

Report title	Performance and Budget Monitoring 2023-2024 and Budget Update 2024-2025	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Obaida Ahmed Resources and Digital	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
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Report to be/has been considered by	Strategic Executive Board	11 July 2023
	Scrutiny Board	26 September 2023

Recommendations for noting:

The Cabinet is asked to note:

1. That early indications are that there are some emerging cost pressures in 2023-2024, mainly around increased demand and inflationary pressures as detailed in the report. These will be monitored, and an update will be provided in future reports to Councillors.
2. That early indications are that the outturn for 2023-2024 Housing Revenue Account (HRA) will be within budget.
3. That work is ongoing to set a balanced budget for 2024-2025 and will continue to identify measures which will provide a sustainable medium-term strategy.
4. That the Strategic Risk Register was approved by Cabinet on 12 July 2023 is detailed in Appendix 7

5. That 47 sundry debt accounts totalling £30,845.08, as detailed in Appendix 3, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 573 council tax accounts totalling £420,213.78, as detailed in Appendix 3, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That 39 Non-Domestic Rates (NDR) debts totalling £343,795.56, as detailed in Appendix 3, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. That 13 housing benefit overpayments totalling £2,261.53 as detailed in Appendix 3, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the use of £1.1 million from the Licencing Reserve as detailed in paragraph 8.5 and establishment of associated supplementary budgets.
2. Approve the use of £367,000 from the Regeneration Reserve as detailed in paragraph 8.6 and establishment of associated supplementary budgets.
3. Approve the use of £281,000 from the Adult Social Care Reserve as detailed in paragraph 8.7 and establishment of associated supplementary budgets.
4. Approve the use of £103,000 from the Youth Opportunities Reserve as detailed in paragraph 8.8 and establishment of associated supplementary budgets.
5. Approve the use of £104,000 from the Efficiency Reserve as detailed in paragraph 8.9 and establishment of associated supplementary budgets.
6. Approve 38 virements totalling £6.5 million, for transfers within directorates, as detailed in Appendix 9.
7. Approve the write-off of three Sundry debts totalling £171,225.85 as detailed in Appendix 4.
8. Approve the write-off of four Council Tax debts totalling £25,858.54 as detailed in Appendix 5.
9. Approve the write-off of two Non-Domestic Rates (NDR) debts totalling £41,357.30 as detailed in Appendix 6.
10. Approve the General Fund Budget Risks 2023-2024 register as detailed in Appendix 8.
11. Approve the establishment of supplementary budgets within 2023-2024 as detailed in Section 7.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet with an integrated finance and performance update against Our City: Our Plan priorities for 2023-2024.
- 1.2 This is the first report of the financial year for 2023-2024 and provides an overview, highlighting early assumptions against Our City: Our Plan performance framework and financial performance.
- 1.3 This report also provides Cabinet with an update on the 2024-2025 budget.

2.0 Background

- 2.1 On 1 March 2023, Council approved Our City: Our Plan refresh which sets out how the Council will continue to work alongside local, regional, and national partners to improve outcomes for local people. Our City: Our Plan is the strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives.' Reporting against this framework for both performance and budget will take place during 2023-2024 onwards.
- 2.2 Within Our City; Our Plan, the Council has published a robust performance framework to track progress against key indicators and to encourage scrutiny of its key decisions.
- 2.3 The City of Wolverhampton Council has built up a strong track record over many years of managing its finances well and despite reductions in government funding, consistently setting a balanced budget. Our approach to strategic financial management, aligning budgets to service priorities, improving services, and investing in transformation priorities, continues to put us in a strong financial position.
- 2.4 On 1 March 2023 the Council approved the net budget requirement for 2023-2024 of £306.4 million for General Fund services. It was reported that whilst the Council was able to set a balanced budget for 2023-2024, without the need to use general fund reserves, there is still a high level of uncertainty going forward and a significant financial challenge over the medium term. The Council reported a projected deficit for 2024-2025 of £16.4 million, rising to £23.1 million by 2025-2026.
- 2.5 On 12 July 2023, the Budget Outturn position was reported to Cabinet. The Council has once again managed its money well and delivered within budget - despite hugely challenging circumstances. Overall, the revenue position for 2022-2023 was within budget, after meeting the net costs of redundancy and pension strain and contributions to essential earmarked reserves.
- 2.6 This report is the first report of the financial year and provides an overview, highlighting early assumptions against Our City: Our Plan performance framework and financial performance for 2023-2024, along with an update on the 2024-2025 budget.

3.0 Performance Update

- 3.1 The Council continues to use a variety of means in which to assess the efficiency and effectiveness of operations against organisational strategic priorities and statutory requirements.
- 3.2 Critically it continues to manage resources effectively, consistently setting a balanced budget, and delivering against the Medium-Term Financial Strategy, despite funding reduction and high levels of uncertainty on future funding.
- 3.3 External verification of performance is also undertaken through external audit of the Council's accounts, and key inspections such as Office for Standards in Education, Children's Services and Skills (Ofsted) and other regulatory bodies. Risks continue to be managed through the strategic risk register which is approved by Cabinet and also reported to Audit and Risk Committee on a regular basis. The Strategic Risk Register can be found in Appendix 7.
- 3.4 The Council is evolving its approach to performance management, with the creation of a centralised Data and Analytics team which ensures performance data and intelligence is readily available to all staff and is analysed and reviewed regularly by operational and strategic management.
- 3.5 In July 2023, Government launched the Office for Local Government (Oflog) with a vision "to provide authoritative and accessible data and analysis about the performance of local government and support its improvement". Four initial areas of data have been published: waste management, adult social care, skills and finance. Work continues to analyse this data, with initial commentary on these areas for Wolverhampton included under the respective part of Our City: Our Plan performance below.

Our City: Our Plan Performance

- 3.6 Our City: Our Plan sets out the six overarching priorities which will guide the Council's approach to ensure Wulfrunians will live longer, healthier lives, with an additional priority looking at how the Council operates. These are;
 - Strong families where children grow up well and achieve their potential
 - Fulfilled Lives for All With Quality Care For Those Who Need It
 - Healthy, Inclusive Communities
 - Good Homes in Well-Connected Neighbourhoods
 - More Local People into Good Jobs & Training
 - Thriving Economy in all Parts of the City
 - Our Council
- 3.7 Our six overarching priorities are supported by three cross cutting principles:

- Climate Conscious. The plan is aligned to the Council's climate change strategy 'Future Generations' and our target to make the Council net carbon zero by 2028. Reducing carbon emissions will continue to be a local and national priority.
- Driven by Digital. Wolverhampton is at the forefront of digital infrastructure and innovation, and now more than ever we have seen the importance of digital skills and connectivity to social and economic participation for the City's residents.
- Fair and Equal. The Council will continue to tackle the inequalities in our city which impact on the opportunities of local people. The plan is aligned to our Equality, Diversity and Inclusion strategy which is underpinned by directorate level action plans.

- 3.8 A performance framework was created to monitor performance against these priorities and included two different types of indicators, city indicators and impact indicators.
- 3.9 City indicators are high level indicators which although the Council can influence, may not be able to directly affect. Data on these indicators is published nationally, to enable a comparison against regional, statistical, and national averages. Impact indicators demonstrate how council interventions are working to improve outcomes for residents.
- 3.10 Further to this, the Office for Local Government (Oflog) have created the 'Local Authority Data Explorer' to provide data and analysis around the performance of local government to support its improvement. The new online tool brings together a key selection of existing metrics across a subset of service areas including Waste management, Adult Social Care, Adult Skills and Finance.
- 3.11 Although Waste Management, Adults Social Care and Finance data is published at a Local Authority level, Adults Skills data is only published at a combined authority level.
- 3.12 The performance in these four areas that is currently published does not capture the totality of what local authorities are responsible for, but the tool has focused on a small number of areas and indicators.

Strong families where children grow up well and achieve their full potential

- 3.13 In 2022-2023's performance report, 'Strong families where children grow up well and achieve their full potential' was an area of strong performance. Early indications show that performance in this area remains high.
- 3.14 Internal analysis of statutory returns to central government across Children's Social Care show sustained or improved performance across the majority of indicators.
- 3.15 % of repeat referrals to social care, the only indicator that saw a decrease in performance in 2022-2023, has shown improved performance through initial part of 2023-2024.
- 3.16 In 2023-2024 we will also track data on % of EHCP plans completed within 20 weeks.
- 3.17 Regarding financial performance, the transformative projects and programmes have achieved significant and positive changes for children and young people living and learning in Wolverhampton. There has been a slight increase in the overall number of

children and young people in care, in particular we have seen a small increase in the number of complex high-cost residential placements. Early indicators project that there may be cost pressures as a result of these placements. Work is ongoing to understand the projected impact across Children's and Education directorate and where efficiencies can be identified to offset these potential pressures. Further updates will be provided in future reports to Councillors.

- 3.18 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year; 31 May and 31 October. At the end of 2022-2023, maintained schools had balances totalling £15.2 million. 33 schools were identified as having balances above recognised thresholds detailed in the local scheme. In addition, there were three schools with deficits at the end of 2022-2023. Actual year end balances for 2022-2023, and the latest projected balances for 2023-2024 in those submitted budget plans for 2023-2024, along with details of the processes in place to review deficit and surplus balances are shown in Appendix 2.
- 3.19 As reported to Cabinet on 12 July, the Strategic Risk Register recognises the risk associated with our responsibilities for Safeguarding Children and the mitigations in place. Details can be found in Risk 2 in Appendix 7.

Fulfilled lives with quality care for those that need it

- 3.20 Due to changes in the statutory performance indicators in Adults Social Care, the Council is working to ensure indicators in the area match those requested nationally. This enables us to show Wolverhampton's performance in context against other councils.
- 3.21 New indicators will cover new quarterly Adults Client Level Data (CLD) return and updated list of Adults Service Survey indicators taking feedback of residents using services
- 3.22 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Adults Services.
- 3.23 Overall, the authority performs well in most of the Oflog chosen measures, either in line with the median of all authorities or in a positive position when compared to many CIPFA nearest neighbours / regional authorities. These measures already form part of the Adult Social Care performance framework and are tracked regularly during performance meetings to identify areas of concern for indicators that are outliers and track success of those where we perform well.
- 3.24 There is significant change occurring within Adult Social Care measurement both locally and nationally, including the government led 'Care Data Matters' roadmap for better data for adult social care (this contains ASCOF changes and the introduction of Client Level Data). In addition, Adult Social Care as a service will be inspected by CQC and therefore it is highly likely that many of these measures included in Oflog will be refined and changed, and so close monitoring will need to take place regarding this new data tool.

- 3.25 Regarding financial performance, the 2023-2024 budget setting process recognised the uncertainty around the cost of Adult Social Care over the medium term due to increase in demand for services, the impact of the fee uplift required to sustain the provider market, the pandemic and the increasing cost of living. The 2023-2024 Budget approved by Council on 1 March approved growth totalling £14.0 million for Adult Services to support these pressures. However, there continues to be significant uncertainty and early indications are that there are cost pressures across Care Purchasing budgets, specifically Older People Care Purchasing due to increased forecast demand and rising costs. This will be kept under review with more information provided to Councillors in future reports.
- 3.26 As reported to Cabinet on 12 July 2023, the Strategic Risk Register recognises the pressures in our provider market and along with our responsibilities for Safeguarding Adults, details can be found in Appendix 7.

Healthy, Inclusive Communities

- 3.27 The 2023-2024 performance report includes a new suite of indicators that give more visibility to the work of the Council against the outcomes of this area.
- 3.28 The council understands the link between the take up of the over 40 year olds attending health checks and many key public health outcomes. This indicators continues to see in performance for the individual quarter shows Wolverhampton's performance above national averages. In forthcoming quarters, the Wolverhampton five year average will start to show a significant improvement as the early years take up will no longer be included in the calculation.

Regarding the financial performance, WV Active, within Public Health and Wellbeing are currently projecting an increase in membership income for 2023-2024. This is attributed to the competitive pricing policy that has been applied as a way of improving health and wellbeing by helping residents to be able to afford to participate in physical activity; particularly during the current cost of living crisis.

Good home and well-connected neighbourhoods

- 3.29 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Waste Services.
- 3.30 The indicator Household Waste Recycling Rate (%) shows Wolverhampton's rate for the year 2021-2022 is 37.3%, this is higher than the nearest neighbour median average of 35.9%, but less than the England median which is 41.9%. When compared to the Black Country local authorities, Wolverhampton is the best performing authority.
- 3.31 The indicator Residual Household Waste (kg per household) shows that Wolverhampton has 575kg residual waste, 72.6kg more than England average. Wolverhampton is performing slightly better than its CIPFA nearest neighbour median (578.7kg). When

compared to its Black Country neighbours, Wolverhampton is the best performing local authority.

- 3.32 Regarding financial performance for Resident Services, the 2023-2024 budget built in significant growth to support inflation, demand pressures and loss of income post the pandemic (parking services and markets). Early indicators are that despite this growth, there are some emerging pressures in some areas, such as Fleet Services, Transportation and the Travel Unit. These cost pressures are as a result of additional fleet hire charges and increases in demand for passenger transport within the Travel Unit service. The services are mitigating these pressures by continuing to drive efficiencies in delivering this statutory service and minimising the reliance on hire vehicles and external providers. In addition, the planned fleet replacement programme is in delivery to mitigate against the increasing vehicle hiring costs in the future.
- 3.33 These pressures are currently being offset in part from additional income from energy within Waste Services. The 2023-2024 budget incorporated growth, held corporately, in anticipation of potential emerging cost pressures within Waste Services, the additional income identified provides an opportunity to review the level of growth required as part of the 2024-2025 budget.
- 3.34 It has previously been reported to Cabinet that there are significant cost pressures within New Communities and Homelessness (Public Health and Wellbeing Directorate) and on Housing Benefits and Subsidy (Finance Directorate) as a result of increased demand in relation to temporary and supported accommodation. In recognition of these ongoing pressures, the 2023-2024 budget includes significant growth totalling £2.0 million, currently held corporately. Wolverhampton Homes have seen a large increase in the number of homelessness people being placed in temporary accommodation due to a number of factors including an increase in the cost of living, increase in people being evicted from the private sector and increased number of families being asked to leave due to relationship breakdowns. Current projections indicate that the growth provided is sufficient to meet the forecast cost pressures in 2023-2024, however this will be kept under review and updates provided to Councillors in future reports.
- 3.35 The Housing Revenue Account is forecast to be in line with budget overall. There continue to be inflationary pressures across repairs and maintenance, however there are projected to be offsetting savings in relation to interest costs.

More local people into good jobs and training

- 3.36 The Council will review indicators in this area through 2023-2024 to ensure they are in line with a new Education & Skills Strategy due to be launched in the year. The Council will also start to provide the split between the number of graduates and apprentices employed internally.

- 3.37 After increased in the Unemployment Claimant Count through the end of 2023-2024, the claimant count for all ages have remained stable through the first two months of the quarter.
- 3.38 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Adult Skills. Adult skills comprise a range of education services for adults that support individual learning and progression of workplace skills, as well as economic growth. The Oflog data tool only includes selected performance metrics for adult skills services delivered by Mayoral Combined Authorities. This includes the % of adults with a level 3 qualification which was at 54.9% for the region in 2021, the second lowest out of Mayoral Combined Authority areas.
- 3.39 The Strategic Risk Register details the risk of high unemployment in the City and the work in place to mitigate this, Risk 9 can be found in Appendix 7.
- 3.40 Regarding financial performance, Adult Education, within the Children's and Education Directorate is currently forecasting a potential inflationary cost pressure which exceeds the level of grant available. The service is currently looking at ways to mitigate this in-year.

Thriving Economy in all part of the City

- 3.41 Within the 2023-2024 performance indicators, the Council will include long term business survival rates as well as short term.
- 3.42 There is a continued improvement in the % of properties that have access to full fibre and number of rapid charging units for electric cars across the city.
- 3.43 Regarding financial performance, Enterprise, within the Regeneration Directorate is currently forecasting to be within budget. However, across the wider Regeneration Directorate there are some emerging pressures due to lower than budgeted income from planning. The service is currently looking at ways to mitigate this in-year.

Our Council

- 3.44 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Finance. One of the initial sections to be published relates to contextual information for local authority finances, with a small number of metrics around local authority funding, constraints, and financial resilience.
- 3.45 Data has been published which shows that the council has a larger level of Band D council tax than our comparators, however the overall rate per property is lower.
- 3.46 In addition, the data also reports on the level of debt. Whilst it is recognised the Council has relative high levels of borrowing when compared to our nearest neighbours, the Council continues to deliver a treasury management strategy in line with the Prudential Code and has not had to undertake any new borrowing since March 2019. As reported previously to Cabinet, any borrowing must comply with CIPFA's Prudential Code for

Finance, importantly this means that borrowing has to be within prudent and sustainable levels and can only be used to invest in local priorities and services that deliver benefits for the City and residents, including physical regeneration with communities, job creation, economic growth etc.

- 3.47 The net debt position reported by Oflog does not consider income which contributes to funding the borrowing costs, savings delivered through investment or the wider economic benefits of investing in our City.
- 3.48 The Council has built up a strong track record of managing its finances well. The Council's external auditors, considered financial sustainability in their report to Audit and Risk Committee in January and reported positively on the Council's financial management and planning.
- 3.49 Further analysis will be undertaken and feedback provided to Oflog regarding measures which at present only provide a limited view of local authority financial performance.

4.0 2023-2024 Budget Performance

- 4.1 On 1 March 2023, the Council approved the net budget requirement for 2023-2024 of £306.4 million for General Fund services.
- 4.2 Overall, early indications forecast that there are some cost pressures within some Directorates as outlined in section 3 of this report and Appendix 1. Work continues to understand the extent of these potential pressures and what measures can be put in place to mitigate against them. These will be kept under review with more detailed provided to Councillors in future reports.
- 4.3 It should be noted that the 2023-2024 budget also includes efficiency targets of £6.2 million which is held corporately. As part of the Reserves and Provisions report to Cabinet on 12 July 2023, approval was given for the use of the Future Years Budget Strategy Reserve to fund this in-year target in the event it cannot be met in full from in-year efficiencies. Performance against the target will be kept under review and updates provided in future reports to Councillors.
- 4.4 Appendix 1 of this report provides an overview of the main uncertainties, opportunities and assumptions by directorate.

Pay Award

- 4.5 At the time of writing negotiations are still ongoing in respect of the 2023-2024 pay award. The 2023-2024 budget approved by Council on 1 March 2023, makes provision for a 5% pay award. In the event that the pay award is above 5% and in-year efficiencies cannot be identified, the Budget Contingency / Re-organisation Reserve will be called upon to fund any in-year shortfall and any recurrent pressure will be built into the MTFS and reported back to Councillors in future reports.

Inflation

- 4.6 Inflation in the UK is still the highest it has been for four decades, which means the country is facing an increase in the cost of living, with food, fuel and energy bills all increasing.
- 4.7 The 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 2025-2026 approved by Full Council on 1 March 2023, incorporated significant growth to support rising inflationary pressures across and number of services. As detailed in section 3 of this report and in Appendix 1, early indicators project that in most services this growth is sufficient to meet the projected in-year costs.
- 4.8 However, the full extent of these pressures on both the direct costs of the Council over the medium term and the impact this will have on our contracts, as well as our residents and businesses are still unknown.
- 4.9 Inflation is a significant risk and as such is included in the Strategic Risk Register at Appendix 7.

Budget Reduction and Income Generation Targets 2023-2024

- 4.10 The 2023-2024 approved budget incorporates a number of approved budget reduction and income generation targets. Recurrent savings targets total £8.6 million, Table 1 below summarises the delivery of these targets against the original delivery plan. These will be kept under review and updates provided in future reports to Councillors on progress.

Table 1

Directorate	Description	2022-2023	Progress
		Target	
		£000	
Corporate Accounts	This includes £6.2 million efficiency targets which is inclusive of £1.5 million efficiency target from previous year.	(6,200)	Work is ongoing and performance against the target will be kept under review and updates provided in future reports. As part of the Reserves and Provisions report to Cabinet on 12 July, approval was given for the use of the Future Years Budget Strategy Reserve to fund this in-year target in the event it cannot be met in full from in-year efficiencies.
Corporate Accounts	Reduction in bad debt provision	(500)	Early indications project this will be delivered in full

Directorate	Description	2022-2023	Progress
		Target £000	
Corporate Accounts	Reduction in Corporate Contingencies	(500)	Early indications project this will be delivered in full
Various	Vacancy Factor	(1,200)	Early indications project this will be delivered in full
Strategy	ICT Review	(150)	Early indications project this will be delivered in full
Total Savings		(8,550)	

5.0 Budget Update 2024-2025

- 5.1 The 2023-2024 Budget and Medium Term Financial Strategy (MTFS) 2023-2024 to 2025-2026 was presented to Full Council for approval on 1 March 2023. The Council was able to set a balanced budget for 2023-2024 without the use of General reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £16.4 million in 2024-2025, rising to £23.1 million by 2025-2026.
- 5.2 Whilst we continue to operate with the uncertainty of cost pressures due to inflationary pressures and rising demand for social care, along with the uncertainties of the level of resources that will be available to the Council, work is underway to develop a budget strategy that will enable the Council to balance the budget for 2024-2025.
- 5.3 On 12 July 2023 the outturn position for 2022-2023 was presented to Cabinet. It was noted that once again the Council has managed its money well and delivered within budget – despite hugely challenging circumstances.
- 5.4 In the outturn report for 2022-2023, it was noted that a number of corporate contingencies held within Corporate Accounts had not been required in full. These contingencies will be reviewed in order to determine if any of them are still required in-year to support the emerging cost pressures outlined in section 3 or could be reduced to support the budget in future years.
- 5.5 In addition, in light of the outturn position, budgets across directorates will be reviewed to identify any one-off or recurrent efficiencies to support the budget and MTFS.
- 5.6 As detailed in section 3 and paragraph 4.6 of this report, the 2023-2024 budget incorporates significant growth to support inflationary pressures and increased demand. There remains significant uncertainty around the impact of rising inflation on both the Council directly and on our residents and businesses, however, the level of growth will

continue to be reviewed in order to determine if there is any scope to reduce this over the medium term.

- 5.7 The Reserves and Provisions report presented to Cabinet on 12 July 2023, approved the use of £5.8 million from the Future Years Budget Strategy Reserve to fund either in-year efficiency targets held corporately as detailed in paragraph 4.2 and / or support the budget deficit for 2024-2025. Work will continue to project how much of this reserve will be required for 2023-2024 and thereby the balance available to support the projected budget deficit for 2024-2025.
- 5.8 It was reported to Cabinet in the Performance and Budget Outturn 2022-2023 report that the Council had seen an improvement on the Collection Fund, resulting in a surplus which due to accounting treatment will be carried forward into future years. However, it was also reported that whilst the Council had seen an improvement in the collection rates in relation to Business Rates, it has also seen a net reduction in the Section 31 grant compensating the Council for the loss of income due to awarding reliefs. The improved position on the Collection Fund along with any impact on Section 31 grants will continue to be reviewed with updates to Councillors in future reports.
- 5.9 In addition to the areas highlighted above, work will also continue to review the grants and reserves held by the Council in order to identify any one-off opportunities to support the 2024-2025 budget strategy and MTFS.
- 5.10 A further update on the 2024-2025 budget and MTFS will be presented to Cabinet in October 2023.

6.0 Risks and Uncertainties

- 6.1 There continues to be significant uncertainty, such as the cost of rising inflation, demand for services and impact of the pay award, and the level of resources that will be made available to the Council over the medium term.
- 6.2 As detailed in paragraph 4.4, at the time of writing this report, the pay award for 2023-2024 has not yet been agreed. The 2023-2024 budget incorporates growth to support a pay award of 5%, however, if the 2023-2024 pay award exceeds this, this will have an impact on the 2024-2025 budget and MTFS. In addition, the current MTFS assumes a 2% provision for future pay awards. This will be kept under review and updates provided to Councillor in future reports.
- 6.3 Inflation and the increasing cost of living is considered to be a significant risk, not only the direct costs of the council but on our businesses and residents. This will continue to be monitored and updates provided in future reports. Inflation is incorporated in the Strategic Risk Register and the General Fund budget risk register.
- 6.4 There is also considerable uncertainty around the cost of social care over the medium term due to the increase in demand for services, impact of the fee uplift, the pandemic and the increasing cost of living. The Budget and MTFS currently assumes significant

growth for Adult Social Care, however, as detailed in paragraph 3.24, early indicators are that there is a potential cost pressure in 2023-2024, despite this growth. In addition, as detailed in paragraph 3.16, Children's Services are also projecting potential cost pressures across placement budgets. The MTFS current does not include specific growth for Children's Services. The 2024-2025 budget and MTFS will be reviewed in light of these emerging pressures.

- 6.5 The budget and MTFS incorporates efficiency targets which are held corporately in recognition of the in-year efficiencies delivered across a number of services. Early indications for 2023-2024 are that this target is on track for delivery, however, an element is from one-off efficiencies. Performance against this target will be kept under review and updates provided in future reports to Councillors.
- 6.6 The 2023-2024 funding settlement was for one year only and whilst it provided some high-level indications for 2024-2025, such as national figures for Social Care grants, it did not provide confirmation of our allocations beyond 2023-2024. In order to develop a budget strategy, a range of funding scenarios will be calculated.
- 6.7 The Council is no different to any other organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 6.8 The Strategic Risk Register is reviewed in conjunction with risk owners, reviewed by SEB and presented to Cabinet and the Audit and Risk Committee on a regular basis. The Strategic Risk Register was approved by Cabinet on 12 July 2023 and is shown at Appendix 7.
- 6.9 In addition to the Medium Term Financial Strategy being incorporated in the Strategy Risk Register, there is also a separate General Fund budget risk register for 2023-2024. The overall level of risk associated with the budget 2023-2024 is assessed as Amber and is shown at Appendix 8.

7.0 Supplementary Budgets

- 7.1 It is not always possible to reflect all grant and external funded expenditure in the budget approved by Full Council prior to the start of the financial year. This is due to the late notification from grant awarding bodies of grant amounts, use of historic grants and proactive grant applications during the year and confirmation of other external funding.
- 7.2 Approval is sought from Cabinet to establish supplementary budgets within the 2023-2024 approved budget as set out in Table 2 below, and in accordance with the grant terms and conditions. This will have no effect on the Council's net revenue and capital budgets as the expenditure is fully funded from the grant or other external income source.

Table 2 – Supplementary Budget Approvals sought from this Panel

Grant Name/Funding Source	Description of the Activity the grant/income will fund	Awarding Body	Expenditure 2023-2024 £000
New Burdens Funding (Elections Act) Grant	Establishing budgets for costs incurred in compliance with the Elections Act matched by additional new burdens grant (a total of £74,430 funding for 2023-2024 announced in April 2023, a £10,000 increase on the initial allocation).	Department for Levelling Up, Housing & Communities	10
Assessed and Supported Year in Employment (ASYE) grant	To fund social worker training needs in their first year, including a temporary project officer to provide support.	Department of Education	81
Towns Fund (TF)	To support the delivery of events during 2023-2024.	Department for Levelling Up, Housing and Communities (DLUHC)	16
Fees and charges	To support the delivery of events during 2023-2024.	N/A - Fees and Charges	63
UK Shared Prosperity Fund (UKSPF) Grant	To support local allocation towards community, place-based interventions that supported key local priorities including financial resilience, digital inclusion, net zero and place-based activities including voluntary and community sector flexibility where capacity at risk from the end of European Social Fund.	West Midland Combined Authority	463
National Portfolio Organisations	To support the Arts and Culture Exhibition budgets for 2023-2024	Arts Council England	22

Grant Name/Funding Source	Description of the Activity the grant/income will fund	Awarding Body	Expenditure 2023-2024 £000
Programme Grant (NPO)	(Contemporary visual arts and crafts).		
Fees and charges	To support the Arts and Culture Exhibition budgets for 2023-2024 (Contemporary visual arts and crafts).	N/A - Fees and Charges	32
Oral Health Grant	To purchase toothbrushes, toothpaste, kits and oral health leaflets.	NHS England	40
Contribution from Black Country Integrated Cared Board (ICB)	To fund two specialist support navigator posts based in emergency department to work with individuals with complex needs.	Black Country Integrated Cared Board (ICB)	80
Domestic Abuse Duty Grant	To support the delivery of domestic abuse support in safe accommodation duties. Amount of grant increased for 2023-2024.	Department of Levelling Up, Housing and Communities	13
Domestic Abuse Duty Grant	To support the delivery of domestic abuse support in safe accommodation duties. This is the carried forward amount from 2022-2023.	Department of Levelling Up, Housing and Communities	277
Supplementary Substance Misuse Grant	Supplemental funding to support improvements in the quality and capacity of drug and alcohol treatment.	Office for Health Improvement and Disparities	642
New burdens funding: Enforcement and Management of Smoke Control Areas	To compensate Local Authority for additional work required as a result of changes introduced by the Environment Act 2021 in relation to emitting smoke from chimneys and the	Department for Environment, Food and Rural Affairs (DEFRA)	12

Grant Name/Funding Source	Description of the Activity the grant/income will fund	Awarding Body	Expenditure 2023-2024 £000
	purchase of controlled fuels in Smoke Control Areas.		
Youth Justice Board Grant	The funding is an uplift to improve outcomes for children on the cusp of the justice system, maintaining a non-criminogenic approach with the aim of preventing children going on to (re) offend.	Ministry of Justice	18
Education and Skills Funding Agency (ESFA)	The funding is an uplift to support the educational needs and improve educational outcomes for children and young people in care in accordance with their personal education plans.	Department of Education	14
Youth Offending Team (YOT) - Remand/Secure Grant	To work with young people to reduce the associated risks of involvement in offending behaviour.	HM Prison & Probation Service	126
Increased client contributions	Additional expenditure on placements for Adults care purchasing.	Client Contributions	6,716
Increased Integrated Care Board contribution to social care	Additional relevant expenditure in BCF budgets.	Integrated Care Board	465
Leaving Care Allowance Uplift Implementation Grant (New Burdens) 2023-2025	To enable the local authority to meet the requirements of the Personalised Advisor support and pay the £1,000 uplift for the young people leaving care grant.	Department of Education	63
Implementing Supported	To fund expenditure incurred, or to be incurred, to introduce the new	Department of Education	86

Grant Name/Funding Source	Description of the Activity the grant/income will fund	Awarding Body	Expenditure 2023-2024 £000
Accommodation Reforms 2023-2025	regulation requirements for providers of supported accommodation for looked-after children and care leavers aged 16 to 17.		
Education and Skills Funding Agency (ESFA)	The funding is to promote the educational needs and improve educational outcomes for children and young people in care and care leavers in post 16 education.	Department of Education	55
Black Country Transport WMCA Revenue Grant	Changes to pay related budgets to recognise pay award.	West Midland Combined Authority	6
Supporting Families Programme	The funding is to support building resilience of vulnerable families, and driving system change so that every area has joined up, efficient local services which are able to identify families in need and provide the right support at the right time.	Department of Levelling Up, Housing and Communities	125
Know Your Neighbourhood Fund	To run activities and events to help widen participation in volunteering and help tackle loneliness.	The Department of Culture, Media and Sport (DCMS)	39
Family Hubs Revenue	The programme's core objective is to improve the universal Start for Life offer and transform the delivery of family services in local authority areas with the highest levels of deprivation and disproportionately poor health and educational	Department of Health and Social Care, and Department for Education	1,484

Grant Name/Funding Source	Description of the Activity the grant/income will fund	Awarding Body	Expenditure 2023-2024 £000
	outcomes, to support the government's levelling up ambitions.		
City Region Sustainable Transport Settlements Revenue Grant	To create a more consolidated and devolved model of transport funding and delivering significant improvements for users.	Department for Transport	32

8.0 Reserves

- 8.1 Cabinet on 22 February 2023, approved that the General Fund balance be increased by £1.7 million taking it to £15.3 million, which represents approximately 5% of the 2023-2024 net budget.
- 8.2 In addition to the General fund balance, the Council also holds a number of earmarked reserves. Earmarked reserves balances that have been set aside by the Council to fund future estimated liabilities and planned expenditure at the end of 2022-2023 was £49.1 million. The Council is also required to hold a number of earmarked reserves due to either specific criteria associated with funding, legal requirements or accounting practice. The total values of these types of earmarked reserves at the end of 2022-2023 was £36.7 million (including school balances).
- 8.3 The Reserves Strategy was approved by Full Council on 1 March 2023 and provides details of the level of reserves held by the Council along with their planned use.
- 8.4 As detailed in paragraph 3.4, Oflog have recently published performance data, including data on the level of reserves held by local authorities. The data published indicates that the council has a lower figure than the national median and the median of the CIPFA nearest neighbours in respect to non-ringfenced reserves. This data is currently being analysed in more detail and will be used, where helpful, to inform a review of our reserves, in line with the Reserves Strategy.

Transfers to / from Earmarked Reserves

- 8.5 Approval is sought for a number of transfers to/from earmarked reserves, as set out in the following paragraphs and the establishment of associated supplementary budgets in 2023-2024.

Licencing Reserve

- 8.6 Approval is sought from this meeting for the use of £1,1million from the Licencing Reserve and the establishment of associated budgets to fund the reductions of Taxi

License fees, in line with Sections 53 and 70 of the Local Government (Miscellaneous Provisions) Act 1976 which permits the council to recover fees as such, which are reasonable with recovering costs of issue and administration.

Regeneration Reserve

- 8.7 Approval is sought from this meeting for the use of £367,000 from the Regeneration Reserve and the establishment of associated supplementary budgets as detailed in the table below:

Table 3 Regeneration Reserve

Service	Amount £000	Details
City Development	39	To fund the development and feasibility work to bring forward the City Centre West Project.
City Development	48	To fund professional advice to finalise negotiation with lease expiry for St Georges. This additional approval of £48,000 will take the total approval for this project to £88,000
City Development	60	To support legal advice on the for sale of Brewers Yard.
City Development	90	To support the professional advice for a range of regeneration projects. This additional approval of £90,000 will take the total approval for this project to £180,000
Wolverhampton Events Management	93	To fund support the implementation of the Civic Halls operator contract alongside specialist advice on other event projects.
City Development	55	To support design works and stakeholder engagement on the City Master Plan.

Adult Social Care Reserve

- 8.8 Approval is sought from this meeting for the use of £281,000 from the Adults Reserve and the establishment of associated supplementary budgets to provide additional staffing in order to meet the growing demand in Adult Social Care pending the completion of the Adult Services Transformation Programme. This approval will take the overall approval for this work to £2.4 million.

Youth Opportunities Reserve

- 8.9 Approval is sought from this meeting for the use of £103,000 from the Youth Opportunities Reserve and the establishment of associated supplementary budgets to

support with Yo! Wolves service delivery in 2023-2024. This approval will take the overall approval for project to £711,000.

Efficiency Reserve

- 8.10 Approval is sought from this meeting for the use of £104,000 from the Efficiency Reserve and the establishment of associated supplementary budgets to support 2-year fixed terms Commercial Manager within Commercial Services.

9.0 Debt Write offs

- 9.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.
- 9.2 This report seeks approval to a number of debt write offs in relation to Sundry Debts, Council Tax and Business Rates. The details of these write-offs are provided in Appendix 4, Appendix 5 and Appendix 6.

10.0 Evaluation of alternative options

- 10.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between employees and other controllable expenditure headings, require the approval of Cabinet. Contributions to and from reserves and the creation of supplementary budgets also require Cabinet approval. The write-offs, virements, use of reserves and creation of supplementary budgets detailed in this report which seek the approval of Cabinet are all considered prudent in the opinion of the Director of Finance.
- 10.2 In determining the proposed 2024-2025 Budget Strategy, consideration has been made to the deliverability of budget reduction and income generation proposals and budget pressures. If we were to not implement the budget strategy as proposed in this report, alternative options would need to be identified in order for the Council to set a balanced budget for 2024-2025.

11.0 Reasons for decisions

- 11.1 In order to ensure a balanced budget for 2024-2025 it is important that work is progressed as soon as possible. The approval of the draft strategy will enable the Council to undertake due diligence, consultation and scrutiny in a timely manner to fully inform the budget decision process in accordance with statutory deadlines.
- 11.2 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of Cabinet. Contribution to and from reserves also requires the approval from Cabinet. The write-offs, virements and use of reserve requests detailed in this report which seek the approval of Cabinet are all considered to be prudent in the opinion of the Director of Finance.

12.0 Financial implications

- 12.1 The financial implications are discussed in the body of the report.
[MH/18072023/R]

13.0 Legal implications

- 13.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.
[JB/18072023/I]

14.0 Equalities implications

- 14.1 The method by which the Budget is developed is governed by Our City: Our Plan priorities, which itself is guided by consultation and equality analysis. The development of various budget proposals includes an initial equalities screening for each proposal and, where necessary, a full equalities analysis which will provide for an initial understanding of the equality impact of the draft proposals. All of this will enable Councillors to pay, “due regard” to the equalities impact of their budget decisions at that point in the budget development process. The resulting and final report to Cabinet and Council will contain a supporting equality analysis that will offer information across the whole range of proposals and in doing so will enable Councillors to discharge their duty under Section 49 of the Equality Act 2010.
- 14.2 Fairness and inclusion is a key cross cutting theme within Our City: Our Plan. As part of performance reporting, there is ongoing work to ensure that where possible data is collected and able to be analysed by protected characteristic, to ensure that the Council is meeting its responsibilities and commitments in relation to equality and diversity.

15.0 All other Implications

- 15.1 There are no other implications.

16.0 Schedule of background papers

- 16.1 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 202-2026 report to Cabinet on 22 February 2023 and Full Council on 1 March 2023.
- 16.2 Our City: Our Plan Refresh 2023/2024 report to Cabinet on 22 February 2023.
- 16.3 Performance and Budget Outturn 2022-2023 report to Cabinet on 12 July 2023.
- 16.4 Reserves and Provisions 2022-2023 report to Cabinet on 12 July 2023.

17.0 Appendices

- 17.1 Appendix 1 – 2023-2024 Budget Monitoring 2023-2024

- 17.2 Appendix 2 – School Budgets
- 17.3 Appendix 3 – Debt Write Offs
- 17.4 Appendix 4 – Sundry Debts Write Offs
- 17.5 Appendix 5 – Council Tax Debts Write Offs
- 17.6 Appendix 6 – Non Domestic Rates (NDR) Write Offs
- 17.7 Appendix 7 – Strategic Risk Register
- 17.8 Appendix 8 – General Fund Budget Risks 2023-2024
- 17.9 Appendix 9 – General Fund Budget Virements