

Report title	Budget 2019-2020 – Outcome of Budget Consultation and Scrutiny Review	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
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Report to be/has been considered by	Corporate Leadership Team	8 January 2019
	Strategic Executive Board	11 January 2019
	Children, Young People and Families Scrutiny Panel	14 November 2018
	Health Scrutiny Panel	15 November 2018
	Stronger City Economy Scrutiny Panel	20 November 2018
	Adults and Safer City Scrutiny Panel	27 November 2018
	Confident, Capable Council Scrutiny Panel	28 November 2018
	Vibrant and Sustainable City Scrutiny Panel	6 December 2018
	Scrutiny Board	11 December 2018

Recommendation for decision:

The Cabinet is recommended to:

1. Consider the responses to the 2019-2020 Budget Consultation as detailed in this report.
2. Consider the responses from the Scrutiny Board in relation to the Draft Budget and Medium Term Financial Strategy 2019-2020.

Recommendation to note:

The Cabinet is asked to note:

1. That proposals for future budget consultation and budget scrutiny processes will be drawn up and incorporated into a future Budget Strategy Report.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet of the budget consultation, undertaken to support the 2019-2020 budget setting process and Scrutiny Board's feedback on the Medium Term Financial Strategy, allowing for Councillors' consideration of the responses to the consultation and budget scrutiny process.
- 1.2 The completed set of responses to the consultation will be considered in the final budget that Cabinet recommends to Full Council on 6 March 2019.

2.0 Background

- 2.1 The Council continues to be faced with a challenging projected financial position over the medium term, and significant Budget Reduction and Income Generation proposals are required in order to maintain a robust financial position.
- 2.2 The 2018-2019 Budget and Medium Term Financial Strategy (MTFS) 2018-2019 to 2019-2020 was presented to Full Council for approval on 7 March 2018. After updating the MTFS for changes in assumptions and the outcome of the Local Government Finance Settlement, the Council was able to set a balanced budget for 2018-2019 without the use of General Fund reserves; however, the Council was still faced with finding further estimated budget reductions totalling £19.5 million by 2019-2020.
- 2.3 It is important to note that the updated projected budget deficit assumes the achievement of prior year budget reduction and income generation proposals amounting to £28.3 million over the two-year period from 2018-2019 to 2019-2020. Over the last eight financial years the Council has identified budget reductions in excess of £220.0 million.
- 2.4 In March 2018, Full Council approved that work started immediately to identify £19.5 million of budget reductions and income generation proposals to address the projected deficit in 2019-2020.
- 2.5 When identifying budget reduction and income generation proposals the Council's strategic approach to address the budget deficit continues to be to align resources to the Corporate Plan:
 - a Stronger Economy
 - a Stronger Community
 - a Stronger OrganisationInvestment in the future is essential to both the Council and the City.
- 2.6 In October 2018, Cabinet were presented with an update on the MTFS and budget strategy. At this point it was noted that the Council still has a gap of £6.0 million to find for 2019-2020. Work is ongoing to ensure that a balanced budget can be set.

- 2.7 £695,000 of budget reduction opportunities for 2019-2020 have been identified as Budget Reduction and Income Generation proposals upon which the outcome of formal budget consultation is required.
- 2.8 Cabinet approved that the Budget Reduction and Income Generation proposals amounting to £695,000 in 2019-2020 proceed to the formal consultation.
- 2.9 The budget consultation focussed on the continued theme of working smarter together and the themes that respondents have had the opportunity to comment on are:
- Services that are most important to them;
 - Protecting services from further cuts;
 - Supporting the Budget Reduction and Income Generation proposals;
 - Generating income to help make less cuts to service provision;
 - Proposals to charge a premium to Council Tax on unoccupied properties;
 - Raising Council Tax;
 - Additional flexibility to levy increases to the Adult Social Care precept;
 - Volunteer Scheme;
 - Alternative services and new ways of working;
 - The Council's suggested draft five City priorities.
- 2.10 Within each theme, respondents were asked to provide responses to a number of concepts posed. These are shown in full in the charts attached at Appendix 1.
- 2.11 The Council's budget consultation took place from 19 October 2018 to 31 December 2018 as part of the budget setting process for 2019-2020. All the consultation and analysis are conducted in-house and is a major factor in keeping costs to a minimum.
- 2.12 During the consultation period, there have been stakeholder engagement meetings with local communities, the Business Community and Trade Unions.
- 2.13 Presentations have been carried out at each of these meetings by the Cabinet Member for Resources, Councillor Louise Miles, and the Director of Finance. The Cabinet Member for City Economy, Councillor John Reynolds, participated in the presentation at the Business Community meeting. The public and Council employees' views were also obtained through an online and booklet survey.
- 2.14 In addition to the wider budget consultation meetings, three additional meetings with representatives from the city's Wolverhampton Equalities and Diversity Forum, the city's Youth Council and Trade Union have been held. The meetings were attended by the Cabinet Member for Resources and the Director of Finance. Various questions were posed about Council services.

2.15 During November and December 2018, each Scrutiny Panel was asked to: scrutinise the Draft Budget and Medium Term Strategy 2019-2020, provide comments on the scrutiny budget and consultation process and provide any other relevant comments. Each Panel's comments were then reviewed by the Council's Scrutiny Board on 11 December 2018 for subsequent feedback to Cabinet.

3.0 Key Findings – Public and Stakeholder Engagement

3.1 To gather views, the Council's budget consultation ran for a period of 10 weeks from 19 October 2018 to 31 December 2018 using a range of consultation mechanisms.

3.2 In the following paragraphs, a summary of the participants in the stakeholder and community group meetings, plus details of other groups and interested parties that have provided their views and opinions, are detailed.

3.3 The following stakeholder engagement meetings have been held:

- Four Community meetings;
- One Wolverhampton Equalities and Diversity Forum meeting;
- One Trade Union meeting;
- One Business Community meeting and
- One Youth Council meeting.

3.4 73 members of the public/representatives have attended the stakeholder meetings. The breakdown of attendees is as follows:

- 4 attendees at Bob Jones Centre, Blakenhall;
- 0 attendees at Bilston People's Centre, Bilston;
- 13 attendees at Bantock Tractor Shed, Bradmore;
- 3 attendees at Low Hill Community Centre, Low Hill;
- 25 attendees at Business Breakfast, Black Country Growth Hub;
- 2 attendees at Trade Union meeting;
- 17 attendees at Youth Council meeting and
- 9 attendees at Equality and Diversity Forum meeting.

3.5 The Council have used a range of methods including face to face, online survey and written communications to gather responses during the consultation period. The consultation was publicised via several types of media; the Council website, email distribution, the Facebook page "Wolverhampton Today", and Twitter.

3.6 In total 730 individuals took part in the budget consultation survey.

- 3.7 Details of the consultation findings can be found in Appendix 1.
- 3.8 Appendix 2 shows a heatmap of the City of Wolverhampton with the location of the respondents who provided a postcode when completing the survey. The heatmap is based on 529 of the 730 respondents who provided postcodes. This equates to just over 72% of the total response rate. However, each dot represents a unique postcode rather than a person, so if more than one person at an address completed the survey that would not be represented. The heatmap should be used with caution as 28% (201 of the 730) of respondents are not recorded. However, it does demonstrate that responses have been received from across the City.

4.0 Key Findings – Budget Scrutiny Process

- 4.1 An extract of the minutes of the Scrutiny Board meeting on 11 December 2018, detailing the resolutions arising from its consideration of individual Scrutiny Panel comments on the Draft Budget and Medium Term Financial Strategy 2019-2020, is shown in Appendix 3.
- 4.2 The reports to Scrutiny Board and individual Scrutiny Panels are listed at section 16 below.

5.0 Future Engagement

- 5.1 Attendees at the budget consultation events and members of the Scrutiny Board were asked how they wished to be engaged in the future around conversations on the financial strategy and whether they would welcome more general engagement on other council issues and opportunities.
- 5.2 Feedback from events indicated that they welcomed continuous dialogue throughout the year around the financial strategy so to gain a better understanding of the issues and opportunities facing the Council.
- 5.3 Over the next few months proposals will be developed on how dialogue with key stakeholders, members of the public and scrutiny can be developed. Proposals will include linking in with other opportunities to ensure the financial strategy is not viewed in isolation to the other developments across the City.

6.0 Conclusion

- 6.1 This report summarises the headline findings from the budget consultation run by the City of Wolverhampton Council on its budget proposals for 2019-2020 and feedback from Scrutiny Board. It includes an analysis of qualitative presentations and meetings with key stakeholder and community groups designed to gather views and opinions on the Council's budget. It also includes the outline findings from the survey. Stakeholder engagement meetings were held with Trade Unions, various local public communities and the Business Community.

6.2 The final budget will take into account the completed set of responses to the consultation to be reported to Cabinet on 20 February 2019 before recommending to Full Council on 6 March 2019 to approve.

7.0 Evaluation of alternative options

7.1 This report provides Cabinet with comments from the 2019-2020 Budget Consultation and feedback from Scrutiny Board.

7.2 In the event that the budget strategy, as proposed in the report to Cabinet on 17 October 2018, were not to be implemented in that way due to feedback from the consultation and scrutiny process, alternative options would be required in order to set a balanced budget.

8.0 Reasons for decision

8.1 Cabinet is recommended to consider the responses to the 2019-2020 Budget Consultation and the feedback from Scrutiny Board in order to make informed decisions on the final budget 2019-2020 which is due to be presented to Cabinet on 20 February 2019.

9.0 Financial implications

9.1 The final outcome of budget consultation and feedback from Scrutiny Board will be taken into account in the Cabinet's final budget recommendation to Full Council on 6 March 2019.

9.2 Should any changes be made to the 2019-2020 Draft Budget as a result of the findings of the budget consultation exercise and feedback from Scrutiny Board, which results in an increased net budget requirement, new proposals of an equivalent value will have to be urgently identified to address the projected budget deficit.

[RP/11012019/P]

10.0 Legal implications

10.1 The legal duty for a council's finances falls within S151 of the Local Government Act 1972. Arrangements for the proper administration of their affairs are secured by the S151 Officer (the Director of Finance).

10.2 Section 138 of the Local Government and Public Involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. The 2010 Equality Act whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function. Failure to meet the requirements in the Public Sector Equality Duty may result in the Council being exposed to costly, time-consuming and reputation-damaging legal challenges.

10.3 A detailed report on consultation feedback from all phases of consultation is, therefore, presented to Cabinet.

[LW/03012019/P]

11.0 Equalities implications

11.1 Under the Equality Act 2010, the Council has a statutory duty to pay due regard to the impact of how it carries out its business on different groups of people. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination. The nine equality strands covered in the legislation are:

- Age
- Disability
- Gender reassignment
- Marriage and Civil Partnership (this strand only applies to employment and not to service delivery)
- Pregnancy and Maternity
- Race
- Religion or Belief
- Sex
- Sexual Orientation

11.2 In relation to determining the overall revenue budget for the Council there is always a difficult balance to be struck in deciding the levels at which to invest, reduce expenditure and raise income set against the often competing needs of different groups within the Wolverhampton community.

11.3 In order to address these complex issues, the Council operates an open and consultative approach to budget and Council Tax determination. Year-on-year and medium term spending forecasts are provided to every household and business ratepayer within the City as part of the documentation which accompanies the Council Tax demand.

11.4 Budget consultation meetings have been held with the business community, the public, representatives from the Equality and Diversity Forum, the Youth Council and trade unions. The Council's budget consultation approach has also included an online survey in order to gain feedback on budget and service priorities.

11.5 In determining the budget and MTFs, considerable focus is placed on the development of budget reduction and income generation proposals. The budget reduction opportunities were classified into proposals upon which the outcome of formal budget consultation is required – Budget Reduction and Income Generation proposals – and

proposals which can be implemented without reliance on the outcome of formal budget consultation – Financial Transactions and Base Budget Revisions. All Budget Reduction and Income Generation proposals will be subject to an equality analysis screening and where necessary a full equality analysis will be conducted.

- 11.6 The Council is facing a particularly challenging short and medium term financial environment in which savings must be generated and a tight control on spending maintained. This means that greater focus than ever is necessary to ensure that core equalities commitments is met.
- 11.7 In summary, the Council's annual budget and medium term financial strategy supports a range of services designed to meet key equalities objectives. The equalities work to support the 2019-2020 budget setting process has been partly to consider a range of proposals relating to financial transactions and base budget revisions and secondly a much smaller range acknowledged as more than revisions to financial transactions and which require more detailed analysis. All proposals have been considered for their equalities implications. The second group of proposals have been the subject of public consultation and following this equalities analysis considering any relevant findings from the consultation.
- 11.8 Councillors should also be aware that under the Equality Act 2010, they must comply with the Public Sector Equality Duty (PSED) when making budget decisions. What this means in practice is that Councillors must consciously think about the three aims of the PSED as part of the decision making process. The three aims are to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation,
 - Advance equality of opportunity by removing or minimising disadvantages, meet differing needs and encouraging participation,
 - Foster good relations between people from different groups.
- 11.9 The Act does not require the Council to treat everyone in the same way; sometimes different treatment is required, for example, be making reasonable adjustments to meet the needs of disabled people.
- 11.10 Consideration of equality issues must influence the decisions reached by public bodies including:
- How they act as employers,
 - How they develop, evaluate and review policy,
 - How they design, deliver and evaluate services,
 - How they commission and procure from others.

11.11 The Brown Principles, established as a result of a legal case concerning Post Office closures in 2008, provide an important checklist that should be considered when making decisions:

- Decision makers must be made aware of their duty to have due regard to the identified goals;
- Due regard must be fulfilled before and at the time that a particular decision is being considered, not afterwards;
- The duty must be exercised in substance, with rigour and with an open mind. It is not a question of ticking boxes;
- The duty cannot be delegated; it must be fulfilled by the organisation in question rather than through the use of an external body;
- The duty is a continuing one; and
- It is good practice to keep an adequate record showing that it has considered the identified needs.

12.0 Environmental implications

12.1 Environmental implications will be addressed on a case by case basis as part of individual proposals.

13.0 Human resources implications

13.1 In line with the Council's statutory duties as an employer under the Trade Union Labour Relations (Consolidation) Act 1992, an HR1 form was issued to the Secretary of State for Business, Innovation and Skills identifying the intention to reduce employee numbers by up to 500 across the Council in the period 1 April 2018 up to 31 March 2019.

13.2 A new HR1 will be issued with effect from the 1 April 2019 up to 31 March 2020 identifying that a further 500 jobs may need to be put at risk of redundancy throughout this period.

13.3 The numbers included in an HR1 include posts held by colleagues who, as part of business review, redesign and/or restructure, need to be included, as they will be placed at risk of redundancy. However, many of these employees can apply and be offered jobs in any new structure or elsewhere in the organisation and therefore the number of employees leaving the authority is always anticipated to be lower than the numbers put at risk and declared on an HR1.

13.4 As detailed in the report, budgetary savings will also be made through efficiencies with new and smarter ways of working and transformation initiatives. Income generation will also be key.

- 13.5 Reductions in employee numbers will be achieved in line with the Council's HR policies. Compulsory redundancies will be mitigated as far as is possible through seeking voluntary redundancies in the first instance, and through access to redeployment.
- 13.6 The Council will ensure that appropriate support is made available to employees who are at risk of and selected for redundancy, and will work with partner and external agencies to provide support. Budget reduction targets to move service delivery from direct Council management to private, community or third sector providers may have implications under the TUPE regulations. If TUPE were to apply, appropriate consultation with relevant Trade Unions and affected employees, would take place.
- 13.7 There is on-going consultation with the trade unions on the impact of the Council's budgetary position and the targets being made to meet the challenges posed by it.

14.0 Corporate landlord implications

- 14.1 Corporate landlord implications will be addressed on a case by case basis as part of individual proposals.

15.0 Health and Wellbeing Implications

- 15.1 The health and wellbeing implications will be addressed on a case by case basis as part of individual proposals.

16.0 Schedule of background papers

- 16.1 Scrutiny Board, 11 December 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Vibrant and Sustainable City Scrutiny Panel, 6 December 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Confident, Capable Council Scrutiny Panel, 28 November 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Adults and Safer City Scrutiny Panel, 27 November 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Stronger City Economy Scrutiny Panel, 20 November 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Health Scrutiny Panel, 15 November 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Children, Young People and Families Scrutiny Panel, 14 November 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Cabinet, 17 October 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Cabinet, 11 July 2018 – [‘Draft Budget and Medium Term Financial Strategy 2019-2020’](#)

Cabinet, 20 February 2018 – [‘2018-2019 Budget and Medium Term Financial Strategy 2018-2019 – 2019-2020’](#)

17.0 Appendices

Appendix 1 – Analysis of Consultation Survey Data

Appendix 2 – Location of Budget Consultation Respondents by Postcode

Appendix 3 – Scrutiny Board minutes of 11 December 2018