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## **Meeting of the Cabinet – 17<sup>th</sup> February 2022**

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

### **Revenue Budget Strategy and Setting the Council Tax 2022/23**

#### **Purpose**

1. To recommend to Council the deployment of General Fund revenue resources, a number of statutory calculations that have to be made by the Council and the Council Tax to be levied for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

#### **Recommendations**

2. That Cabinet recommends the Council notes:
  - a) The actions of the External Auditors as set out in paragraph 12.
  - b) The forecast variances to budget in 2021/22 and progress with delivery of savings set out in paragraph 14 and Appendices B and C.
3. That Cabinet authorises the Director of Finance and Legal, in consultation with the Cabinet Member for Finance and Legal and the Opposition Spokesperson for Finance and Legal to approve any changes to the budget proposals resulting from the final Local Government Finance Settlement and final decisions on the West Midlands Combined Authority Transport Levy and non-transport funding contributions, as set out in paragraphs 24 and 35.
4. That subject to any amendments arising from the above, Cabinet recommends the Council approves the following:
  - The budget for 2022/23, and Directorate allocations (including the Public Health budget) as set out in the report.

- That the statutory amounts required to be calculated for the Council's spending, contingencies and contributions to reserves; income and use of reserves; transfers to and from its collection fund; and council tax requirement, as referred to in Section 67(2)(b) be now calculated by the Council for the year 2022/23 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government and Finance Act 1992 as shown in Appendix M of this report.
- That, having calculated the aggregate in each case of the amounts in Appendix M, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, agrees the following levels of Council Tax for Dudley Council services for 2022/23.

#### Valuation Bands

<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>
995.91	1161.90	1327.88	<b>1493.87</b>	1825.84	2157.81	2489.78	2987.73

- The Medium Term Financial Strategy as set out in the report
5. That Cabinet recommends the Council determines that a referendum relating to Council Tax increases is not required in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992, as set out in paragraph 47.
  6. That Cabinet recommends the Council to authorise the Cabinet Members, Chief Executive, deputy Chief Executive and Directors to take all necessary steps to implement the proposals contained in this report, in accordance with the Council's Financial Management Regime.

### **Background**

7. At its meeting on 15<sup>th</sup> December 2021, the Cabinet approved a preliminary budget strategy as a basis of consultation. This report sets out latest proposals taking into account changes to projected spending and resources resulting from the ongoing review of forecasts and assumptions. Changes to forecasts compared with the figures reported in December are set out in Appendix D.
8. At 31<sup>st</sup> March 2020 our unringfenced revenue reserves as a proportion of net revenue spend were 17%. At 31<sup>st</sup> March 2021 our unringfenced reserves<sup>1</sup> were 24% of net expenditure. The most recent comparable information available for other councils shows that average unringfenced reserves were 45% of net expenditure at 31<sup>st</sup> March 2020.

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

## Consultation on Budget Proposals

9. A consultation on budget proposals for 2022/23 was launched on 17<sup>th</sup> December 2021 and ended on 28<sup>th</sup> January 2022. A total of 1,222 valid responses were received. These are summarised at Appendix E.
10. Scrutiny Committees considered the provisional budget proposals in their January cycle of meetings. There were no formal resolutions to make recommendations to Cabinet.
11. A link to the report to Cabinet on 15<sup>th</sup> December was distributed to representatives of Non-Domestic Ratepayers, in pursuance of the statutory duty to consult. Further detailed information (as required under the statutory duty) is being distributed, and any comments will be reported to the Council Tax setting meeting on 7th March.

## External Audit

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

## Forecast 2021/22 Position

13. In response to Covid-19, the Government has directed significant additional funding to councils. New allocations for the financial year 2021/22 are shown in Appendix A. We anticipate receiving £13.0m of unringfenced funding and further grants totalling £35.8m for specific purposes. It is expected that the latter are matched by specific increases in expenditure or reductions in income.

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

Directorate	Latest Budget £m	Outturn £m	Variance £m
Chief Executive	0.0	(0.3)	(0.3)
Adult Social Care	102.2	103.4	1.2
Children's Services	74.2	74.4	0.2
Health and Wellbeing	3.4	2.6	(0.8)
Finance and Legal	4.4	4.5	0.1
Digital, Commercial and Customer Services	0.2	0.0	(0.2)
Housing and Community	6.9	6.6	(0.3)
Public Realm	51.3	52.6	1.3
Regeneration and Enterprise	11.3	14.2	2.9
Corporate, Treasury and Levies	18.1	10.2	(7.9)
<b>Total Service Costs</b>	<b>272.0</b>	<b>268.2</b>	<b>(3.8)</b>
Total Resources	(263.0)	(265.6)	(2.6)
<b>Use of Balances</b>	<b>9.0</b>	<b>2.6</b>	<b>(6.4)</b>

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

- Pressures of £7.7m from the impact of Covid, mainly in additional costs of Adult Social Care to support the health service and ongoing reduced levels of trading income in a number of services.
- Favourable variances of £13.4m arising as a result of charging costs to Covid specific grants where services are continuing to support the pandemic response, additional grants to partially offset trading and tax income losses and application of the general Covid contingency to the pressures outlined above.
- Net favourable variance of £0.7m that are unrelated to Covid, mainly from the national pay offer being higher than budgeted, offset by lower than expected borrowing costs and additional grant.

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

16. The majority of Special Education Needs and Disability (SEND) services are met from the High Needs Block within the Dedicated Schools Grant (DSG). As previously reported, we (in common with many other councils) have been experiencing significant financial pressures from increasing demand for children that require additional educational support. Notwithstanding the high-level recovery plan that has been agreed, there is a forecast deficit on the DSG, mainly resulting from the pressures on the High Needs Block, of £18.7m at 31<sup>st</sup> March 2022. The Government has regulated temporarily to ensure that this pressure sits within the Dedicated Schools Grant, although there is a risk that there may be an impact on the General Fund from 2023/24. As such this deficit is not included in Appendix B.

### General Fund Balances

17. The impact of the outturn shown above leaves the forecast main unallocated General Fund Balance at 31<sup>st</sup> March 2022 as follows:

	<b>Original Budget £m</b>	<b>Latest Position £m</b>
Forecast balance 31 <sup>st</sup> March 2021	24.5	24.5
2020/21 outturn (as reported to June Cabinet)		+4.4
<b>Balance at 31<sup>st</sup> March 2021</b>	<b>24.5</b>	<b>28.9</b>
Planned use of Reserves approved by Council March 2021	(8.3)	(8.3)
Council Decision to amend budgets during 2021/22		(0.7)
Forecast favourable 2021/22 outturn		+6.4
<b>Forecast General Fund Balance at 31<sup>st</sup> March 2022</b>	<b>16.2</b>	<b>26.3</b>

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

### Medium Term Financial Strategy to 2024/25

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

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

## Government Funding

20. The Provisional Local Government Finance Settlement 2022/23 was announced on 16<sup>th</sup> December. This included the following:
- 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.
  - Continuation of the 2017/18 100% Business Rates Retention pilots – including that for the West Midlands.
  - An inflationary increase in the underlying Revenue Support Grant.
  - Additional Social Care Grant of £636m nationally.
  - An inflationary uplift to the Improved Better Care Fund.
  - Continuation of New Homes Bonus funding on the same basis as in the current year.
  - Continuation of the Lower Tier Services Grant of £111m nationally.
  - A new one-off Services Grant of £822m nationally.
  - A new Market Sustainability and Fair Cost of Care Fund of £162m nationally to support reforms to social care charging.
21. The Finance Settlement outlined above is a one-year settlement for 2022/23 only. The Government has indicated that it will review the system of local government finance allocations to individual councils from 2023/24 onwards, taking as a starting point previous work on Business Rate Retention and the Fair Funding Review. The forecasts in this report make a working assumption that overall funding to Local Government and Dudley's share of that funding are the same in 2023/24 onwards as in 2022/23. However, this is a risk and the actual outcome may be better or worse than this assumption.
22. We have responded to the 2022/23 provisional settlement consultation and our response is summarised at Appendix F.
23. At the time of writing, the Local Government Finance Settlement for 2022/23 had not been finalised. It is therefore proposed that Cabinet authorises the Director of Finance and Legal, in consultation with the Cabinet Member for Finance and Legal and the Opposition Spokesperson for Finance and Legal to approve any resulting changes to the budget proposals prior to Council on 7<sup>th</sup> March.

24. 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 27<sup>th</sup> October, which did not include detailed allocations to individual councils) is shown at Appendix D.

### Council Tax

25. Accounting for Council Tax Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Forecasts reflect a planned charge to the General Fund of £0.3m per year for the next two years, spreading the impact of the deficit in 2020/21 that arose mainly as a result of Council Tax Reduction (CTR) claimant numbers being increased due to the pandemic. For 2022/23, this charge is more than offset by a surplus arising mainly from the fact that CTR claimant numbers in the current year have been lower than expected, leading to a net credit of £0.3m. Tax Income Guarantee (TIG) grant, compensating deficits in 2021/22, has been credited to the General Fund in the current year and this is reflected in the forecast in Appendix B.
26. Although numbers of CTR claimants in the current year are lower than expected, they remain around 1,300 higher than they were before the pandemic. Forecasts for Council Tax income in future years assume that these numbers will gradually return to pre-pandemic levels over the life of the MTFS. Forecasts have also been adjusted to reflect current numbers of households in receipt of discounts and exemptions. Forecasts have also been adjusted to reflect the current rate of new housebuilding.
27. The Provisional Local Government Finance Settlement included proposed Council Tax referendum principles for 2022/23 of a core limit of less than 2% plus an Adult Social Care (ASC) precept limit of 1%. Forecasts in this report are based on a 2.99% Council Tax increase in 2022/23 and assume the same in later years.
28. The impact of changes compared with the December report position is shown at Appendix D.

### Business Rates

29. Accounting for Business Rates Collection Fund surpluses and deficits and associated grants is complex, particularly in terms of timing. Forecasts reflect a planned charge to the General Fund of £1.8m per year for the next two years, spreading the impact of the deficit in 2020/21 that arose mainly as a result of the impact of the pandemic on businesses. For 2022/23, we expect an additional charge of £13.7m (reflecting the loss of income in the current year mainly from reliefs to retail, hospitality and leisure businesses) offset by a credit of £11.1m mainly arising from a review of provisions for business rate appeals (see below) leading to a net overall charge of £4.4m. The impact of current year reliefs is offset by grant that will be credited to the General Fund in 2022/23. Tax Income Guarantee (TIG) grant, compensating deficits in 2021/22, has been credited to the General Fund in the current year and this is reflected in the forecast in Appendix B.





30. There is ongoing uncertainty concerning the impact of the 2017 revaluation on our Business Rate and grant income, in particular the impact of appeals under what was then a new “Check, Challenge, Appeal” process. For the last four years we have been making provision broadly in line with central government assumptions about the impact of appeals. We have now reviewed this provision in the light of actual appeals received together with external advice on potential future appeals and comparisons with other councils. In light of this review, we have reduced our provision for appeals to around 1.8% of gross rates payable.
31. For future years, we have adjusted our forecasts to reflect empty properties and other reliefs, numbers of properties in rating and the ongoing impact of our review of appeals set out above. We have also adjusted forecasts of Business Rates and Section 31 Grant income to reflect the anticipated Retail Price Index.
32. Through the Comprehensive Spending Review the Government has announced further Business Rates reliefs in later years to incentivise property improvements, renewable energy and decarbonisation. It is assumed that the impact of these reliefs will be neutral as the Council will be compensated through grant for loss of income.
33. The impact of changes compared with the December report position is shown at Appendix D.

#### Combined Authority

34. The West Midlands Combined Authority (CA) receives three elements of funding via the constituent authorities as follows:
- The Transport Levy to fund its transport functions, allocated by statute on a population basis.
  - A contribution to reflect assumed real terms growth in the central share of business rates from 2016/17 onwards to fund its regeneration activities, under the terms of the Devolution Deal.
  - A further contribution to fund its non-transport functions currently allocated by agreement partly on a population basis and partly by equal shares.
35. Forecasts in this report assume that the Transport Levy will increase by 2% in 2022/3. The contribution from business rates is forecast to rise by £1.5m per year at the level of the West Midlands. The non-transport contribution is forecast to be cash flat over the next three years.

#### Base Budget Forecasts

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





	2022/23	2023/24	2024/25
	£m	£m	£m
2021/22 base	271.3	271.3	271.3
Pay (note 1)	5.3	8.0	10.7
General price inflation (note 2)	-	3.8	8.0
Income uplift (note 3)	-1.2	-2.5	-3.5
Pensions (note 4)	-0.9	1.0	0.1
Combined Authority (see paras 35-36)	0.4	0.5	0.7
Treasury (note 5)	0.2	2.9	3.4
Remove previous contingency (note 6)	-8.8	-8.8	-8.8
Other adjustments (note 7)	-0.8	-1.2	-1.1
<b>Base Budget Forecast</b>	<b>265.5</b>	<b>275.0</b>	<b>280.8</b>

#### Notes:

(1) This allows for a pay increase of 1.75% in the current year (based on the employers' latest offer), future increases at 2% per year and a 1.25% uplift in employer's National Insurance from next year.

(2) No general provision has been made for 2022/23, with any specific inflationary issues being reflected in additional spending in paragraph 38 below.

(3) Assumes an increase of 2% per year on fees and charges.

(4) Contributions from 2023/24 will be determined following the 2022 actuarial review. It is currently assumed this will not give rise to any change in underlying contributions. Contributions in individual years are impacted by the current arrangements which give varying annual discounts for 3 year advance payment.

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

(6) The base budget for 2021/22 included a one off £8.8m contingency for covid pressures.

(7) Fall-out of previous one-off items, timing of Leisure Centre works and Metro route enhancements, payments to the Local Enterprise Partnership (LEP) in relation to the DY5 Enterprise Zone, costs of the Portersfield design competition, previously agreed increases in Members' Allowances and other adjustments.

#### Additional Spending

37. The following table outlines proposed additional directorate spending arising from a combination of demographic, inflationary, pandemic and other unavoidable service pressures as well as improvements to services to residents and growth in organisational capacity to deliver change. Further detail is provided in Appendix G. There has been one change since the December report to reflect ongoing pressure from additional general waste tonnages and this is reflected in the analysis of changes at Appendix D.

	2022/23	2023/24	2024/25
	£m	£m	£m
Chief Executive	0.4	0.4	0.4
Adult Social Care	10.4	12.3	12.3
Children's Services	1.5	1.5	1.5
Finance and Legal Services	0.6	0.6	0.6
Digital, Commercial and Customer Services	1.7	1.6	1.5
Regeneration and Enterprise	1.0	0.8	0.9
Housing and Community	0.8	0.9	0.9
Public Realm	3.7	2.1	2.3
<b>Total</b>	<b>20.1</b>	<b>20.2</b>	<b>20.4</b>

### Savings

38. In total the following saving proposals have been identified. Details are set out in Appendix H. There has been one change since the December report to remove the original proposal to charge for green waste collections and this is reflected in the analysis of changes at Appendix D.

	2022/23	2023/24	2024/25
	£m	£m	£m
Adult Social Care	0.5	0.6	0.6
Chief Executives	0.1	0.1	0.1
Children's Services	0.8	0.8	0.8
Digital, Commercial and Customer Services	0.0	0.0	0.1
Regeneration and Enterprise	0.3	0.7	1.9
Housing and Community	0.2	0.2	0.6
<b>Total</b>	<b>1.9</b>	<b>2.4</b>	<b>4.1</b>

### Public Health

39. In 2021/22 there is a forecast surplus on the Public Health Grant due to the continued focus in Health & Wellbeing on dealing with the Covid-19 pandemic. This surplus will be added to the ringfenced Public Health Reserve. Programmes of work are being planned, in line with council priorities, to ensure that the best use is made of these reserves.
40. The Spending Review announcement gave a commitment to maintaining the Public Health Grant in real terms for 2022/23. The 2022/23 final allocation of £22.0m represents a 2.81% increase from 2021/22. The grant continues to be ring fenced for use on public health functions including public health challenges arising directly or indirectly from Covid – 19.

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

	2022/23	2023/24	2024/25
	£m	£m	£m
Base budget forecast	22.0	22.6	23.3
One-off spending plans	2.7	0.7	0.4
<b>Total spend</b>	<b>24.7</b>	<b>23.3</b>	<b>23.7</b>
Forecast grant	22.0	22.6	23.4
<b>Deficit</b>	<b>-2.7</b>	<b>-0.7</b>	<b>-0.4</b>
Reserve brought forward	4.3	1.6	0.9
Reserve carried forward	<b>1.6</b>	<b>0.9</b>	<b>0.5</b>

42. The proposed Public Health grant funded budget for 2022/23 is shown at Appendix I.

### Medium Term Financial Strategy

43. 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.

	2022/23	2023/24	2024/25
	£m	£m	£m
<b>Base Budget Forecast</b> - see para 37	265.5	275.0	280.8
<b>Additional spending</b> - see para 38	20.1	20.2	20.4
<b>Savings</b> - see para 39	(1.9)	(2.4)	(4.1)
Expenditure funded from Market Sustainability and Fair Cost of Care Fund	1.1		
<b>Total Service Spend</b>	<b>284.8</b>	<b>292.8</b>	<b>297.1</b>
Council Tax	140.1	145.7	151.6
Collection Fund Surplus/(Deficit) – Council Tax	0.3	-0.3	
Retained Business Rates	80.2	89.1	91.6
Business Rate Grant	22.7	17.4	17.8
Business Rate Grant reserve	13.1		
Collection Fund Deficit – Business Rates	-4.4	-1.8	-
Tariff	-5.5	-5.6	-5.8
New Homes Bonus	0.5	0.5	0.5
Improved Better Care Fund (IBCF)	16.6	16.6	16.6
Social Care Grant	17.2	17.2	17.2
Services Grant	4.7	4.7	4.7
Lower Tier Grant	0.4	0.4	0.4
Market Sustainability and Fair Cost of Care Fund	1.1		
<b>Total Resources</b>	<b>287.0</b>	<b>283.9</b>	<b>294.6</b>

<b>Deficit funded from Balances</b>	<b>(2.2)</b>	<b>8.9</b>	<b>2.5</b>
Balances brought forward	26.3	28.5	19.6
<b>Balances carried forward</b>	<b>28.5</b>	<b>19.6</b>	<b>17.1</b>

44. As stated earlier in this report, the Local Government Finance Settlement for 2022/23 is for one year only. For modelling purposes, it is assumed that retained Business Rates, Business Rate grants and the tariff are adjusted in line with forecast RPI. As regards New Homes Bonus, Improved Better Care Fund, Social Care Grant, Services Grant and Lower Tier Grant, these are shown at the same levels as in 2022/23, reflecting a neutral assumption that the overall level of funding to Local Government (and Dudley's share of that funding) will remain the same over the three years of the CSR. In practice, it is likely that the structure of individual grants will change (it is specifically stated that the Services Grant is one-off) and there is uncertainty as to whether the funding for Dudley will be better or worse than the assumptions set out above.
45. The value of the Market Sustainability and Fair Cost of Care Fund in 2022/23 is £1.1m and this is only known for one year. The spending forecast set out above includes a matching allowance of £1.1m for engagement with, oversight of and financial support to the care market within the purposes of the grant. It is assumed that there will be further allocations of grant in the subsequent years and that these will be matched with further spending so that the impact on the Council's overall financial position will be neutral.
46. The table above assumes that Council Tax increases by 2.99% in each year. Based on proposed referendum limits, this would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992.

### Estimates, Assumptions & Risk Analysis

47. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
- i. that pay inflation does not vary materially from current forecasts;
  - ii. that the overall impact of any changes to the local government finance system from 2023/24 onwards will be neutral when compared to the 2022/23 finance settlement;
  - iii. that underlying net income from Business Rates rises in line with forecast RPI, and that income and expenditure in respect of the Enterprise Zone is in line with current forecasts;
  - iv. that the impact of appeals against Business Rates is contained within the provisions assumed in this report;

- v. that the cost of Council Tax Reduction awarded will not substantially exceed forecasts, that tax collection rates will remain in line with forecast and the underlying tax base will continue to grow as anticipated;
  - vi. that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2022/23 and any inflationary pressures in 2023/24 and 2024/25 will be no more than the amount provided for;
  - vii. that income and expenditure relating to treasury management activity are in line with forecasts;
  - viii. that government policy on maximum underlying Council Tax increases will be the same in later years as in 2022/23;
  - ix. that the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
  - x. that there will be no underlying change in the level of employers' pension contributions from 2023/24 compared with the current MTFS;
  - xi. that the net impact of social care reforms (reduced charging income offset by additional government funding) will be neutral;
  - xii. that there will be no material losses to the Council as a result of loans, guarantees and/or grant clawback;
  - xiii. that spending pressures in relation to Special Education Needs and Disability can be contained within the Dedicated Schools Grant;
  - xiv. that spending or income pressures caused by Covid-19 will not be material from 2022/23 onwards or will be met from further additional government funding;
  - xv. that arrangements for waste disposal following the ending of the current incinerator contract from March 2023 can be managed within the existing budget allocations and allowances for inflation in this report;
  - xvi. that there will be no other unplanned expenditure or shortfalls in income (including any resulting from demographic, economic, legislative or case law pressures) which cannot be met from reserves.
48. The assumptions set out above are subject to uncertainty. While there is a forecast budget surplus in 2022/23, there is currently a forecast deficit of £8.9m in 2023/24 and this represents a significant risk. In the event that outcomes are more negative than the assumptions in this report, then it may be necessary to reconsider spending plans in the MTFS and urgent action to reduce levels of expenditure or increase income may be required. Further analysis of risks is at Appendix K.

## Detailed 2022/23 Budget Proposals

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

### **Revenue Budget Allocations 2022/23**

<b>Directorate</b>	<b>£m</b>
Adult Social Care	111.854
Children's Services	80.107
Health and Wellbeing	3.763
Chief Executive	-0.279
Corporate and Treasury	9.857
Finance and Legal	5.051
Digital, Commercial and Customer Services	0.778
Regeneration and Enterprise	11.515
Housing and Community	7.486
Public Realm	54.680
<b>Total Service Budget</b>	<b>284.812</b>

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

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 2022/23**

<b>Source of Funding</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
Dudley MBC Service Budget	271.307	284.812
Less: Retained Business Rates	(84.159)	(80.206)
Tariff	6.009	5.457
Business Rate Grant (inc. reserve)	(12.949)	(35.802)
New Homes Bonus (NHB)	(0.571)	(0.478)
Improved Better Care Fund (iBCF)	(16.139)	(16.627)
Social Care Grant	(12.703)	(17.176)
Services Grant	-	(4.748)
Covid General Grant	(8.815)	-
Lower Tier Services Grant	(0.392)	(0.413)
Market Sustainability		(1.054)
LCTS Support Grant	(2.990)	-
Collection Fund Surplus(-)/Deficit – Council Tax	2.016	(0.263)
Compensation grant reserve	(0.257)	-

Collection Fund Deficit – Business Rates	46.678	4.437
Business Rate Grant reserve	(44.441)	-
Compensation Grant reserve	(1.134)	-
Contribution to/from(-) General Balances	(8.302)	2.172
<b>Dudley's Council Tax Requirement (including Social Care Precept)<sup>2</sup></b>	<b>133.158</b>	<b>140.111</b>
Tax Base	91,800.53	93,790.94
<b>COUNCIL TAX (Band D) FOR DUDLEY</b>	<b>1450.51</b>	<b>1493.87</b>

51. The proposed Dudley MBC Council Tax for a Band D property for 2022/23 of £1493.87 represents an increase of 2.99% compared with 2021/22. A referendum will not be required in respect of the Council's own element of overall Council Tax.
52. 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.
53. The total levels of Council Tax, which will be considered by the Council at its meeting on 7<sup>th</sup> March 2022, will include the precepts for Police, and Fire and Rescue. It will, therefore, be necessary to incorporate the figures for the precepts in the Budget Report to Council.

### Finance

54. 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. It should be noted that, although reserves are adequate to set a lawful budget for 2022/23, there are significant risks to the MTFS beyond that point.

### Law

55. The Council's budget setting process is governed by the Local Government Finance Acts 1988, 1992, and 2012 and the Local Government Act 2003.
56. 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.

<sup>2</sup> For 2022/23 includes £16.643m in respect of the Social Care Precept



57. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.
58. 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.
59. 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 2022/23 before the 11<sup>th</sup> March 2022.
60. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 are designed to enable a local authority to compensate employees whose employment terminates on grounds of redundancy or in the interests of the efficient exercise of the authority's functions. Any local arrangements in place must also be compliant with the Employment Rights Act 1996 and the Equality Act 2010.

### **Risk Management**

61. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget so as to meet its statutory obligations within the resources available. This risk is currently assigned a rating of High. A detailed analysis of risks and uncertainties is included in paragraph 48 and Appendix K.

### **Equality Impact**

62. 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.
63. 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.
64. 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.
65. 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.
66. 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.
67. The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
68. In line with the Public Sector Equality Duty, Directors have been asked to identify which savings proposals for 2022/23 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.
69. Following this review, there are no new savings proposals for 2022/23 which have been identified as having a significant equality impact. Equality impact assessments were completed last year for budget savings in the medium term financial strategy which began in 2021/22 and which also span 2022/23. These are published on the council's website at: <https://www.dudley.gov.uk/council-community/equality/plans-policies-and-reports/equality-impact-assessments/>
70. 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

71. With regard to Children and Young People, a substantial element of the proposed budget for the Children's Services Directorate will be spent on maintaining and improving services for children and young people. The expenditure of other Directorates' budgets will also have a significant impact on this group.

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

72. Proposals for an Employee Assistance Programme, for a new leadership development programme and to support transition to a new agency model are included in paragraph 38 and Appendix G.

### **Commercial / Procurement**

73. Proposed savings from increasing the Dudley Town Hall catering and bar offer, increased leisure centre income and income from advertising on Boundary signs are included in paragraph 39 and Appendix H.

### **Council Priorities**

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



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**Kevin O'Keefe**  
**Chief Executive**

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

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### **List of Background Papers**

Provisional Local Government Finance Settlement 2022/23

Medium Term Financial Strategy report to Cabinet, 15<sup>th</sup> December 2021

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

Name	£m	Comment
General Covid-19 grant	8.8	
Compensation for sales, fees and charges	1.2	Latest estimate
Local Council Tax Support	3.0	
<b>Total Unringfenced</b>	<b>13.0</b>	
Section 31	10.7	Compensates for additional Business Rates relief
Additional Restrictions Grant (ARG)	2.2	
Omicron Hospitality and Leisure	2.2	
Omicron Support Fund	0.4	
Contain Outbreak Management	2.3	
Infection control and Rapid Testing	3.0	
Extension to Infection Control	2.0	
Social Care Workforce grant	3.0	To be mainly passported to providers
Practical Support Grant	0.8	
Track and Trace Support Payments and administration	0.7	New burdens round 5 announced
Local Elections	0.2	
Covid Catch up grant for schools	0.8	
Local Support Programme – Winter scheme	1.2	
National Testing	0.5	
Holiday Activities	1.2	
Holiday Activities 2022	1.3	Announced Dec 2021
Other DFE – Workforce/ Free School Meals and Mental Health	0.1	
Recovery Premium	0.2	

School Led Tutoring	0.2	
WMCA – Transport	0.2	
Household Support Fund	2.6	
<b>Total Ringfenced</b>	<b>35.8</b>	
CCG	TBC	Support hospital discharges, £0.5m claimed to date

## 2021/22 Forecast Outturn position

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Chief Executives	0.0	(0.3)	(0.3)	(0.4)	0.1	Covid - Use of Covid grants (£0.4m). Non covid - other net pressures £0.1m
Adult Social Care	102.2	103.4	1.2	1.2	0.0	Covid - Increased number of clients and cost of care £5.5m, offset by; use of covid grants (£1.9m), salary savings (£1.6m), inflation contingency (£0.5m) and release of BCF reserve (£0.3m).
Children's Services	74.2	74.4	0.2	0.4	(0.2)	Covid - loss of traded income £0.4m Non covid - net salary savings (£0.2m)
Health and Wellbeing	3.4	2.6	(0.8)	(0.8)	0.0	Covid - 6 months of Env Health and Trading standards salaries charged to COMF (£0.8m)
Finance and Legal Services	4.4	4.5	0.1	0.1	(0.0)	Covid - loss of summons income £0.3m, offset by one off grant income (£0.2m) Non covid - review of insurance reserve (£1.0m), offset by legal

	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
						costs associated with digital case £0.8m and Housing Benefit overpayments £0.2m
Digital, Commercial and Customer Services	0.2	0.0	(0.2)	(0.1)	(0.1)	Covid – activity charged to grant (£0.1m) Non Covid - vacancies (£0.1m)
Housing and Community	6.9	6.6	(0.3)	0.0	(0.3)	Non covid - Electrical and Mechanical productivity pressures £0.1m, offset by release of PCSOs budget (£0.3m) and vacancies (£0.1)
Public Realm	51.3	52.6	1.3	1.5	(0.2)	Covid - £0.8m net pressure on waste (additional tonnages collected and agency staff), £0.5m car parking income, £0.2m other Non Covid - recycling commodity volume and prices (£0.6m) offset by street lighting £0.4m



	Latest Budget £'m	Latest Outturn £'m	Variance £m	Of which Covid £m	Of which Other £m	Comment variance
Regeneration and Enterprise	11.3	14.2	2.9	2.4	0.5	Covid - Leisure centres £1.2m, catering £1.0m, Himley/Halls and events £0.2m. Non Covid - one off receipt from LLP (£0.3m) offset by pressures on Land Development and other Corporate Landlord services £0.5m and CCTV costs £0.3m
Corporate & Treasury	18.1	10.2	(7.9)	(8.8)	0.9	Covid – (£8.8m) contingency, Non Covid – pay award of 1.75% compared to budget 0.3% £2.0m, EZ payment to the LEP 0.3m; offset by pension over recovery (£0.1m), capital slippage and borrowing costs (£1.2m) and other (£0.1m)
<b>Total Service Costs</b>	<b>272.0</b>	<b>268.2</b>	<b>(3.8)</b>	<b>(4.5)</b>	<b>0.7</b>	
Total Funding	(263.0)	(265.6)	(2.6)	(1.2)	(1.4)	Sales, Fees and Charges compensation grant (£1.2m), tax guarantee grant (£0.8m) and Section 31 grant (£0.6m)
<b>Use of Balances</b>	<b>9.0</b>	<b>2.6</b>	<b>(6.4)</b>	<b>(5.7)</b>	<b>(0.7)</b>	

## Delivery of existing Medium Term Financial Strategy

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

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

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

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

## Changes compared with December report

	2022/23 £m	2023/24 £m	2024/25 £m
<b>Previous forecast (surplus) / deficit</b>	<b>(1.8)</b>	<b>9.4</b>	<b>2.3</b>
<b>Changes to Spending Proposals:</b>			
Increase to Transport Levy	0.3	0.3	0.3
Revised treasury management costs, etc.	(0.4)	0.2	0.6
Expenditure from Market Sustainability Grant	1.1		
Increased waste tonnages	0.2	0.2	0.2
Removal of proposal to charge for green waste	1.9	1.9	1.9
<b>Total Changes to Spending Proposals</b>	<b>3.1</b>	<b>2.6</b>	<b>3.0</b>
<b>Changes to government funding:</b>			
Remove estimated funding	8.0		
Lower Tier grant	(0.4)		
Increase in Improved Better Care Fund	(0.5)		
Increase to Social Care Grant	(4.5)		
New Services Grant	(4.7)		
Adjustment to Tariff cap	0.3		
Reduction to New Homes Bonus	0.1		
Assumed share of Government funding from 2023/24		(1.7)	(1.7)
Market Sustainability Grant	(1.1)		
<b>Changes to local resources:</b>			
Council Tax	(0.4)	(0.1)	0.2
Business Rates	(0.3)	(1.3)	(1.3)
<b>Total Changes to Resources</b>	<b>(3.5)</b>	<b>(3.1)</b>	<b>(2.8)</b>
<b>Latest forecast deficit</b>	<b>(2.2)</b>	<b>8.9</b>	<b>2.5</b>

### Public Consultation on 2022/23 Budget – Analysis Report

#### Introduction

The analysis in this report relates to the public consultation on the council budget for 2022/23, which started on 17<sup>th</sup> December 2021 and finished on 28<sup>th</sup> January 2022. This report considers all valid 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 comments will be provided separately for consideration.

The council received 1,246 responses to the consultation. As the budget relates to those living in Dudley Borough, respondents were asked to provide a postcode and house number so their resident status could be corroborated. Of the 1,246 consultation responses 24 did not provide verifiable address information, so were discounted.

The following analysis is based on the resultant 1,222 valid responses. A data table accompanies each question with charts illustrating the results at the end of the Analysis Report

#### 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 – older people and the care system	4.4
Children’s Services – young people and children in care	4.0
Health and Wellbeing – ensuring people are healthy and well	3.5
Environment – improving our roads, recycling and open spaces	3.4
Regeneration and Enterprise – building a better borough and boosting the economy	2.9
Housing – tackling homelessness and private landlord enforcement	2.8

Adult Social Care has the highest average service score with 4.4, followed by Children’s Services with 4.0, Health and Wellbeing with 3.5 and Environment with 3.4. The remaining two service areas have scores below 3.0.

### Demographic Characteristics

A further section of the consultation (“About yourself”) asked people about their demographic characteristics. The analysis of responses by these characteristics are based on the 1,222 people with a valid borough address. Note as questions in this section were optional some respondents did not provide demographic information. Comparisons are given to the demographics of the borough population aged 18 and over using the most recent data available.

### Gender

1,157 people provided information on gender. The gender split was 48.9% male and 51.1% female. This differs marginally from the Dudley Borough figures (see Table 2).

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

Gender	Number of Responses	% of Responses	% Dudley Borough
Male	566	48.9	48.5
Female	591	51.1	51.5
<b>Total</b>	<b>1,157</b>		
<i>No response given</i>	65		

Source for Dudley Borough figures: Mid-Year Population Estimates 2020, population aged 18 and over, Office for National Statistics  
 Note: Percentages may not total to 100.0% due to rounding



## Age

1,163 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**

Age	Number of Responses	% of Responses	% Dudley Borough
Under 25	5	0.4	9.4
25-44	183	15.7	31.2
45-64	506	43.5	33.4
65+	469	40.3	26.0
<b>Total</b>	<b>1,163</b>		
<i>No response given</i>	<i>59</i>		

Source for Dudley Borough figures: Mid-Year Population Estimates 2020, 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. The number of responses from people aged under 18 is 0.

## Ethnic Group

1,154 people provided information on their ethnic group. 95.3% of responses came from White ethnic groups. This indicates this group is overrepresented in the consultation when compared to the Dudley population. The detailed breakdown of numbers and percentages is given in Table 4.

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

Ethnic Group	Number of Responses	% of Responses	% Dudley Borough
White	1,100	95.3	92.0
Black	6	0.5	1.4
Mixed	15	1.3	1.0
Asian	16	1.4	5.1
Other	17	1.5	0.5
<b>Total</b>	<b>1,154</b>		
<i>No response given</i>	<i>68</i>		

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

1,165 people answered whether they had any long-term illness, health problem or disability which limits their daily activity. 26.4% of respondents indicated they had a limiting condition, compared to 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	307	26.4	23.5
No	858	73.6	76.5
<b>Total</b>	<b>1,165</b>		
<i>No response given</i>	57		

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

## Area of residence of respondents

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

**Table 6: Area of residence of respondents compared to Dudley Borough population distribution**

Area of Residence	Number of Responses	% of Responses	% Dudley Borough
Brierley Hill	249	20.4	20.5
Dudley Central	221	18.1	22.7
Dudley North	214	17.5	16.3
Halesowen	245	20.0	20.3
Stourbridge	293	24.0	20.1
<b>Total</b>	<b>1,222</b>		

Source for Dudley Borough figures: Mid-Year Population Estimates 2020, population aged 18 and over, Office for National Statistics  
 Note: Percentages may not total to 100.0% due to rounding

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

Area of Residence	Constituent Wards
Brierley Hill	Brierley Hill; Brockmoor and Pensnett; Kingswinford North and Wall Heath; Kingswinford South; Wordsley
Dudley Central	Castle and Priory; Netherton, Woodside and St Andrews; Quarry Bank and Dudley Wood; St James's; St
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

## Analysis Charts

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

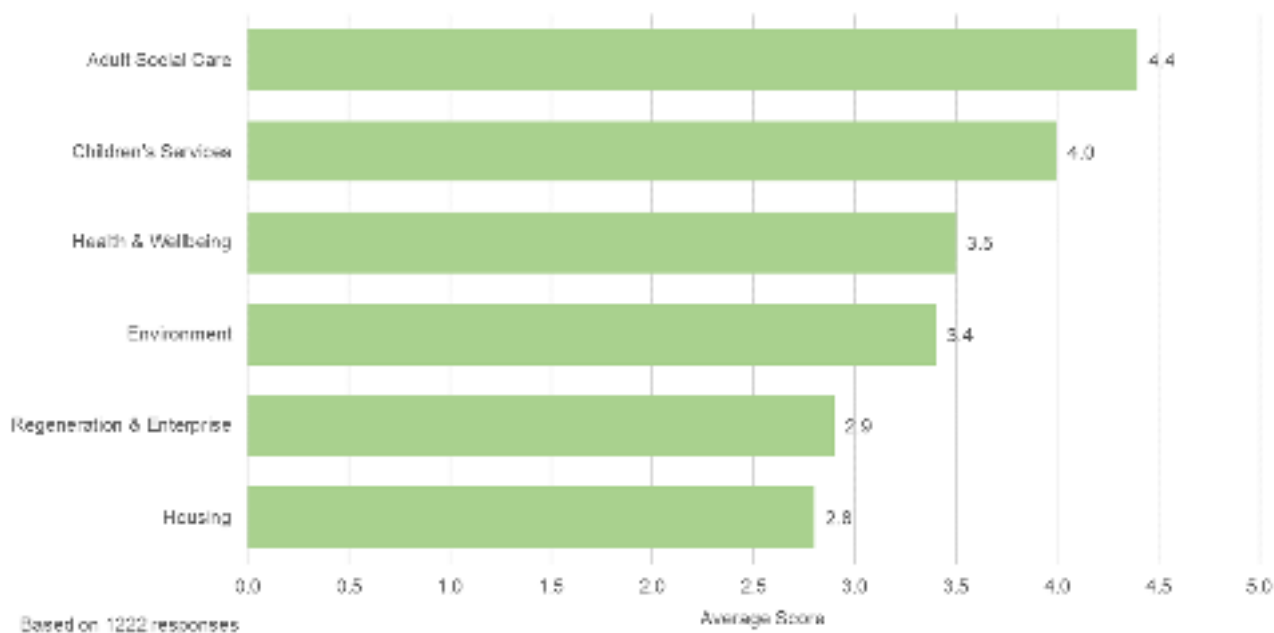


Chart 2: Gender of respondents compared to Dudley Borough

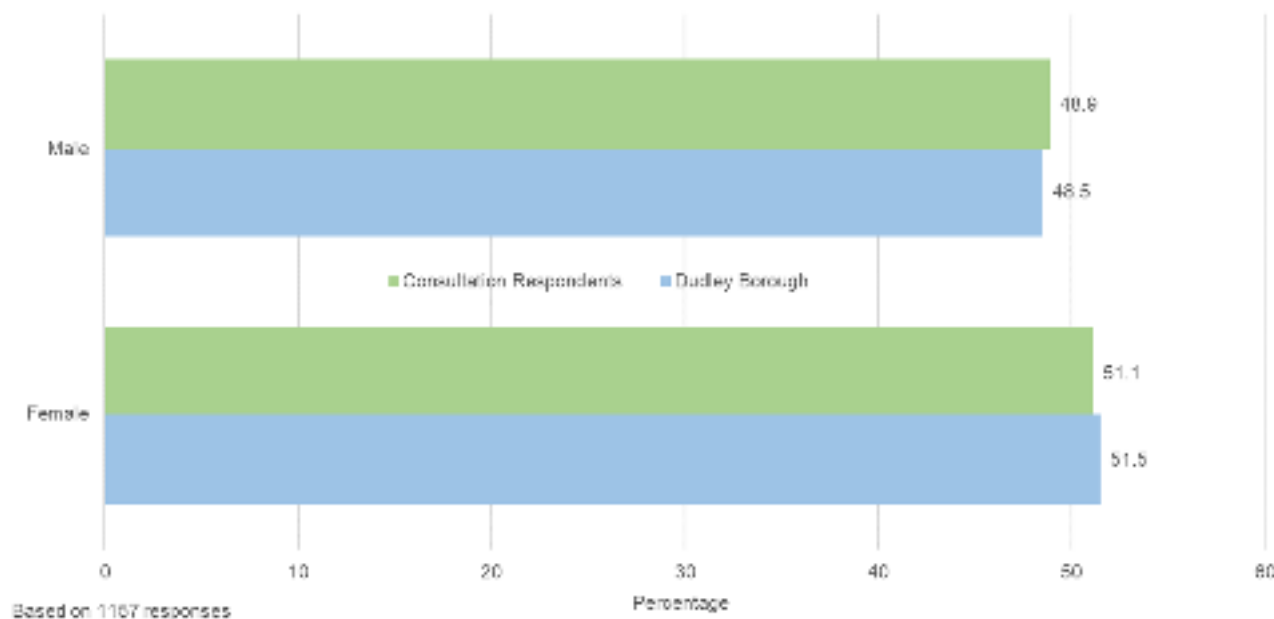
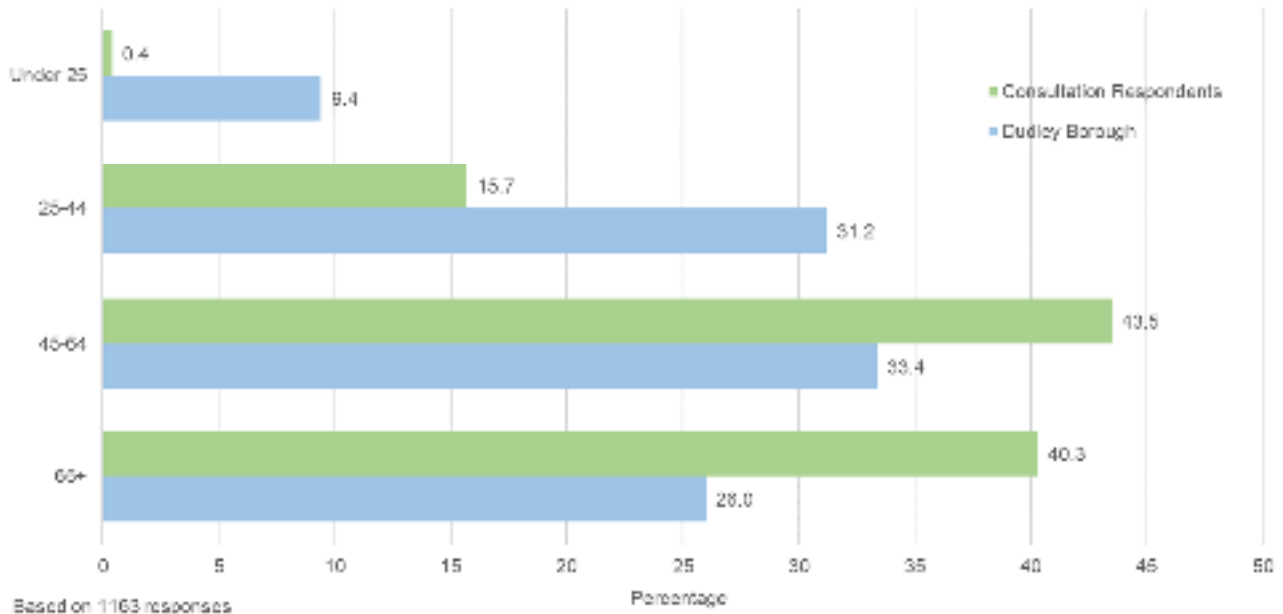


Chart 3: Age of respondents compared to Dudley Borough



Notes: The Dudley Borough population aged 18 to 24 has been used to calculate the percentage for the under 25 age group. The number of responses from people aged under 18 is 0.

Chart 4: Ethnic group of respondents compared to Dudley Borough

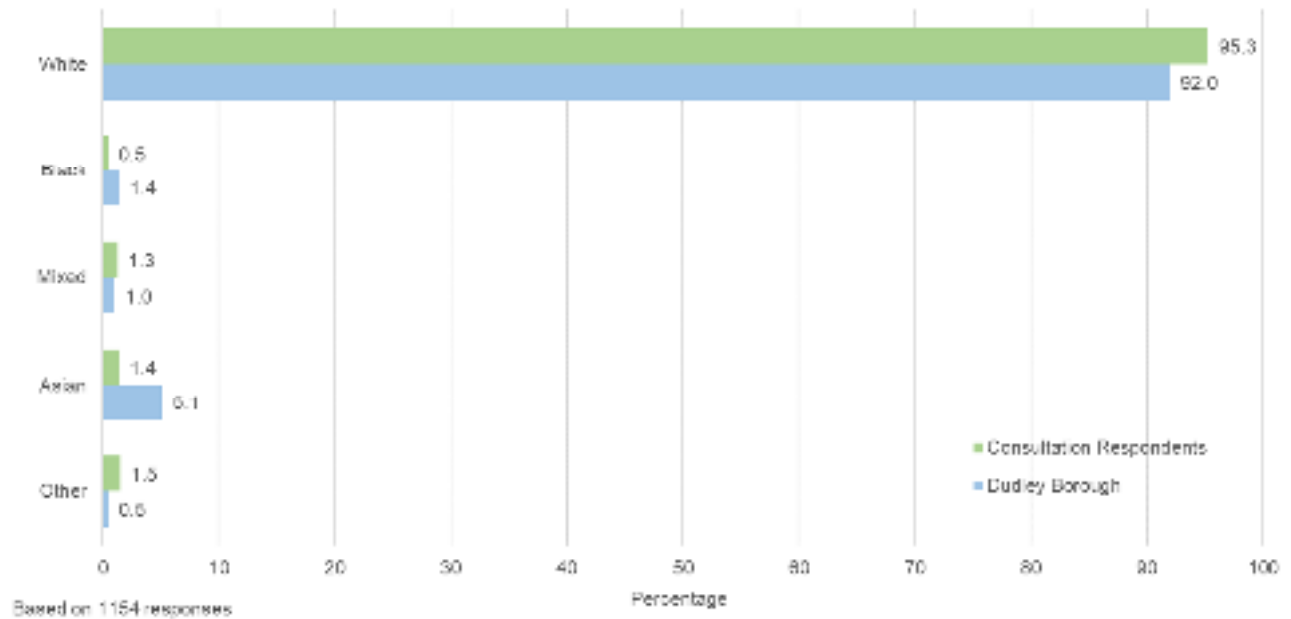


Chart 5: Long term illness, health problem or disability of respondents compared to Dudley Borough

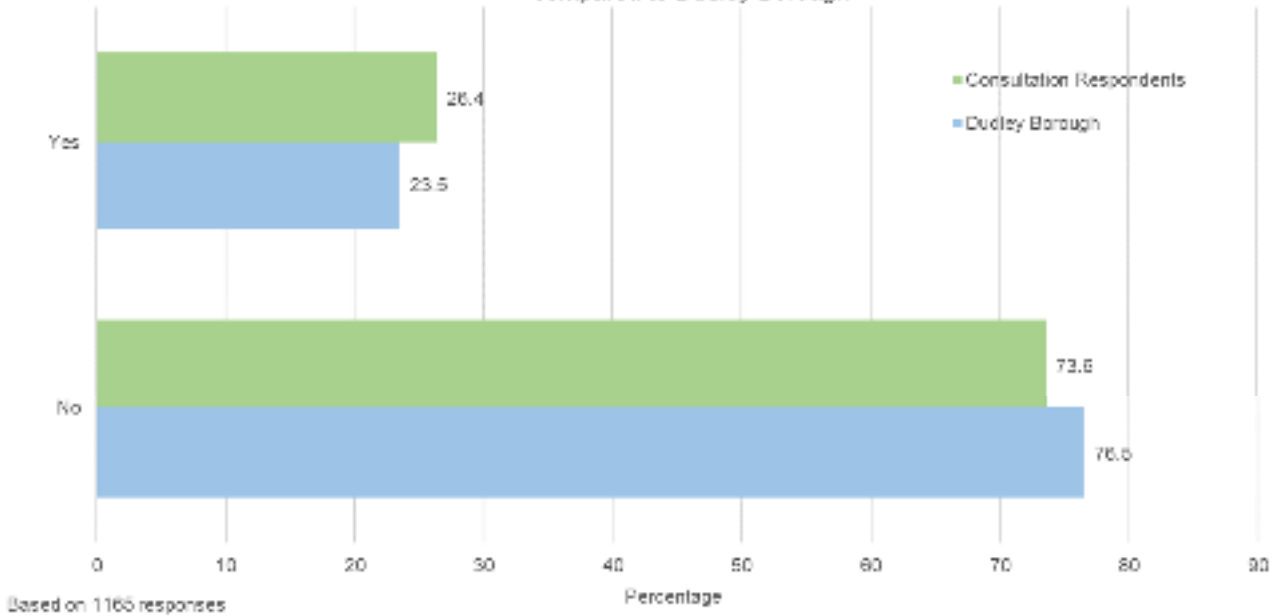
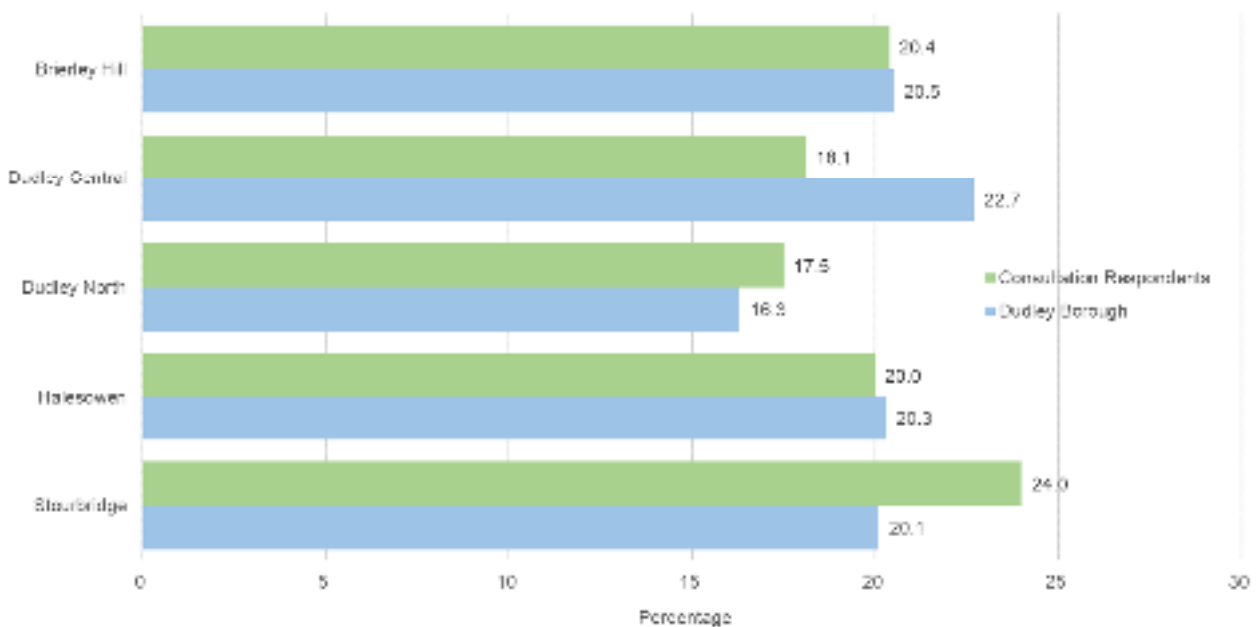


Chart 6: Area of residence of respondents compared to Dudley Borough



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

Area of Residence	Constituent Wards
Brierley Hill	Brierley Hill; Brockmoor and Pensnett; Kingswinford North and Wall Heath; Kingswinford South; Wordsley
Dudley Central	Castle and Priory; Netherton, Woodside and St Andrews; Quarry Bank and Dudley Wood; St James's; St
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

### Summary of response to the Provisional 2022/23 Settlement

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>3</sup> in 2022/23, including the rolling in of 2 New Burdens grants, welcoming the stability provided by the proposals.
2. In respect of to the council tax referendum principles proposed for 2022/23, 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 2022/23 according to assessed need, noting however that we can see no logic for limiting the equalisation component. This limitation will result in a few relatively affluent Social Care authorities receiving more (from this grant and the Social Care precept) than their proportion of assessed need, at the expense of all other authorities. We welcome the fact that a significant proportion of the additional funding provided by the Comprehensive Spending Review is being directed to authorities with adult social care responsibilities.
4. We agreed with the proposals for allocating Improved Better Care Fund grant in 2022/23 (on the basis of assessed need and potential Social Care Precept income) welcoming the stability provided by continuing with the same methodology as for 2021/22.
5. We agreed with the proposals for distributing the Market Sustainability and Fair Cost of Care fund in 2022/23 (on the basis of relative needs for adult social care)
6. We do not agree with the Government's proposals for a one-off 2022/23 Services Grant when it is intended, among other things, to compensate for a the impact of National Insurance increase to fund social care which will not a one off issue but will be an ongoing pressure on our budget.
7. We reiterated our opposition to the New Homes Bonus (NHB) in principle. We would argue that there should be no new allocations for 2022/23 and the element of the top-slice from RSG not required to fund legacy payments should be allocated in proportion to the Settlement Funding Assessment.

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<sup>3</sup> For Dudley, underlying Revenue Support Grant is reflected in the calculation of our Tariff as part of the 100% Business Rates Retention pilot.



8. We opposed the proposed approach to paying Rural Services Delivery Grant in 2022/23 on the basis of sparsity measures given that this payment is not underpinned by any calculations of the additional costs resulting from sparsity.
9. 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.

## Additional Spending

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

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

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

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

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

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

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

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

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

<b>Public Realm</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Additional resource required to manage the impact of Ash Dieback (a disease killing Ash Trees in large numbers across the UK). This will be achieved by cataloguing and monitoring the trees condition as well as undertaking necessary remedial works.	400	20	20
Cost associated with collecting and disposal of increased household waste tonnages	200	200	200
Weed Control trial	70	0	0
Car Parks R&M	120	120	120
Waste disposal - inflation pressures across the three main disposal contracts	230	470	710
Food Waste collection trial	200	0	0
Technical resources to provide support to corporate programmes	230	0	0
<b>Total</b>	<b>3,680</b>	<b>2,040</b>	<b>2,280</b>

## Proposed Savings

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

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

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

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

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

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



## Proposed use of Public Health Grant 2022/23

	£000	£000
Community Council	660	
Supportive Environments	982	
Parks and Physical Activity	226	
<b>Communities &amp; Healthy Places</b>		<b>1,868</b>
Children 5+	2,962	
Children 0-5	6,191	
<b>Children &amp; Young People</b>		<b>9,153</b>
PH Health Protection	423	
Long Term Conditions	425	
<b>Healthcare</b>		<b>848</b>
<b>Health &amp; Wellbeing Management</b>		<b>2,020</b>
Healthy Aging	1,130	
Commissioning for Intelligence	573	
Sexual Health	2,012	
Working Age Adults	1,081	
Substance Misuse	3,148	
Emergency Planning	183	
<b>Adults' Public Health</b>		<b>8,127</b>
<b>Healthcare</b>		
<b>Total Spend</b>		<b>22,016</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.

<b>Risk</b>	<b>Impact</b>
Pay inflation exceeds forecasts	Forecasts allow for an increase of 2% per annum. 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 2022/23 finance settlement and any specific grant income is in line with forecasts; that in subsequent years income from general and specific grants are cash flat (except where government have indicated real terms increases); and that the underlying impact of any local government funding reforms is neutral. The latter is a significant area of uncertainty (with the potential to be either negative or positive).
Underlying Business Rate income lower than assumed	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 £0.7m cumulatively.
Price inflation is more than provided for.	There is no provision for general price increases on non-pay budgets for 2022/23. 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 2023/24 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 £3.9m 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.	A 1% increase in care charges over the budget allowed would cost £1.1m per year
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.

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 2022/23 Budget by Service Area

	<b>£'000</b>
Physical and Sensory support 18-64	5,980
Learning Disability support 18-64	39,689
Mental Health support 18-64	3,877
Support for older Adults 65+	37,576
Support for Carers	264
Social Care activities	10,102
Adult Social Care Information and Early Intervention	4,367
Adult Social Care commissioning and service delivery	8,768
Other Services	1,231
<b>Total Adult Social Care</b>	<b>111,854</b>
Registrars, Events and Other Services	-279
<b>Total Chief Executive</b>	<b>-279</b>
Schools	18,559
Youth Service	1,489
Children & Families Social Services	55,358
Other Children's Services	4,701
<b>Total Children's Services</b>	<b>80,107</b>
Other Corporate costs	778
<b>Total Digital, Commercial and Customer Services</b>	<b>778</b>
Transport Levy	12,831
Other WMCA contributions	1,547
Flood Defence Levy	113
Other Corporate and Treasury	-5,688
Contingency (Market Sustainability)	1,054
<b>Total Corporate and Treasury</b>	<b>9,857</b>
Elections & Electoral Registration	782
Tax Collection & Benefits	2,307
Coroners, Democratic and Other Costs	1,962
<b>Total Finance and Legal</b>	<b>5,051</b>

Public Health	730
Environmental Health & Consumer Protection	3,033
<b>Total Health and Wellbeing</b>	<b>3,763</b>
Private Sector Housing	1,258
Homelessness & Welfare	778
Libraries and Archives	4,507
Community Safety	652
Other Services	291
<b>Total Housing</b>	<b>7,486</b>
Waste Collection & Disposal	21,953
Street Cleansing	3,779
Traffic Management & Road Safety	1,161
Flood Defence & Land Drainage	345
Highways Maintenance (including depreciation)	19,573
Other Engineering & Transportation Services	2,029
Recreation & Sport and Open Spaces	5,707
Other Services	133
<b>Total Public Realm</b>	<b>54,680</b>
Cemeteries & Crematoria	-2,177
Culture and Heritage	2,446
Recreation & Sport and Open Spaces	2,774
Planning, Building and Development Control	2,250
Economic Regeneration	3,078
Environmental Initiatives	543
Adult Learning	940
Community Safety	536
Other Services	1,125
<b>Total Regeneration and Enterprise</b>	<b>11,515</b>
<b>Total Service Budget</b>	<b>284,812</b>

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

1. That the following amounts be now calculated by the Council for the year 2022/23 in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:
  - (a) £ 722.892m 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) £ 582.781m 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) £ 140.111m 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) £1493.8650 being the amount at (c) above divided by the Council Tax base 93,790.94, 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

<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>
995.91	1161.90	1327.88	<b>1493.87</b>	1825.84	2157.81	2489.78	2987.73

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.

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

1. Section 25 of the Local Government Act 2003 requires the designated Chief Finance Officer of the Authority (the Chief Officer, Finance and Legal Services) to report to it on the following matters and the Authority must then have regard to that report when making decisions about the statutory budget calculations:
  - (a) the robustness of the estimates for the purposes of the statutory budget calculation;
  - (b) the adequacy of the proposed financial reserves;
  
2. The estimates which comprise the budget proposed in this report have been completed by my staff and staff in Directorates, on the basis of known commitments, an allowance for pay awards and spending pressures and an appropriate assessment of the potential risks and uncertainties. We have also had regard to the availability of external funding, particularly specific Government grants and partnership funding and income levels from fees and charges. The proposals for additional spending are based on specific initiatives or projects or provide a cash-limited allocation for a particular activity. The proposals for efficiency and other savings result from a detailed review of existing spending and represent a realistic estimate of what can be saved if the action proposed is implemented.
  
3. The table below shows the forecast level of unringfenced General Fund revenue reserves consistent with the budget being proposed.

	<b>Actual Balance 31.3.21 £m</b>	<b>Forecast Balance 31.3.22 £m</b>	<b>Forecast Balance 31.3.23 £m</b>
<b>Unearmarked General Fund Balance</b>	<b>28.9</b>	<b>26.3</b>	<b>28.5</b>
Insurance	5.7	5.5	5.5
Covid Grants	4.3	0.0	0.0
Social Care ICT	1.0	0.4	0.0
Other Grants	1.4	2.0	1.1
Other Corporate Reserves	2.9	0.9	0.4
DGfL & Paragon equalisation	3.2	3.3	3.3
Schools Trading	1.8	1.8	1.8
Business Rates Grant	45.1	13.1	0.0
Local Tax Income Guarantee Grant	2.2	0.0	0.0
<b>Total Earmarked Reserves</b>	<b>67.6</b>	<b>27.0</b>	<b>12.1</b>
<b>Total Unringfenced Reserves</b>	<b>96.5</b>	<b>53.3</b>	<b>40.6</b>

4. The Insurance reserve will continue to be maintained at a level consistent with the insurable risks borne by the Council and the level of outstanding claims at any time and will fluctuate accordingly.
5. The Covid Grant reserve represents the balance of a number of Government funded grants targeted to supporting the Local Authority's response to Covid 19.
6. The Social Care ICT reserve has been set aside to support the development of Successor.
7. The Other Grants reserves includes unspent balances from grants in relation to Homelessness, Domestic Abuse, along with the equalisation account for the Impact project.
8. Other Corporate reserves includes resources for Community Forums, Adult Social Care, Regeneration and OFSTED.
9. 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.
10. The Schools Trading reserves are balances held by schools to support their community and pupil focused activities.
11. The Business Rate Grant reserve carries forward consistently additional income received in lieu of business rates. The balance at 31.3.21 mainly comprises grant received to cover increased relief for retail, leisure, hospitality and nurseries in 2020/21. This offset the impact on the Collection Fund of the lost income, which was charged to the General Fund in 2021/22.
12. The Local Tax Income Guarantee Grant reserve carries forward compensation for a proportion of 2020/21 Council Tax and Business Rates losses.
13. In addition to the above, the Council also holds ringfenced revenue reserves which can be used only for specific purposes:
  - a. HRA reserves which can be used only for Public Sector Housing;
  - b. Reserves arising from unspent Dedicated Schools Grant (DSG);
  - c. Public Health reserves arising from unspent ringfenced Public Health Grant.

14. At 31<sup>st</sup> March 2020 our unringfenced revenue reserves as a proportion of net revenue spend were 17%. At 31<sup>st</sup> March 2021 our unringfenced reserves<sup>4</sup> were 24% of net expenditure. The most recent comparable information available for other councils shows that average unringfenced reserves were 45% of net expenditure at 31<sup>st</sup> March 2020.
15. The budget proposals for 2022/23 generate a contribution to the unearmarked General Fund balance. However, based on current income and spending forecasts, a significant contribution of £8.9m from the unearmarked General Fund balance will be required in 2023/24 and a further contribution of £2.5m will be required in 2024/25. The estimated level of the unearmarked General Balance at 31<sup>st</sup> March 2025 is £17.1m (a reduction of £11.8m from the position at the beginning of the current year).

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 2022/23.
- (c) Although adequate to set a lawful budget for 2022/23, reserves are low by comparison with other councils. The rate of Council Tax (and as a result the level of spending) is also low compared to other councils. Forecasts already build in the maximum increase in Council Tax without a referendum for 2022/23 and assume similar increases in later years. There are significant risks to the forecast and Members should note that, if these risks materialise, there will be a need to reduce spending plans and/or raise additional income in order to avoid imprudent reductions to the level of reserves. This will be challenging in view of the context set out above.

Iain Newman  
Director of Finance and Legal

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<sup>4</sup> In order not to distort comparisons, this excludes reserves in respect of Section 31 funding of increased Business Rates Retail relief and Local Tax Income Guarantee grant.