	<b>524</b>
Transport Levy	12,598
Other WMCA contributions	1,413
Flood Defence Levy	111
Other Corporate and Treasury	- 4,854
Contingency	8,815
<b>Total Corporate and Treasury</b>	<b>18,083</b>
Elections & Electoral Registration	763
Tax Collection & Benefits	1,704
Democratic and Other Costs	1,270
<b>Total Finance and Legal</b>	<b>3,737</b>

Public Health	726
Environmental Health & Consumer Protection	2,724
<b>Total Health and Wellbeing</b>	<b>3,450</b>
Private Sector Housing	1,166
Homelessness & Welfare	751
Libraries and Archives	4,230
Community Safety	458
Other Services	237
<b>Total Housing</b>	<b>6,842</b>
Waste Collection & Disposal	20,902
Street Cleansing	3,414
Traffic Management & Road Safety	1,136
Flood Defence & Land Drainage	336
Highways Maintenance (including depreciation)	18,486
Other Engineering & Transportation Services	1,808
Recreation & Sport and Open Spaces	5,207
Other Services	100
<b>Total Public Realm</b>	<b>51,389</b>
Cemeteries & Crematoria	- 2,234
Culture and Heritage	2,405
Recreation & Sport and Open Spaces	3,576
Planning, Building and Development Control	2,046
Economic Regeneration	2,583
Environmental Initiatives	442
Adult Learning	936
Community Safety	207
Other Services	937
<b>Total Regeneration and Enterprise</b>	<b>10,898</b>
<b>Total Service Budget</b>	<b>271,307</b>



### Details of Calculations to be Determined by the Council

1. That the following amounts be now calculated by the Council for the year 2021/22 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:
  - (a) £ 748.653m 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) £ 615.495m 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) £ 133.158m 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) £1450.5145 being the amount at (c) above divided by the Council Tax base 91,800.53, 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
£	£	£	£	£	£	£	£
967.01	1128.18	1289.35	<b>1450.51</b>	1772.85	2095.19	2417.52	2901.03

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 2021/22, 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:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
West Midlands Police	118.37	138.09	157.82	<b>177.55</b>	217.01	256.46	295.92	355.10
West Midlands Fire & Rescue	42.02	49.03	56.03	<b>63.04</b>	77.04	91.05	105.06	126.07

**Report of the Director of Finance and Legal as required by  
Section 25 of the Local Government Act 2003**

1. The External Auditors (Grant Thornton) presented their Audit Findings Report to the Audit and Standards Committee on 21<sup>st</sup> September 2020. On the basis of significant risks threatening the Council's financial sustainability, they reported their intention to give an adverse qualified opinion on Value for Money. They have subsequently reviewed the position and issued a qualified "except for" opinion on Value for Money. However, in giving this opinion, they noted that risks remain in relation to the Council's financial position and that the Council should continue to give consideration as to whether its income from Council Tax is sufficient to maintain financial sustainability.
2. 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:
  - (a) the robustness of the estimates for the purposes of the statutory budget calculation;
  - (b) the adequacy of the proposed financial reserves;and the Authority must then have regard to that report when making decisions about the statutory budget calculations.
3. 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, a prudent 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.
4. There is financial risk management in operation which seeks to identify the significant risks to which the Council is subject, and which is used to inform the level of reserves which it is considered appropriate to hold at both a corporate and directorate level.

5. The table below shows the forecast level of unringfenced General Fund revenue reserves consistent with the budget being proposed.

	<b>Actual Balance 31.3.20 £m</b>	<b>Forecast Balance 31.3.21 £m</b>	<b>Forecast Balance 31.3.22 £m</b>
<b>Unearmarked General Fund Balance</b>	<b>15.7</b>	<b>24.5</b>	<b>16.2</b>
Insurance	5.2	5.3	5.3
Covid General Grant	9.4	-	-
Covid Additional Restrictions Grant	-	5.4	-
Improved Better Care Fund	0.8	-	-
Other Corporate Reserves	3.4	1.9	0.5
DGfL & Paragon equalisation	3.6	3.2	2.9
Schools Trading	1.7	1.7	1.7
Business Rates Grant	0.7	44.4	-
Local Tax Income Guarantee Grant	-	4.2	2.8
<b>Total Earmarked Reserves</b>	<b>24.8</b>	<b>66.1</b>	<b>13.2</b>
<b>Total Unringfenced Reserves</b>	<b>40.5</b>	<b>90.6</b>	<b>29.4</b>

6. 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.
7. The Covid General Grant reserve represents the balance of the first instalment of Government grant funding towards Covid cost pressures received but not expended in 2019/20.
8. The Covid Additional Restrictions Grant is to support businesses which have been impacted by the restrictions imposed due to Covid 19.
9. The Improved Better Care Fund reserve comprises ringfenced resources to complete the programme of works approved by Cabinet in July 2017.
10. Other Corporate reserves include resources set aside to support the implementation of Successor, and an equalisation account for the Impact project.
11. 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.
12. The Schools Trading reserves are balances held by schools to support their community and pupil focused activities.

13. The Business Rate Grant reserve carries forward consistently additional income received in lieu of business rates. The forecast balance at 31.3.21 mainly comprises grant received to cover increased relief for retail, leisure, hospitality and nurseries in 2020/21. This will offset the impact on the Collection Fund of the lost income, which will be charged to the General Fund in 2021/22.
14. The Local Tax Income Guarantee Grant reserve carries forward compensation for a proportion of 2020/21 Council Tax and Business Rates losses. This partially offsets the impact of charging the resulting Collection Fund deficits to the General Fund in 2021/22 – 2023/24.
15. In addition to the above, the Council also holds ringfenced revenue reserves which can be used only for specific purposes:
  - HRA reserves which can be used only for Public Sector Housing;
  - Reserves arising from unspent Dedicated Schools Grant (DSG);
  - Public Health reserves arising from unspent ringfenced Public Health Grant.
16. Levels of total unringfenced reserves are low compared with the national average. As at 31<sup>st</sup> March 2019 (the last date for which comparisons are available) Dudley's unringfenced reserves represented 20% of net budget. For the average council, these reserves represented 44% of net budget.
17. The budget proposals for 2021/22 require a contribution from unearmarked balances. Based on current income and spending forecasts, contributions will also be required in future years of the MTFs. The estimated level of unearmarked balances at 31<sup>st</sup> March 2022 is £16.2m.

18. 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.
- (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 2021/22.
- (c) Although adequate to set a lawful budget for 2021/22, reserves are low (based on most recent available data) by comparison with other councils. There are significant risks in future years and members should note that, if these risks materialise, there will be a need to identify further savings and/or additional income in order to avoid imprudent reductions to the level of reserves.



Iain Newman  
Director of Finance and Legal