

Performance, Budget and MTFS

Resources and Equality Scrutiny Panel

19 December 2022

Introduction

Budget Scrutiny for

- Background
- 2022-2023 Performance and Budget monitoring update – as at quarter 2
- 2023-2024 Draft Budget and Medium Term Financial Strategy
- Future Challenges
- Strategic Risk Register

Background

- The Council has built up a strong track record over many years of managing its finances well despite reductions in funding
- The Council's strategic approach to strategic financial planning is to align resources to Our City, Our Plan which was approved by Full Council on 2 March 2022
- Our City: Our Plan a new Council plan building on the Relighting Our City and providing a strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives.'

Background

- This presentation provides an update on the in-year performance and budget position and the draft budget for 2023-2024.
- Scrutiny are asked to:
 - consider and comment on the draft budget and how it is aligned to priorities of the Council
 - Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget and Medium-Term Financial Strategy 2023-2024 to 2025-2026



**2022-2023 Performance and Budget
Monitoring
Quarter 2**

Performance and Budget Monitoring – Quarter 2

- On a quarterly basis an integrated performance and budget monitoring report is presented to Cabinet.
- The quarter 2 position was presented to Cabinet on 16 November 2022
- Overall, a forecast overspend was reported across the Council of £1.5 million – this is in the main as a result of the 2022-2023 pay award.
- The following slides provide an overview of the services that fall under the remit of this panel.

Overall Our City: Our Plan Performance – Quarter 2

In total there are currently 56 KPI's in the Our City: Our Plan performance framework.

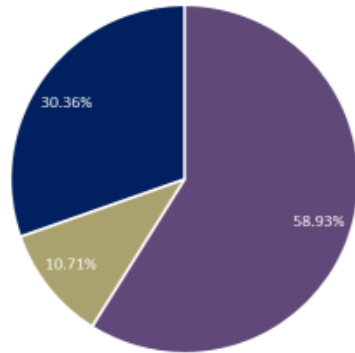
Of these;

- 33 have shown improvement or have seen similar performance
- 17 are yet to be update in the YTD (8 of these in Healthy Communities)*
- 6 saw a decrease in performance

* Those not updated are where we are awaiting the publication of national data sets and the release schedule is not in our control. An example of this is Educational Attainment, which is a yearly updated that had not been published before the end of Q2 2022-2023

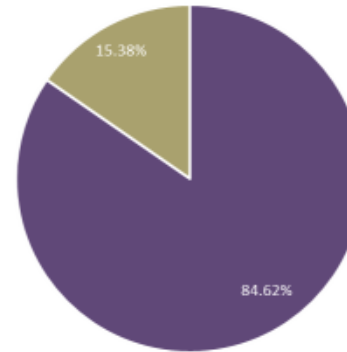
Overall Our City: Our Plan Performance – Quarter 2

% of indicators improving
(all indicators)



■ Improved or sustained ■ Decreased ■ Not reported yet

% of indicators improving
(those with available updates)



■ Improved or sustained ■ Decreased

Overall Our Council Q2 Performance

Number of indicators	Number showing improved or sustained performance -YTD	Number showing decreased performance -YTD	Number with no update in YTD
6	5	1	0

Decreased performance

Employee turnover rate – although lower than most recent national data.

No update in YTD

N/A

Our Council

Indicator	Previous Performance	Current Performance	Is Performance Improving
Customer Service call wait times (average call wait time)	00:05:33 (2022-23 Q1)	00:05:00 (2022-23 Q2)	Y
Employee Turnover rate	2.72% (2021-22 Q2)	3.54% (2022-23 Q2)	
Ethnicity Pay Gap for Council Employees	5.13% (2019-20)	4.71% (2019-20)	Y
Gender Pay Gap for Council Employees	4.2% (2019-20)	4.0% (2020-21)	Y
Sickness absence rates (non covid)	3.88% (2021-22 Q2)	3.79% (2022-23 Q2)	Y
Spend With Local Businesses	463 Wolverhampton bases companies	467 Wolverhampton bases companies	Y

Our Council Performance - Our People

Data published in this financial year for **gender and ethnicity pay gaps** relates to 2020-21. Both pay gaps saw a narrowing in comparison to the previous financial year.

The **sickness absence rate** 2022-23 Q2 has increased by 0.31 percentage points when compared to the previous quarter. However, when compared to the same quarter last year (3.88%), the sickness absence rate has decreased by 0.09 percentage points.

Mental health, musculoskeletal and operations were recorded as the most common sickness absence reasons. Work is underway to review our employee support offer including an all staff survey on mental health.

The **Employee Turnover** rate for 2022-23 Q2 was 3.54%, which is an increase of 0.82 percentage points when compared to the previous quarter. However, published data available for other local authorities across England shows that the turnover rate for Wolverhampton in 2021-22 Q4 was lower than the average reported by other areas (4.1%) during the same timeframe.

Our Council Performance – Customer Services

There has been an improvement in average **Customer Service call wait times** in the quarter by 33 seconds, from 5 mins 33 seconds to 5 minutes, across all family groups. This can be attributed to an increase in Customer Services Officers and process improvements for taxi licensing, one of the busiest lines the service offers, which has directly improved wait times and abandonment rates in the area.

Whilst there have been improvements in the average call wait time at Q2, there a longer call wait times on lines for revenue and benefits, council tax and housing benefits.

Average wait time for Q2 :

- Family Group 3 (Revs and Bens) 00:10:56
- Council Tax Line 00:14:06

To support improvement, there has been an increase in face-to-face services including relaunched Council Tax Surgeries and a review of resources is underway.

Consultation is currently underway on the forthcoming Customer Services strategy, an outline of which has been reported to this Scrutiny Panel and the final strategy will come for pre-decision scrutiny in 2023.

Our Council Performance – Wolverhampton Pound

Spend with local businesses - there has been a slight increase in the number of Wolverhampton businesses that the council spent money with in the quarter, from 463 to 467.

This links to the Council's key priority of increasing the value of the Wolverhampton Pound.

Regular monitoring of the recommendations from the Wolverhampton Pound Select Committee is in place.

Forecast Budget Position – Summary

Service	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
	Catering	(117)	(62)	55	
Cleaning	1,268	1,254	(14)	(1.10%)	
Corporate Asset Management	9,353	9,368	15	0.16%	
Estates and Valuations	(4,884)	(4,870)	14	0.29%	
Facilities Management	1,497	1,282	(215)	(14.36%)	The forecast underspend is primarily due to the lower running costs for the Civic Centre, along and various staffing vacancies.
Project and Works Team – Capital Programmes	166	194	28	16.87%	
Project and Works Team – Maintenance Programme	3,426	3,426	-	-	
Total City Assets	10,709	10,592	(117)	(1.09%)	

Forecast Budget Position – Summary

	Net Controllable Revised Budget 2022-2023 £000	Net Controllable Forecast 2022-2023 £000	Q2 Variance		Reason for Quarter 2 Variance
			£000	%	
Audit Services	1,811	1,551	(260)	(14.36%)	The forecast underspend is as a result of in-year savings against staffing due to unfilled vacancies within internal audit and insurance services.
Central Corporate Budgets	3,055	2,794	(261)	(8.54%)	The forecast underspend is due to a reduction in enhanced pension costs, combined with other less underspends against a range of corporate budgets. This service includes a savings target of £150,000 for 2022-2023, which is on target for delivery.
Commercial Services	393	393	-	-	
Housing Benefit Payments & Subsidy	1,498	1,892	394	26.30%	The forecast overspend is due to continued increase in temporary, supported and exempt accommodation where full subsidy grant is not received for this type of accommodation. This forecast overspend is after a virement of £750,000 was actioned at quarter 1.
Finance Director	167	167	-	-	
Revenues & Benefits	2,900	2,660	(240)	(8.28%)	The forecast underspend is as a result of increased income from recovery action.

Forecast Budget Position – Summary

	Net Controllable Revised Budget 2022-2023 £000	Net Controllable Forecast 2022-2023 £000	Q2 Variance		Reason for Quarter 2 Variance
			£000	%	
Procurement Services	857	1,182	325	37.92%	The forecast overspend is due to continued reliance on agency staff as the service experiences difficulties in recruiting to permanent posts. This challenge is faced by procurement teams across the region. The current forecast is based on a successful recruitment of four Procurement Manager vacancies which will be shortly advertised. If this campaign is unsuccessful the reliance on these current interims in post will continue and this could lead to an additional overspend by year end in the region £110,000. The budget position is kept under continuous review and assumptions updated regularly.
Strategic Finance	3,168	3,248	80	2.53%	The forecast overspend is due to the appointment of agency staff in vacancies pending recruitment. Recruitment to vacant posts is currently ongoing.
The Hub	1,784	1,699	(85)	(4.76%)	The forecast underspend is due to being unable to fill several vacant positions, either through recruitment or use of agency. Although work is being done to optimise appointment to positions, it is unknown if the inability to fill vacant posts will be longer term or might be addressed short term, due to the nature of the current recruitment market. Therefore, the budget is forecasting that positions will not be filled immediately but will be filled within the next few months. This means the actual outturn might be higher or lower, dependent on appointment success. This position will be kept under review through regular budget monitoring.
Total Finance	15,633	15,586	(47)	(0.30%)	

Forecast Budget Position – Summary

	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Chief Operating Officer	179	179	-	-	
Deputy Director of People and Change	133	133	-	-	
Governance Services	3,282	3,282	-	-	A contribution of £123,000 towards an overall savings target of £393,000, predominantly delivered through one off vacancies that have emerged across a range of services through the year.
Health and Safety	266	251	(15)	(5.64%)	A contribution of £50,000 towards an overall savings target of £393,000, delivered through one off vacancies. There have been difficulties in recruiting to three vacancies. Interviews for two of the health and safety adviser positions are now taking place in November. The final posts funding has received approval to be used for funding two fixed term Level 3 apprenticeships within the team. Interviews for planned for December 2022, and the other in January 2023.
Human Resources	1,764	1,764	-	-	

Forecast Budget Position – Summary

	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Organisational Development	1,152	1,132	(20)	(1.74%)	A contribution of £47,000 towards an overall savings target of £393,00, delivered through one off vacancies and additional external income. Vacancies have arisen as graduate trainees have moved onto permanent positions prior to the end of their scheme. AYSE grant income received when the Council brings in year one social workers and incentive funds associated with apprenticeship recruitment are also offsetting expenditure, the former ringfenced to expenditure incurred in the provision of training for year one social workers.
Legal Services	1,898	1,955	57	3.00%	
Ward Funds	200	200	-	-	
Projects and Change	428	390	(38)	(8.88%)	
Equalities	170	180	10	5.88%	
Support Services	4,179	4,179	-	-	
Total Governance	13,651	13,645	(6)	(0.04%)	

Forecast Budget Position – Summary

	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Director of Communications and Visitor Experience	158	158	-	-	
Communications	699	718	19	2.72%	
Total Communications	857	876	19	2.22%	

	Net Controllable Revised Budget 2022-2023	Net Controllable Forecast 2022-2023	Q2 Variance		Reason for Quarter 2 Variance
	£000	£000	£000	%	
Business Continuity & Emergency Planning	8	8	-	-	
Total Public Health	8	8	-	-	

Forecast Budget Position – Summary

	Net Controllable Revised Budget 2022-2023 £000	Net Controllable Forecast 2022-2023 £000	Q2 Variance £000	Q2 Variance %	Reason for Quarter 2 Variance
Customer Services	2,166	2,130	(36)	(1.66%)	
ICTS	6,609	6,183	(426)	(6.45%)	The forecast underspend is as a result of part year vacant positions and additional income from printing. This service also includes a savings target of £150,000 for 2022-2023 which is forecast to be delivered in full.
Data and Analytics	937	889	(48)	(5.12%)	This service includes a savings target of £50,000 for 2022-2023, which is forecast to be on target for delivery.
Policy and Strategy	450	185	(265)	(58.89%)	The forecast underspend is as a result of part year vacancies and underspend on professional fees.
Register Officer	(38)	(64)	(26)	(68.42%)	The forecast underspend is as a result of additional income following backlog of ceremonies following ending of lockdown rules.
External Funding and Digital Projects	277	265	(12)	(4.33%)	
Strategy	156	156	-	-	
West Midlands Strategic Migration Partnership	15	15	-	-	
Total Strategy	10,572	9,759	(813)	(7.69%)	

Forecast Budget Position – Summary

	Net Controllable	Net	Q2 Variance		Reason for Quarter 2 Variance
	Revised Budget	Controllable			
	2022-2023	Forecast			
	£000	£000	£000	%	
Chief Executive and Deputy Chief Executive	397	397	-	-	
Corporate Adjustments	2,197	2,194	(3)	(0.14%)	
Corporate Budgets	(13,510)	(12,778)	732	(5.42%)	This service includes savings targets totalling £2.7 million, of which £1.2 million is for a staff vacancy factor and £1.5 million for general efficiencies. This is forecast to be delivered from efficiencies and vacancies held across the Council. However, the impact of the 2022-2023 pay award creates a corporate pressure.
Apprenticeship Levy	540	560	20	3.70%	
West Midlands Transport Levy	10,523	10,523	-	-	
Environment Agency Levy	78	78	-	-	
Birmingham Airport – Rent	(69)	(69)	-	-	
Treasury Management	38,614	35,174	(3,440)	(8.91%)	An underspend is forecast against the Treasury Management budget as a result of rephasing of the capital programme.
Central Provision Pay Award costs	2,881	9,000	6,119	212.39%	On 1 November, it was confirmed that the pay award for 2022-2023 was accepted. The pay award is in excess of the 2% provision built into the 2022-2023 budget. The Council has identified a number of in-year efficiencies in order to mitigate against this cost pressure. Work will continue over the coming months to further identify efficiencies and underspends to mitigation against this cost in 2022-2023. Updates will be provided in future reports.
Total Corporate Accounts	41,651	45,079	3,428	8.23%	

Forecast Budget Position – key areas to note

- Underspends are forecast on:
 - City Asset - The forecast underspend is primarily due to the lower running costs for the Civic Centre, along and various staffing vacancies partly offset by reduction in income.
 - Finance - This is as a result of forecast underspends within Audit Services due to staff vacancies, a reduction in enhanced pension costs within Central Corporate Budgets and recoupment of costs associated with recovery work within Revenues and Benefits. This is offset in part by overspends within Procurement due to the appointment of agency staff covering vacancies whilst recruitment is ongoing and increased pressures within Housing Benefit Payments & Subsidy due to an increase in temporary accommodation.
 - Strategy – The forecast underspend is mainly within ICTS as a result of part year vacant positions and additional income from printing and a forecast underspend within Policy and Strategy as a result of part year vacancies and underspend on professional fees.
 - Corporate Accounts - An underspend is forecast against the Treasury Management budget as a result of rephasing of the capital programme.

Forecast Budget Position – key areas to note

- Overspend is forecast on:
 - Corporate Accounts – An overspend was reported against corporate accounts to reflect the forecast impact of the 2022-2023 pay award which was accepted on 1 November 2022. This is forecast to be in the region of £9.0 million for 2022-2023. The approved budget for 2022-2023 includes a provision of 2% amounting to £2.8 million, resulting in a forecast cost pressure of £6.2 million. This pressure was reported corporately as the budget is held corporately until the costs are agreed.

**2023-2024 Draft Budget and
MTFS 2023-2024 to 2025-2026
Overview**

Overview

- The 2022-2023 budget and MTFs was approved by Full Council on 2 March 2022
- Reported a forecast budget deficit of £12.6 million in 2023-2024 rising to £25.8 million over the medium term to 2025-2026
- Work has been ongoing to reduce the deficit with an update to Cabinet on 19 October 2022 reporting an updated forecast budget deficit of £7 million for 2023-2024 rising to £31.6 million by 2025-2026
- Work will continue to be undertaken to bring forward proposals to set a balanced budget for 2023-2024 and deliver a sustainable medium term financial strategy

2023-2024 Draft Budget and MTFS 2023-2024 to 2025-2026 Overview

Scrutiny Panel	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget* £000	Pay Award Inflation** 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	2023-2024 Draft Net Revenue Expenditure/ (Income) Budget £000
Economy and Growth Scrutiny Panel	21,129	(13,853)	7,276	85	90	(1,030)	6,421
Health Scrutiny Panel	21,886	(21,886)	-	-	-	-	-
Residents, Housing and Communities Scrutiny Panel	80,500	(46,181)	34,319	271	642	(250)	34,982
Resources and Equality Scrutiny Panel	197,087	(108,345)	88,742	14,112	2,836	(1,852)	103,838
Fulfilled Adult Lives Scrutiny Panel	119,537	(38,574)	80,963	172	4,705	(2,000)	83,840
Strong Families, Children, and Young People Scrutiny Panel	242,021	(189,715)	52,306	442	-	-	52,748
Commissioning and Transformation***	3,815	(262)	3,553	-	-	-	3,553
Net Budget Requirement	685,975	(418,816)	267,159	15,082	8,273	(5,132)	285,382
Corporate Resources			(267,159)	-	(11,081)	-	(278,240)
Budget Challenge as at October 2022							7,142

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- ***Commissioning and Transformation falls under both Fulfilled Adults Lives and Stronger Families, Children and Young People Scrutiny Panel

Overview – Uncertainties

- There continues to be significant uncertainty around
 - Future funding
 - Inflationary pressures
 - Future pay awards – currently assumes 4% in 2023-2024 and 2% for future years

**Resources and Equality
Scrutiny Panel
2023-2024 draft budget and MTFs**

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Catering	2,807	(2,850)	(43)	13	-	-	(30)
Cleaning	5,531	(3,808)	1,723	15	-	-	1,738
Corporate Asset Management	9,517	(136)	9,381	12	-	-	9,393
Estates and Valuations	592	(5,532)	(4,940)	2	-	-	(4,938)
Facilities Management	2,233	(621)	1,612	8	-	-	1,620
Project and Works Team – Capital Programmes	1,114	(909)	205	5	-	-	210
Project and Works Team – Maintenance Programme	3,170	(198)	2,972	14	-	-	2,986
Total City Assets	24,964	(14,054)	10,910	69	-	-	10,979

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- At this point in time some growth and savings are provisionally being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Communications	1,144	(392)	752	4	-	-	756
Director of Communications and Visitor Experience	159	0	159	5	-	-	164
Total Communications	1,303	(392)	911	9	-	-	920

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Business Continuity & Emergency Planning	152	(138)	14	-	-	-	14
Total Public Health	152	(138)	14	-	-	-	14

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
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Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Audit Services	4,117	(2,269)	1,848	5	-	-	1,853
Central Corporate Budgets	5,772	(2,744)	3,028	0	-	(150)	2,878
Commercial Services	475	(71)	404	6	-	-	410
Director of Finance	173	(3)	170	0	-	-	170
Housing Benefit Payments & Subsidy	60,655	(59,906)	749	0	-	-	749
Procurement Services	1,218	(311)	907	10	-	-	917
Revenues & Benefits	5,814	(2,600)	3,214	38	-	-	3,252
Strategic Finance	3,777	(528)	3,249	32	-	-	3,281
The Hub	2,700	(746)	1,954	24	-	-	1,978
Total Finance	84,701	(69,178)	15,523	115	-	(150)	15,488

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- At this point in time some growth and savings are provisionally being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

Changes to budget –saving / growth

- Under the remit of this panel the MTFS currently has the following saving targets built into the budget
 - £150,000 – Efficiencies within Central Corporate Budgets held in Finance
- There is no specific growth built in Finance.

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Deputy Director of People and Change	135	0	135	3	-	-	138
Director of Governance	185	(6)	179	4	-	-	183
Equalities	357	(171)	186	5	-	-	191
Governance Services	3,597	(472)	3,125	29	-	(100)	3,054
Health and Safety	680	(339)	341	8	-	-	349
Human Resources	2,339	(173)	2,166	7	-	-	2,173
Legal Services	3,634	(1,619)	2,015	24	-	-	2,039
Organisational Development	1,380	(136)	1,244	7	-	-	1,251
Projects and Change	460	(9)	451	6	-	-	457
Support Services	5,167	(437)	4,730	44	-	-	4,774
Ward Funds	200	0	200	0	-	-	200
Total Governance	18,134	(3,362)	14,772	137	-	(100)	14,809

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- At this point in time some growth and savings are provisionally being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

Changes to budget –saving / growth

- Under the remit of this panel the MTFS currently has the following saving targets built into the budget
 - Governance Services £100,000 – Governance Efficiencies
- There is no growth built in Governance

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Customer Services	2,978	(589)	2,389	43	-	-	2,432
Data and Analytics	1,334	(330)	1,004	32	-	-	1,036
Digital and IT	9,540	(2,711)	6,829	61	-	(150)	6,740
External Funding and Digital Projects	315	(24)	291	5	-	-	296
Policy and Strategy	468	0	468	3	-	-	471
Register Office	450	(461)	(11)	7	-	-	(4)
Strategy	161	(3)	158	5	-	-	163
West Midlands Strategic Migration Partnership	657	(657)	0	0	-	-	-
Total Strategy	15,903	(4,775)	11,128	156	-	(150)	11,134

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- At this point in time some growth and savings are provisionally being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

Changes to budget –saving / growth

- Under the remit of this panel the MTFS currently has the following saving targets built into the budget
 - Digital and IT £150,000 ICT Review
- There is no growth built in Strategy

Draft Budget

Service	2022-2023 Gross Expenditure Budget £000	2022-2023 Gross Income Budget £000	2022-2023 Net Revenue Expenditure/ (Income) Budget £000	Pay Award Inflation 2023-2024 £000	Growth 2023-2024 £000	Savings 2023-2024 £000	Net Revenue Expenditure/ (Income) Budget 2023-2024 £000
Chief Executive	194	0	194	-	-	-	194
Deputy Chief Executive	208	0	208	-	-	-	208
Corporate Accounts	51,528	(16,446)	35,082	13,626	2,836	(1,452)	50,092
Corporate Resources	800	(267,959)	(267,159)	-	(11,081)	-	(278,240)
Total Corporate Accounts	52,730	(284,405)	(231,675)	13,626	(8,245)	(1,452)	(227,746)

- *draft revised budget after reversal of one-off virements and forecast impact of 2022-2023 pay award
- ** forecast impact of increments, changes to NI, does not factor in any uplift for 2023-2024 pay award – this will be held corporately until agreed
- At this point in time some growth and savings are provisionally being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

Changes to budget – saving

- Under the remit of this panel the MTFS currently has the following saving targets built into the budget

Savings Proposal	£000
Efficiencies from across the council following work undertaken by the Matrix Groups*	(950)
Efficiencies through contract procurement and management*	(250)
In year underspends from across the council*	(4,000)
One-off use of grants no longer required	(1,600)
Review of budgets held corporately	(500)
Use of capital receipts to fund revenue transformation	(2,000)
Use of Future Years Budget Strategy Reserve	(5,000)
Use of reserves created in 2022-2023	(800)
Total Savings Proposals	(15,100)

*these savings targets will be delivered from across the council, they are held corporately until the full breakdown on how these will be delivered has been finalised.

The above tables excludes the reversal of prior year one-off savings

Changes to budget – growth

- A number of growth items are held corporately and are subject to costs being finalised. Budgets will be vired out to services once costs are known
- Under the remit of this panel the MTFs currently has the following growth built into the budget:

Growth		£ 000
Demographic Growth	Emerging pressures have been identified within the Organisation Theme to support transformation	2,320
Demographic Growth	Reduction in growth held in previous years to support Council Priorities –budget remaining £133,000	(1,514)
Demographic Growth	Reduction in corporate contingency budget held in previous years to support cost pressures within corporate landlord – budget remaining corporately £550,000	(250)
Inflationary Growth	Growth held corporately to support changes to Business Rates for Council properties	145
Inflationary Growth	Growth held corporately to support general inflation across the council	2,585
Demographic Growth	Reduction to growth held corporately in previous years to offset reduction in income due post covid – budget remaining £920,000	(950)

Draft Budget

- Budget setting process is still under way. The Draft Budget is subject to changes that are implemented to close the current deficit for 2023-2024.
- Some growth and saving targets are currently being held in Corporate Accounts and will be transferred to services.
- The Draft Budget currently does not yet reflect any virements between services in 2023-2024.
- Work is ongoing to review and challenge budget requirements

Risks / Key areas to note

- Impact of demand on temporary accommodation on housing benefits costs (in addition to housing budgets)
- Difficulties in recruitment e.g. procurement, IT
- Increase in score of cyber security risk on strategic risk register due to global trends
- Inflationary pressures impacting on energy costs and maintenance of assets
- Growth has been identified to support transformation work and pressures across the Organisation Theme

Earmarked Reserves

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Corporate						
Transformation Reserve	To progress transformational work across the council and ultimately deliver greater efficiencies.	(2,631)	(969)	Examples of approved utilisation of the Transformation Reserve in 2022-2023 include resources to support the scanning programme, and transformation programmes within Governance and Human Resources.	Compromise service ability to deliver efficiencies and resultant budget reductions. Also, there may be a potential impact on the delivery of budget reduction targets.	17
Budget Contingency Reserve	Available to address in-year budget pressures that cannot be addressed from within existing service budgets. Funds in this reserve have been increased in previous years to support risks associated with the budget, including but not limited to the delivery of challenging budget reduction targets.	(7,073)	(3,649)*	Examples of approved use of this reserves in 2022-2023 include the commonwealth games, and environmental works.	This reserve mainly addresses in-year budget pressures that cannot be met from within existing budgets.	-

Earmarked Reserves

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Efficiency Reserve	Available to allow pump priming and investment in new developments, where the main aim is to generate efficiencies in the future as supported by a fully costed business case.	(5,411)	(5,137)	Examples of approved utilisation of the Efficiency Reserve in 2022-2023, include supporting development work in Finance, and the deliver activities in maximising the collaboration with the Voluntary and Community Sector	If the reserve is not used to support investment, significant new developments may not be able to be undertaken and efficiencies would not be realised.	-
Job Evaluation Reserve	To assist with the funding of the implementation of new pay scales arising from job evaluation, in addition to equal pay costs that cannot be charged to the provision.	(1,000)	-	On 23 February 2022, the Council approved the drawdown of £1.0 million from this reserve in 2022-2023, as part of the 2022-2023 budget strategy.	There would be an impact on the 2022-2023 budget position if the reserves were not to be used as planned.	-

Earmarked Reserves

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Development Reserve	To fund feasibility works.	(294)	(77)	This reserve is available to deliver feasibility works.	If the reserve were not to be used for this purpose, the Council may need to divert other resources to support feasibility works.	-
Business Rates Equalisation Reserve	To equalise the impact of the fluctuation in business rates on the Council's General Fund arising as a result of revaluations and appeals.	(22)	(22)	There is no planned use of this reserve in 2022-2023.	There would be an indirect impact in that the cost of appeals attributable to the Council would need to be accommodated within existing resources. Those resources would therefore not be available to support services.	-

Earmarked Reserves

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Treasury Management Equalisation Reserve	To support the revenue costs associated with re-phasing in the Capital Programme, such as interest costs arising as a result of borrowing.	(1,651)	-	On 23 February 2022, the Council approved the drawdown of £1.7 million from this reserve in 2022-2023, as part of the 2022-2023 budget strategy.	There would be an impact on the 2022-2023 budget position if the reserves were not to be used as planned.	-
Budget Strategy Reserve	Funds in this reserve are available to address reorganisation costs as a result of the financial challenges faced by the Council over the medium term.	(7,569)	(7,569)	Any requirements to use this reserve will be reviewed at year end.	This reserve addresses reorganisation costs. If the reserve to support those costs were not to be available, the Council may have difficulty in achieving on-going budget reductions required over the medium term to balance the budget.	-

Earmarked Reserves

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Future Years Budget Strategy Reserve	Funds have been transferred into this reserve to support the budget strategy in future years.	(13,307)	(5,000)	On 23 February 2022, Cabinet approved the budget strategy and MTFS for 2022-2023 to 2025-2026 includes the use of this reserves of the medium term	There would be an impact on the 2022-2023 budget and MTFS position if the reserves were not to be used as planned.	5,000
Our City Our Plan Reserve	This reserve is to support Our City, Our Plan priorities	(6,058)	(1,899)	Examples of approved utilisation include resources to support the Wolves at Work 18-24 - Youth Employment project.	If the reserve were not to be used for this purpose, the Council may need to divert other resources to support Our City, Our Plan priorities.	150
Community Initiatives	For a programme of positive community-based activities to engage and develop young people	(697)	(697)	There is no planned use of this reserve in 2022-2023.	There would be an impact the Council being able to fund activities for young people in future years. Plans are currently being developed to support activity in 2023-2024 and future years.	-
Corporate Total		(45,713)	(25,019)			5,167

Earmarked Reserves

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Finance						
Our Technology Reserve	This amount has been set aside to part fund costs arising from the ongoing development of Agresso.	(116)	-*	Funds in this reserve will support the ongoing development of Agresso.	If the reserve were not to be available, the Council would have to divert other resources to support these developments / costs.	-
Revenues and Benefits Strategy Reserve	Funds available to address changes in benefit distribution.	(3,380)	(1,205)	On 23 February 2022, the Council approved the drawdown of £2.2 million from this reserve in 2022-2023, as part of the 2022-2023 budget strategy.	There would be an impact on the 2022-2023 budget position if the reserves were not to be used as planned.	-
Finance Total		(3,496)	(1,205)			-

Earmarked Reserves

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Governance						
Elections Reserve	The cost of running local elections to the Council in any year is dependent on whether they are standalone or combined with Parliamentary, Police and Crime Commissioner or Combined Authority Mayoral elections. Combined elections costs are effectively shared, part funded by Government or the Combined Authority. In these circumstances significant underspends against the local elections budget are expected and provide scope for contributions to the Elections Reserve. Standalone election costs are conversely expected to exceed the local elections budget. In these years the additional costs are to be funded from the Elections Reserve.	(183)	(183)	There is currently no planned use of this reserve in 2022-2023.	There would be an indirect impact in that the cost of the election would need to be accommodated within other Council resources which could result in budget efficiencies having to be made elsewhere.	-

Earmarked Reserves

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Ward Funds Reserve	The reserve is to carry forward unspent Ward Funds for future use to be determined in conjunction with Councillors.	(124)	(124)	Expenditure plans determined by Councillors in compliance with Ward Fund scheme governance.	If the reserve were not used for this purpose it would impact on the Ward Fund scheme.	-
Governance Total		(307)	(307)			-

Earmarked Reserves

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Digital Inclusion	To support the rollout of future proofed digital infrastructure	(95)	(95)	There is no planned use of this reserve in 2022-2023.		-
Strategy Total		(95)	(95)			-

Earmarked Reserves

- Full list of forecast balances of all reserves including Earmarked Reserves with specific Criteria were reported to Reserves Working Group on 8 November 2022 which can be access from:
<https://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=358&MId=19012&Ver=4>
- *updated to reflect use of reserves as approved Cabinet on 16 November 2022

Strategic Risk Register

- Risks last reported to the Cabinet on 16 November 2022.
- The following strategic risk relevant to this panel:
 - Reputation / Loss of Public Trust
 - Employee Wellbeing
 - Information Governance
 - Medium Term Financial Strategy
 - Related Parties
 - Cyber Security
- Strategic Risk register is available at:
<https://wolverhampton.moderngov.co.uk/documents/s224776/Appendix%203%20-%20Strategic%20Risk%20Register.pdf>

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