



## Our Council Scrutiny Panel

### 20 November 2019

|  |  |   |
|--|--|---|
| <b>Report title</b>                            | Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024                         |   |
| <b>Decision designation</b>                    | AMBER  |   |
| <b>Cabinet member with lead responsibility</b> | Councillor Louise Miles<br>Resources<br><br>Councillor Peter Bilson<br>City Assets and Housing |   |
| <b>Corporate Plan priority</b>                 | Confident Capable Council  |   |
| <b>Key decision</b>                            | Yes  |   |
| <b>In forward plan</b>                         | Yes  |   |
| <b>Wards affected</b>                          | All  |   |
| <b>Accountable Director</b>                    | Claire Nye, Director of Finance  |   |
| <b>Originating service</b>                     | Strategic Finance  |   |
| <b>Accountable employee</b>                    | Alison Shannon<br>Tel<br>Email   | Chief Accountant<br>01902 554561<br>Alison.shannon@wolverhampton.gov.uk |
| <b>Report to be/has been considered by</b>     |  |   |

---

#### Recommendations for decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the budget relevant to the remit of this Panel and how it is aligned to the priorities of the Council.
2. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024 including budget proposals that are relevant to the remit of this Panel.
3. Approve that the Scrutiny Panel response be finalised by the Chair and Vice Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

## **1.0 Purpose**

- 1.1 The purpose of this report is to seek the Panel's feedback on the budget relevant to the remit of this Panel and how it is aligned to the priorities of the Council. In addition to this, the Panel's feedback is also sought on the Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024 that was presented to Cabinet on 16 October 2019 including budget proposals relevant to the remit of this Panel.

## **2.0 Draft Budget and Medium-Term Financial Strategy Background**

- 2.1 Since 2010-2011 despite the successive cuts in Council resources, which have led to significant financial challenges, the Council has set a balanced budget in order to deliver vital public services and city amenities. Over the last eight years the Council has identified budget reductions in excess of £220 million. The extent of the financial challenge over the medium term continues to represent the most significant challenge that the Council has ever faced, with reducing resources, growing demand for services and significant cost pressures.
- 2.2 The Budget and Medium-Term Financial Strategy (MTFS) 2019-2020 to 2023-2024 was presented to Full Council for approval on 6 March 2019. The Council was able to set a balanced budget for 2019-2020 without the use of General Fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £27.3 million in 2020-2021 rising to £40-£50 million over the medium term to 2023-2024.
- 2.3 Since then, work has been ongoing across the Council to identify opportunities in line with the Five-Year Financial Strategy to support the budget strategy for 2020-2021 and future years, whilst also analysing emerging pressures and potential resources available to the Council, following the Spending Round 2019 announcement on 4 September 2019.

## **3.0 Our Council Plan 2019-2024**

- 3.1 The Council's strategic approach to address the budget deficit continues to be to align resources to Our Council Plan 2019-2024 which was approved by Full Council on 3 April 2019.
- 3.2 Our Council Plan, developed with the people of the City of Wolverhampton at its heart, sets out how we will deliver our contribution to Vision 2030 and how we will work with our partners and communities to be a city of opportunity. The plan includes six strategic priorities which come together to deliver the overall Council Plan outcome of 'Wulfrunians will live longer, healthier and more fulfilling lives'. Over the medium term, resources will continue to be aligned to enable the realisation of the Council's strategic priorities of achieving:
- Children and Young People get the best possible start in life
  - Well skilled people working in an inclusive economy
  - More good jobs and investment in our city
  - Better homes for all

- Strong, resilient and healthy communities
- A vibrant, green city we can all be proud of.

3.3 All of the strategic outcomes will be supported by the 'Our Council' Programme, which will help us drive organisational improvement and development.

3.4 The Financial Strategy, approved by Council in March 2019, consists of five core principles underpinned by eight core workstreams. Using the Core Workstreams as the framework for the Financial Strategy detailed delivery plans are being developed all with a lead director. The core principles are:

- **Core Principles:**

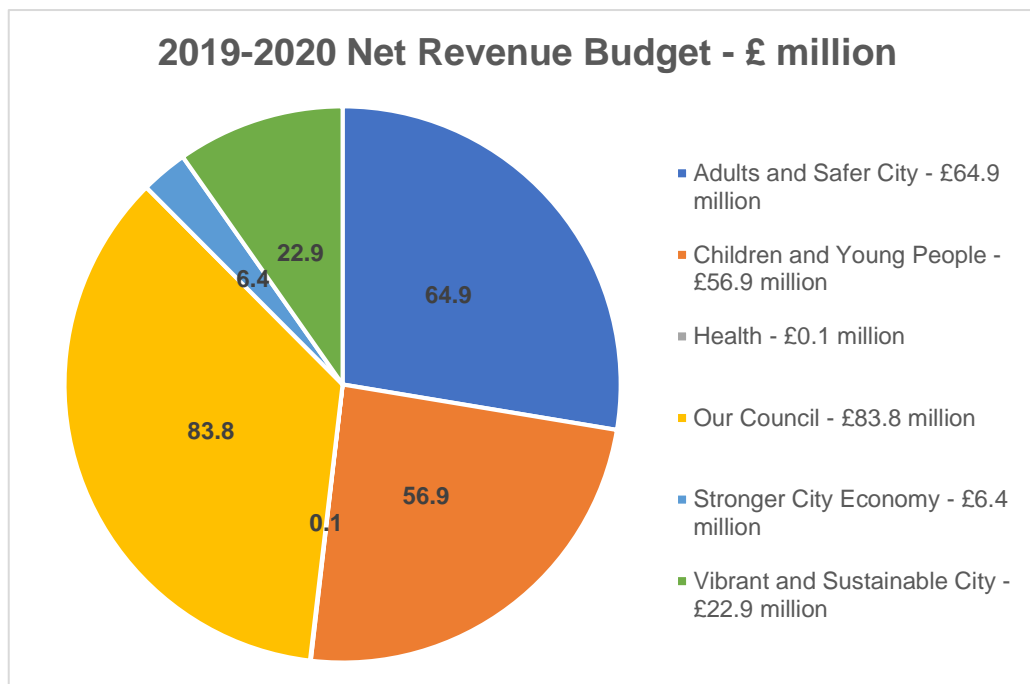
- **Focusing on Core Business.** Focus will be given to those activities that deliver the outcomes local people need and which align to our Council Plan and Financial Strategy.
- **Promoting Independence and Wellbeing.** We will enable local people to live independently by unlocking capacity within communities to provide an effective and supportive environment.
- **Delivering Inclusive Economic Growth.** We will continue to drive investment in the City to create future economic and employment opportunities.
- **Balancing Risk.** We will ensure we base decisions on evidence, data and customer insight.
- **Commercialising our Approach.** We will boost social value in our City by maximising local procurement spend with people and businesses.

#### **4.0 Budget – Our Council Scrutiny Panel remit**

4.1 As detailed above, when addressing the budget challenge, the Council continues to focus on aligning its resources to strategic outcomes.

4.2 The Council holds a net revenue expenditure budget totalling £234.9 million for the 2019-2020 financial year. Of this, services relevant to the remit of the Our Council Scrutiny Panel have net revenue expenditure budgets totalling £83.8 million, as can be seen in Chart 1 below.

**Chart 1 – Net Revenue Budget 2019-2020**



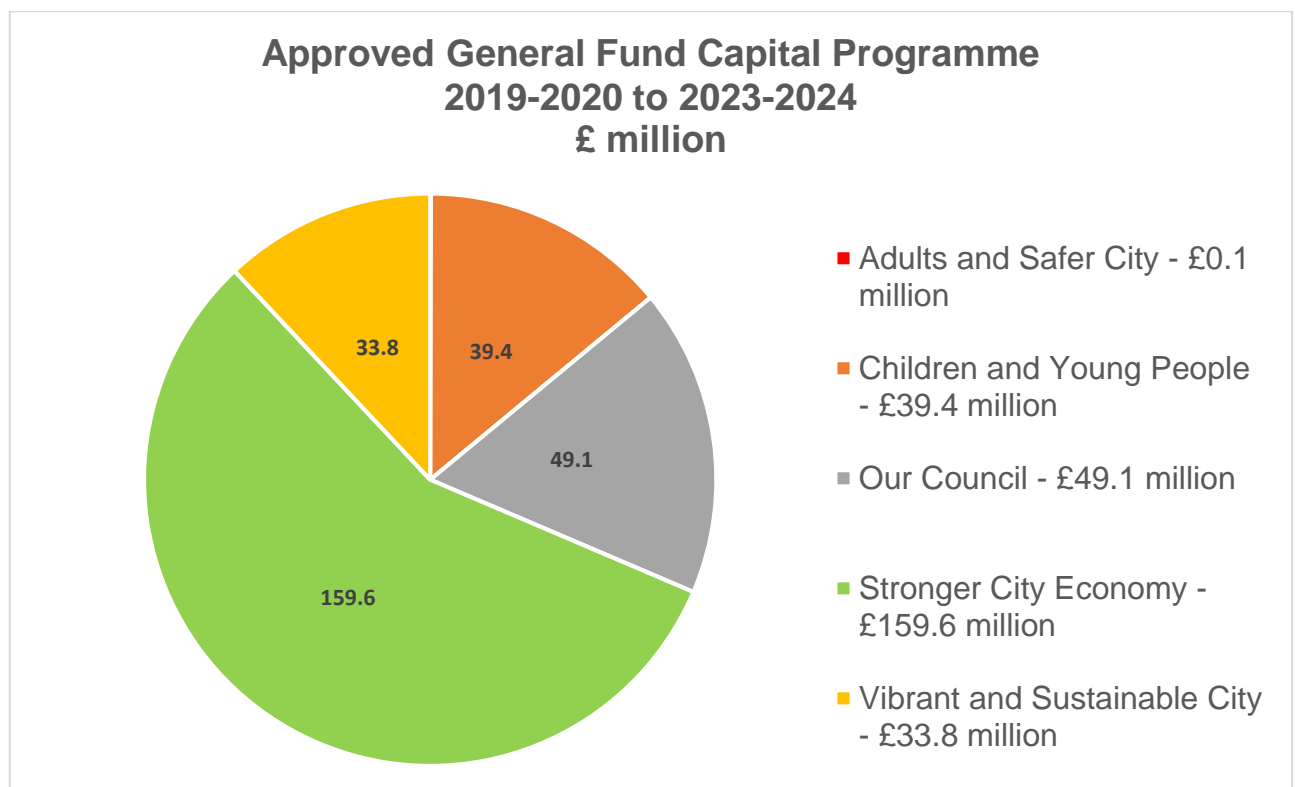
- 4.3 A further breakdown of the net revenue budget for each service relevant to the remit of this Panel is provided in Table 1 below:

**Table 1 – Service and Revenue Budget Provision**

| <b>Service</b>                              | <b>2019-2020<br/>Gross<br/>Expenditure<br/>Budget<br/>£000</b> | <b>2019-2020<br/>Gross<br/>Income<br/>Budget<br/>£000</b> | <b>2019-2020<br/>Net Revenue<br/>Expenditure/<br/>(Income)<br/>Budget<br/>£000</b> |
|---|--|---|--|
| Finance Director                            | 159  | -   | 159  |
| Audit Services                              | 4,312  | (2,440)   | 1,871  |
| Strategic Finance                           | 3,385  | (805)   | 2,580  |
| Revenues & Benefits                         | 98,142   | (95,782)  | 2,360  |
| The Hub                                     | 2,380  | (646)   | 1,734  |
| Central Corporate Budgets                   | 6,979  | (2,789)   | 4,190  |
| Commercial Services                         | 177  | (65)  | 111  |
| Procurement Services                        | 1,110  | (717)   | 394  |
| Corporate Accounts                          | 52,149   | (10,406)  | 41,743   |
| Director of Governance                      | 196  | -   | 196  |
| Governance Services                         | 4,940  | (673)   | 4,268  |
| Legal Services                              | 3,091  | (924)   | 2,167  |
| Ward Funds                                  | 200  | (200)   | -  |
| Business Continuity & Emergency<br>Planning | 129  | (125)   | 4  |
| Chief Executive                             | 177  | -   | 177  |
| Communications                              | 1,157  | (64)  | 1,093  |
| Strategy                                    | 1,103  | (7)   | 1,096  |
| Deputy Chief Executive                      | 248  | -   | 248  |
| Business Change                             | 1,401  | -   | 1,401  |
| Human Resources                             | 2,016  | (195)   | 1,821  |
| ICTS  | 8,183  | (2,114)   | 6,069  |
| Digital Transformation Programme            | 88   | -   | 88   |
| Service Improvement                         | 94   | -   | 94   |
| Customer Services                           | 2,368  | (325)   | 2,044  |
| Register Office                             | 397  | (449)   | (51)   |
| Catering                                    | 6,775  | (6,864)   | (89)   |
| Cleaning                                    | 4,437  | (2,973)   | 1,464  |
| Capital Programme                           | 1,415  | (1,614)   | (200)  |
| Corporate Asset Management                  | 7,713  | (74)  | 7,639  |
| Corporate Landlord Support                  | 504  | -   | 504  |
| Estates and Valuations                      | 386  | (4,726)   | (4,340)  |
| Facilities Management                       | 2,319  | (1,442)   | 877  |
| Head of Corporate Landlord                  | 113  | -   | 113  |
| Maintenance Programme                       | 2,195  | (198)   | 1,997  |
| <b>Total</b>                                | <b>220,438</b>   | <b>(136,617)</b>  | <b>83,822</b>  |

- 4.4 Gross expenditure and gross income relate to the budgets directly in the control of the service area. Overhead costs such as property related expenditure and support services are held separately.
- 4.5 When reviewing the budget, it is important to consider the gross income and gross expenditure for each service. Budget efficiencies can be achieved through reductions in expenditure budgets, in addition to maximising income generation opportunities.
- 4.6 In addition to this, as detailed in Chart 2, services relevant to the Our Council Scrutiny Panel remit also have an approved General Fund capital programme budget totalling £49.1 million over the medium-term period from 2019-2020 to 2023-2024.

**Chart 2 – Approved General Fund Capital Programme Budget 2019-2020 to 2023-2024**



- 4.7 Within the capital programme budget relevant to this panel, the following capital programmes are being delivered:

**Table 2 – Capital Programme and Revenue Budget Provision**

| <b>Capital Programme</b>                  | <b>2019-2020 to<br/>2023-2024 Capital<br/>Programme<br/>Expenditure<br/>£000</b> |
|---|--|
| Corporate Asset Management                | 1,975  |
| Disposals Programme (Non-Strategic)       | 372  |
| Energy Efficiency Measures                | 569  |
| Remedial Works                            | 36   |
| Full Fibre Network                        | 4,971  |
| ICT Desktop Refresh                       | 1,484  |
| ICT Disaster Recovery                     | 193  |
| ICT General Programme                     | 3,078  |
| Service Led ICT Projects                  | 462  |
| Digital Transformation Programme Software | 1,433  |
| Capitalisation Directives                 | 3,000  |
| Corporate Contingency                     | 1,643  |
| WV Living Phase 1 Loans                   | 29,850   |
| <b>Total</b>                              | <b>49,066</b>  |

## **5.0 Key Strategies and Transformation**

5.1 The revenue and capital budgets allocated enable the following key services and transformation work:

- **Facilities Management** - During 2019-2020 we are reviewing the Catering, Cleaning and Facilities Management services to ensure there is a medium-term plan for future service delivery. These reviews will consider partnership working as well as operational efficiencies, such as process improvement, training and ICT enabled opportunities.
- **City Assets** - The management of our buildings and properties is a key Council Plan priority linked to the Our Council – Our Assets programme review commenced in 2019. There are income and growth pressures in this area which place challenges on the real estate portfolio for the future. The review considers the Council's property requirements (as a landlord) until 2025, as well as responding to the National Building Safety Programme.
- **HRA Housing Services** - In 2018-2019 the Council set out a 3 Year Business Plan for its landlord services (council housing and assets) as part of its 30-Year HRA Business model. The Annual Budget Monitoring Report is presented to Cabinet in Q4 2019-2020 and will set out future requirements for housing capital investment, new council development and estate redevelopments and neighbourhood housing

services. During 2020-2021 and beyond, future planning for Better Homes Investment (decent homes), asset management and the continued response to the National Building Safety Programme will be considered as part of planning for future housing management services, currently managed by Wolverhampton Homes and Tenant Management Organisations.

- **Finance** – Within the Finance Directorate, Strategic Finance, Commercial Services, Audit Services and Procurement Services are focussed on providing advice, support and challenge to services across the Council in order to enable the delivery of core principles within the Financial Strategy, which will help to support the budget challenge faced by the Council in 2020-2021 and over the medium term. Work continues to identify improvements in technology to deliver efficiencies in service delivery.
- **Customer Services** – Customer Services provides customers with a single point of contact dealing with all types of enquires across a variety of channels (telephone, email and face to face) and aims to deliver a timely, efficient service by providing access for our customers to all Council Services. There is currently a demand led approach being undertaken to continue the transformational review of all services, channels and systems to ensure that the customer journey and experience continues to be the focus of Customer Services.
- **Corporate Budgets** – Corporate Budgets contains various centrally held budgets including treasury management expenditure, such as interest and provision for repayment of borrowing, linked to the delivery of the Council's capital programme and levies such as Environment Agency and West Midlands Combined Authority Transport Levy.
- **WV Living** - The Council established a Housing Company to develop affordable and desirable new homes within Wolverhampton for rent and sale after identifying a need in the City for housing. This was a targeted and careful intervention by the Council to unlock sites and ensure that the City is a place where people want to work and live. The strategic response to address the housing need generates a commercial return for the Council that will contribute to the MTFS, however whilst beneficial in supporting the financial strategy this is the secondary objective. WV Living has a Board of Directors, which include Council Directors, who keep the Business Plan under constant review to ensure security of funds.
- **Register Office** - The Register Office provides statutory registration services and is overseen by the General Registration Office. Services provided by the Register Office include legal preliminaries for marriage and civil partnerships, conducting marriage and civil partnership services, statutory registration of all marriages, birth and deaths and celebratory services including citizenship ceremonies. The service also provides additional celebratory and non-statutory services such as naming ceremonies and renewal of vows.



- **Human Resources** - HR are the first point of contact through the designated support desk for all HR queries. Basic queries are responded to, through the support desk, but if more complex information is required, this is obtained from a team of HR Advisors who continue to provide advice, guidance and support on a range of matters including disciplinary, grievance and capability. In addition, managers and employees are supported with management of attendance, recruitment, retention, restructuring and redundancy matters. HR Policy Development including all consultation and implementation is also undertaken by the HR advisory team.

A pay and reward team ensure compliance with the Single Status collective agreement and keep the benefits portal updated. The Occupational Health team support managers and employees with referrals to the Occupational Health physician and physiotherapy service as well as undertaking pre employment assessments and preventative campaigns. HR act as an intermediary between the Council and YOO Recruit; the Council's wholly owned recruitment agency.

- **ICT** – ICT are an enabler of change, supporting the Authority to deliver against the Council Plan, Strategic Outcomes and Strategic Values. Critical deliverables for ICT to drive forward, include but are not confined to:
  1. Keeping the Authorities Infrastructure and data safe – avoiding data theft, cyber-attacks and similar, keeping abreast of new technologies
  2. Keeping the Authorities infrastructure, software and hardware current – ensuring that investment continues at an appropriate level, therefore reducing failure and building resilience.
  3. Preparing for the future – working with ICT suppliers and consultants and the internal wider customer base to understand future requirements and prepare accordingly.
  4. Delivery and enablement of strategic projects and programmes – working with Governance, budget and timeframes.

## **6.0 Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024**

- 6.1 Since March 2019, Cabinet have been provided with two further Budget and Medium-Term Financial Strategy (MTFS) updates in July and October 2019 to identify opportunities in line with the Five-Year Financial Strategy to support the budget strategy for 2020-2021 and future years.
- 6.2 In October 2019, Cabinet were presented with the Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024 report in which it was forecast that, after taking into account projected changes to corporate resources and emerging pressures, the projected remaining budget deficit for 2020-2021 would be in the region of £3.9 million, rising to £20 million over the medium term period to 2023-2024.

- 6.3 The MTFS provides for general inflation increases and growth for specific known pressures. A further report also on this agenda provides greater detail about the assumptions built into the MTFS.
- 6.4 Appendix 1 provides a copy of the 'Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024' report for your consideration. Appendix 2 provides details of specific budget proposals relevant to this panel. Feedback from this and the other Scrutiny Panel meetings will be reported to Scrutiny Board on 17 December 2019, which will consolidate that feedback in a formal response to Cabinet on 22 January 2020. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the feedback from Scrutiny Board when considering the final budget setting report in February 2020, for approval by Full Council in March 2020.

## **7.0 Panel Recommendations**

- 7.1 The Panel are recommended to provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on:
- the budget relevant to the remit of this Panel and how it is aligned to the priorities of the Council;
  - the Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024 and budget proposals relevant to the remit of this Panel;
  - any other comments.
- 7.2 The Panel are also recommended to approve that the Scrutiny Panel response be finalised by the Chair and the Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

## **8.0 Financial implications**

- 8.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.  
[MH/12112019/B]

## **9.0 Legal implications**

- 9.1 The legal implications are discussed in the report to Cabinet.  
[TS/11112019/T]

## **10.0 Equalities implications**

- 10.1 The equalities implications are discussed in the report to Cabinet.

## **11.0 Environmental and climate change implications**

- 11.1 The environmental and climate change implications are discussed in the report to Cabinet.

## **12.0 Human resources implications**

- 12.1 The human resources implications are discussed in the report to Cabinet.

## **13.0 Corporate landlord implications**

- 13.1 The Corporate Landlord implications are discussed in the report to Cabinet.

## **14.0 Health and wellbeing implications**

- 14.1 The Corporate Landlord implications are discussed in the report to Cabinet.

## **15.0 Schedule of background papers**

Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024, report to Cabinet, 16 October 2019.

Draft Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024, report to Cabinet, 31 July 2019.

2019-2020 Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024, report to Full Council, 6 March 2019