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CITY OF
WOLVERHAMPTON
C O U N C I L

Scrutiny Board Meeting

Tuesday, 8 December 2020

Dear Councillor

SCRUTINY BOARD - TUESDAY, 8TH DECEMBER, 2020

I am now able to enclose, for consideration at next Tuesday, 8th December, 2020 meeting of the Scrutiny Board, the following reports that were unavailable when the agenda was printed.

Agenda No	Item
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| 5 | <u>Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024</u>
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Scrutiny Board

8 December 2020

Report title	Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council Councillor Louise Miles Resources	
Wards affected	All	
Accountable director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon Tel Email	Chief Accountant 01902 554561 Alison.Shannon@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Cabinet Children, Young People and Families Scrutiny Panel Stronger City Economy Scrutiny Panel Adults and Safer City Scrutiny Panel Health Scrutiny Panel Our Council Scrutiny Panel Vibrant and Sustainable City Scrutiny Panel	22 October 2020 11 November 2020 11 November 2020 12 November 2020 17 November 2020 19 November 2020 25 November 2020 26 November 2020

Recommendations for decision:

The Scrutiny Board is recommended to:

1. Review the comments of each Scrutiny Panel and provide further feedback to Cabinet on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 and how the budget is aligned to the priorities of the Council.

1.0 Purpose

- 1.1 The purpose of this report is to seek Scrutiny Board's feedback on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 and how it is aligned to the priorities of the Council, which was presented to Cabinet on 11 November 2020.

2.0 Draft Budget and Medium Term Financial Strategy Background

- 2.1 Since 2010-2011 despite the successive cuts in Council resources, which have led to significant financial challenges, the Council has set a balanced budget in order to deliver vital public services and city amenities. Over the last ten years the Council has identified budget reductions in excess of £235 million.
- 2.2 The Budget and Medium Term Financial Strategy (MTFS) 2020-2021 to 2023-2024 was presented to Full Council for approval on 4 March 2020. The Council was able to set a balanced budget for 2020-2021 without the use of General reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £15.5 million in 2021-2022 rising to around £20 million over the medium term to 2023-2024.
- 2.3 It is important to note that the budget was prepared prior to the Covid-19 pandemic. At the time of reporting to Council, the full impact of Covid-19 was not anticipated and the impact on both the finances and operating environment could not have been foreseen.
- 2.4 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council.
- 2.5 Since March 2020, work has been ongoing across the Council to review corporate resources assumptions, growth and inflation assumptions and opportunities in line with the Five Year Financial Strategy to support the budget strategy for 2021-2022 and future years, whilst also detailing the emerging pressures that the Council currently faces in response to the Covid-19 pandemic.
- 2.6 It should be noted that due to external factors, especially surrounding the Covid-19 pandemic and Brexit, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council.

3.0 Five Year Financial Strategy

- 3.1 The Council's strategic approach to address the budget deficit continues to be to align resources to Our Council Plan 2019-2024 which was approved by Full Council on 3 April 2019.
- 3.2 Our Council Plan, developed with the people of the City of Wolverhampton at its heart, sets out how we will deliver our contribution to Vision 2030 and how we will work with our partners and communities to be a city of opportunity. The plan includes six strategic priorities which come together to deliver the overall Council Plan outcome of 'Wulfrunians

will live longer, healthier and more fulfilling lives.’ Over the medium term, resources will continue to be aligned to enable the realisation of the Council’s strategic priorities of achieving:

- Children and Young People get the best possible start in life
- Well skilled people working in an inclusive economy
- More good jobs and investment in our city
- Better homes for all
- Strong, resilient and healthy communities
- A vibrant, green city we can all be proud of.

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

3.4 Covid-19 has had a significant international, national and regional impact and will continue to do so over the short and medium term. The pandemic has made the challenges faced in our local economy much harder. Alongside managing the emergency response to the pandemic, the Council has also undertaken extensive planning for recovery which was approved by Cabinet in September. It engaged with around 2,500 people including residents, young people, the voluntary and community sector and other partners, employees, Councillors and businesses across the city. This engagement has shaped the Council’s five-point recovery plan, ‘Relighting our City’.

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

- **Core Principles:**

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

3.6 The Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 has been considered by all Scrutiny Panels during November. The feedback from each Scrutiny Panel is included in Appendices 1 to 6. This feedback along with further comments received at Scrutiny Board on 8 December 2020 will be sent as a formal response to Cabinet.

- 3.6 If there are substantial changes or recommendations of the Scrutiny Board are not accepted, then the Scrutiny Board will consider the budget again in February 2021, following an update to Cabinet on the Local Government Finance Settlement.
- 3.7 If there are no changes to proposals considered by Scrutiny, the outcome of this Board meeting will be incorporated into the final Cabinet budget report, scheduled for February 2021, ahead of Full Council considering the budget in March 2021.
- 3.8 In order to limit the volume of paper used as part of the budget reporting process, the Cabinet report has not been appended to this covering report. Board members are instead requested to bring their copy of the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 report, which was circulated with the 11 November 2020 Cabinet agenda.

4.0 Scrutiny Board Recommendations

4.1 Comments from each of the Scrutiny Panels is included at:

1. Appendix 1 – Children, Young People and Families City Scrutiny Panel
2. Appendix 2 – Stronger City Economy Scrutiny Panel
3. Appendix 3 – Adults and Safer City Scrutiny Panel
4. Appendix 4 – Health Scrutiny Panel
5. Appendix 5 – Our Council Scrutiny Panel
6. Appendix 6 – Vibrant and Sustainable City Scrutiny Panel

4.2 The Board is requested to review the comments and further scrutinise the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 and how it is aligned to the priorities of the Council, for submission to Cabinet.

4.3 In addition to commenting on investment in services and proposals, the Board may also request additional information or clarification. Any such requests will be noted separately, either for consideration by the Board or a Scrutiny Panel at a future date, or for information to be forwarded to the Panel members concerned.

5.0 Financial implications

5.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.
[RP/30112020/A]

6.0 Legal implications

6.1 The legal implications are discussed in the report to Cabinet.
[TS/30112020/R]

7.0 Equalities implications

7.1 The equalities implications are discussed in the report to Cabinet.

8.0 Climate change and environmental implications

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

9.0 Human resources implications

9.1.1 The human resource implications are discussed in the report to Cabinet.

10.0 Corporate landlord implications

10.1 The corporate landlord implications are discussed in the report to Cabinet.

11.0 Health and wellbeing implications

11.1 The health and wellbeing implications are discussed in the report to Cabinet.

12.0 Covid implications

12.1 The Covid implications are discussed in the report to Cabinet.

13.0 Schedule of background papers

13.1 Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, report to Cabinet, 11 November 2020.

Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, reported to:

Children, Young People and Families Scrutiny Panel	11 November 2020
Stronger City Economy Scrutiny Panel	12 November 2020
Adults and Safer City Scrutiny Panel	17 November 2020
Health Scrutiny Panel	19 November 2020
Our Council Scrutiny Panel	25 November 2020
Vibrant and Sustainable City Scrutiny Panel	26 November 2020

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**Children and Young People Scrutiny Panel – 11 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024 Report
Minute Extract**

James Barlow, Finance Business Partner, presented the report and referred the panel to recommendations asking for comments on the draft budget medium term financial strategy and also the budget issues relevant to the remit of the panel. The comments will be included in a report to Scrutiny Board after they have been approved by the Chair and Vice Chair as part of the response to the annual budget scrutiny for their consideration.

The Finance Business Partner outlined the key parts of the draft budget medium term financial strategy report budget 2021-2022 to 2023-2024 and stated the Council has a legal requirement to set a balanced budget each year.

The Council was able to set a balanced budget for 2020-2021 without the use of General reserves which was approved by Council on the 4 March 2020 and at that time it was noted that budget reductions totalling £15.5 million were required in 2021-2022 of £15.5 million rising to around £20 million over the medium term to 2023-2024.

The Finance Business Partner commented that the budget was prepared prior to the Covid-19 pandemic. The pandemic has had a major impact on Council.

The Finance Business Partner outlined details of the net revenue expenditure budget for the Council was £248.2 million for the 2020-2021 and the report outlined the budgets for those services relevant to the remit of the panel and referred to the chart which gave a breakdown of annual expenditure.

The Finance Business Partner commented on the various one-off grants the Council has received to date to support the costs of Covid-19 and that these grants were considered to sufficient to support the costs in the short-term with a small shortfall of £324,000 (2020-2021). This figure does not include costs arising from the second national lockdown and further restrictions.

The Finance Business Partner commented on the main assumptions underpinning the report and the expectations of future government announcements in December 2020 about any additional funding that will be given to local authorities to help meet costs associated with second lockdown.

The Finance Business Partner outlined the estimated updated budget deficit without the impact of Covid-19 was £4.5 million in 2021-2022. However, if the Council does not receive funding from the government to cover costs pressures and lost income relating to Covid-19 then the budget deficit is estimated to be in the region of £23.2 million for 2021-2022, rising to £40 million over the medium- term period to 2023-2024. In the event that Government do not provide sufficient funding to support these pressures, the Council would need to undertake a fundamental review of all services to identify savings would be needed to set a balanced budget.

The Finance Business Partner commented on the expenditure and income figures detailed in the report for the service.

Emma Bennett, Director of Children's Services, commented on the strategic vision for supporting children and young people within the City and the priorities for the service. The panel were briefed on the publication of the Relighting Our City recovery plan. The plan details the response by the Council to the challenges to the City arising from the pandemic. The panel were also briefed on specific areas of work aimed at creating and promoting more opportunities for children and young people in line with published strategic priorities.

The panel were invited to give feedback to Cabinet on the Draft Budget and Medium-Term Financial Strategy 2021-2022 to 2023-2024.

The panel queried the Council's approach to commercialisation and the work being done to boost social value contracts and encouraging the use of local services and local businesses to help retain more spending within the City.

The panel also queried the Council's procurement strategy and in particular work done with neighbouring authorities to negotiate better value when contracting for services or goods.

The Director of Children's Services commented on the contracting work undertaken regionally and sub-regionally to procure and commission services to help reduce costs, for example, there is regional framework for residential placements for children and young people. In addition, there is also a regional framework for foster placements and supported accommodation for care leavers which is helping to reduce costs. The Director of Children's Services gave other examples of joint work being done with neighbouring authorities to reduce costs.

The panel queried the impact of the recent announcement about the vaccine on the future assumptions about the budget challenges detailed in the report. The Finance Business Partner commented that impact on current budget assumptions will depend how the vaccine programme is rolled out and other linked factors. The Council will continue modelling work based on different scenarios of the Government's response to Covid-19 when assessing the impact on future finances and specifically a decision by Government about whether it will fully fund the additional costs resulting from Covid-19. The service will continue to monitor policy changes in relation to Covid-19 or Government policy and will adjust the budget assumptions as necessary. At the date of drafting the Council is waiting for a decision on future Government grants to local authorities, which is expected in December 2020.

The panel queried the possibility of using Council reserves to meet the budget shortfall. Alison Shannon, Chief Accountant, commented that the Council is confident of being able to manage the projected budget shortfall of £4.5 million due to work being done to identify efficiencies. However, the projected shortfall with Covid-19 of £23.2 million for 2021-2022 would need a fundamental review of all services.

The Chief Accountant commented that the key cost pressure is the impact of Covid-19 on the Council was the reduction in income, particularly in the collection of council tax and business rates. The use of reserves is a last resort and the Council is working hard to avoid the need to consider this option.

Resolved:

The panel agreed the recommendations set out in the report.

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**Stronger City Economy Scrutiny Panel - 12 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024
Minute Extract**

The Finance Business Partner introduced the report on the draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024. The Panel were being asked to provide feedback on the budget relevant to the Panel and how it was aligned to the priorities of the Council. They were also being asked to provide feedback on the draft Budget and Medium Term Financial Strategy report that was appended to the main report. There was a recommendation that the Panel's comments be forwarded to the Scrutiny Board for consideration.

The Finance Business Partner summarised the main points of the report. The draft Budget and Medium Term Financial Strategy was different to previous years because it covered the Council's response to the Covid-19 pandemic. The report detailed the cost of Covid-19 for the year and the projected financial implications for the medium term. It listed the one off grants the Council had received to compensate for some of the impacts of Covid-19. The report detailed the next steps the Council would be taking to address the financial pressures faced by the Council over the medium term.

The Finance Business Partner commented that the report set out the "Relighting Our City" agenda, explaining the transition from the response to the recovery phase of the pandemic. The Council was assuming that the Government would provide a sufficient grant to cover the cost of Covid-19. If this was the case the forecast deficit, without the impact of Covid-19 for 2021-2022, was estimated to be £4.5 million, rising to £19.6 million over the medium term. Savings were being considered by directorates at the present time to meet the budget gap. If funding was not awarded from Government to meet the continued financial pressures arising from Covid-19, the impact on the Council would be significant. A fundamental review of all services would need to take place to enable them to set a balanced budget. If the Council did not receive the Covid-19 grants from Government, the deficit for 2021-2022 could rise to a minimum of £23.2 million and increasing to £40 million over the medium term.

The Director for Regeneration commented on the service budget detailed within the report. The report listed the key capital and revenue projects the service was working on in section 5.

A Member of the Panel asked for clarity as to budget for health. The Chief Accountant responded that the pie chart in the report referred to Public Health. The Pie Chart represented millions of pounds. Public Health was funded via the Public Health grant.

Resolved:

The panel agreed the recommendations set out in the report.

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Adults and Safer City Scrutiny Panel - 17 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024
Minute Extract

James Barlow, Finance Business Partner, presented the report and referred the panel to recommendations asking for comments on the draft budget medium term financial strategy and also the budget issues relevant to the remit of the panel. The comments will be included in a report to Scrutiny Board for their consideration after they have been approved by the Chair and Vice Chair as part of the response to the annual budget scrutiny.

The Finance Business Partner commented on the changes made to the layout of the budget report made in response to feedback from scrutiny panel members. The report is now more focused on the overall budget of areas within the remit of this panel and the extent to which they are aligned to the priorities of the Council. The feedback from the panel included in a report to Scrutiny Board for consideration before it is presented to Cabinet for approval in either January or February 2021.

The Finance Business Partner outlined the key parts of the draft budget medium term financial strategy report budget 2021-2022 to 2023-2024 and stated the Council has a legal requirement to set a balanced budget each year. The panel were advised that when the budget for this financial year was presented to Council on 4 March 2020 it was forecast that the Council would be facing a budget gap of around £15.5 million in 2021-2022 and rising to £20 million over the medium term. There is work ongoing to address the gap in funding. However, the Covid-19 pandemic has had a significant impact on the Council finances and the operating environment.

The Finance Business Partner commented on strategy to address financial pressures in the medium term. The Finance Business Partner commented on the list of Government grants awarded to the Council to deal with financial pressures in the short term and the projected financial implications of Covid-19 in 2020-2021. A potential cost pressure of £324,000 has been estimated based on current predictions for 2020-2021.

The Finance Business Partner commented on the main assumptions underpinning this report and advised the panel that the Council is expecting an announcement in December 2020 about if it will provide sufficient funding to deal with any financial pressure related to Covid-19. If the Government awards a grant to cover these costs then the forecast deficit for next financial year in setting a balanced budget is £4.5 million, which is considered to be achievable. However, in the event that the Government does not provide sufficient funding, the Council would be faced with a budget deficit for 2021-2022 in the region of £23.2 million, rising to over £40 million over the medium term. This would result in the need to do a fundamental review of Council services to identify budget reduction measures needed to balance the budget.

The Finance Business Partner commented in more detail on the budget breakdown relating to the remit of Adult Services and Safer City. Emma Bennett, Director of Children's and Adult Services commented on the statutory responsibilities of Adult Services and the link to priorities in the Council Plan particularly the priority of achieving strong resilient and healthy communities. The Director of Children's and Adult Services commented on the work done to support the vulnerable people during the pandemic. The work will continue as part of the Project Relight plan to identify and support people identified as either clinically or socially at risk.

The Director of Children's and Adult Services commented on changes to adult social care programme which is focused on improving outcomes for people and promoting independence. In addition, the service is building on current work across Adult Services to enable people to live at home longer and more independently. The findings from evaluation shows that the approach is having a positive impact.

The service is working with health partners locally and regionally to improve the quality of services and to deliver more specialist health services to a larger population. The aim being to work together to support people living independently or to be supported by their families rather than having to have expensive care packages to wrap around them or to go into residential care provision for example.

The panel queried when a decision about grant funding would be made by Government. The Finance Business Partner responded that we will get an indication when the Government spending review is announced.

The Council is modelling different scenarios so we have plans to react to whatever happens, but the service is working on the assumption that we will be funded for financial pressures arising from Covid 19.

The panel requested more details about the grants awarded to the Council by Government. The Chief Accountant referred the panel to the appendix in the report which details grants awarded to the Council and the criteria for using the funds. Further grants have been announced since the report was produced and an updated list could be provided.

The panel discussed the possible financial implications of Brexit on the Council. The panel were advised that there is lot of work done being done across the authority and the region to prepare for different Brexit outcomes and that the impact would be seen mainly across our businesses and providers.

Resolved:

The panel accepted the recommendations in the report.

**Health Scrutiny Panel - 19 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024
Minute Extract**

The Finance Business Partner introduced the report on the draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024. Appended to the report to the Scrutiny Panel was the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024, this had been received by Cabinet in the previous week. They were seeking feedback on how the budget relevant to the remit of the Panel aligned with the priorities of the Council. The report recommended that the response from the Panel to Scrutiny Board be finalised by the Chair and Vice Chair of the Health Scrutiny Panel. Scrutiny Board would then submit a final response to Cabinet.

The Finance Business Partner stated that there was a legal requirement for the Council to set a balanced budget each year. This had last been done when Council approved a balanced budget for 2020-2021 on 4 March 2020. At that time, it had been projected that the Council would be faced with finding further estimated budget reductions totalling £15.5 million in 2021-2022, rising to around £20 million over the medium term to 2023-2024. Work had been ongoing to close the budget gap since March with budget reductions or income generation ideas. However, Covid-19 had become much more of an issue than at that point, meaning there had been significant financial implications on both the finances and operating environment of the Council.

The Finance Business Partner referred to section 6 in the main report which summarised the Draft Budget and Medium Term Financial Strategy report. The report included details about the financial implications of Covid-19 and it agreed the core principles of how the Council would deal with any budget pressures going forward. The Council had a proven record of financial planning, being able to set a balanced budget and responding to any shortfalls in future budgets. The report included a table showing the one off grants the Council had received from Government for responding to the short-term financial pressures of Covid-19. The table showed a shortfall of about £324,000 between the grants the Council had received and the financial cost pressures that were being forecast. This did not include any costs of a second lockdown or the "Relighting Our City Programme." Grants were changing on a weekly basis and so the financial situation was constantly evolving.

The Finance Business Partner stated that the main assumption for setting next year's budget was that in response to previous Government announcements, the Council assumed the Government would fund any financial pressures relating to Covid-19 in full. If this was the case, they were forecasting a gap to set a balanced budget next year of approximately £4.5 million. This was achievable and Directors had been given targets to work out budget reduction measures to try and close the gap. If the costs relating to Covid-19 were not met by the Government, the financial pressure could rise up to £23.2 million for next year. This would have a significant impact and would result in a fundamental review of all services in the Council.

The Finance Business Partner stated that section 4 of the report contained details about the Health budget relevant to the remit of the Panel. The Health budget came almost entirely from a ring fenced £21 million Public Health grant. In addition, the Council had been allocated a Test and Trace grant of £1.9 million relating to Covid-19. Part of the conditions of the Public Health grant were to deliver mandated Public Health Services that included the Healthy Child Programme, Sexual Health open access and NHS Health Checks. The grant was also used to commission substance misuse services and a range of health protection services. The conditions of the Public Health Grant also included the offer of expertise, support and advice to local NHS partners.

The Director for Public Health commented that it had been a difficult time delivering consistent strategies in the context of a global pandemic. The revenue budgets allocated enabled an approach to improve the health and wellbeing of the population that was outlined in the Public Health Vision 2030, which had been discussed at the Scrutiny Panel previously. How the money that had been allocated from the Test and Trace Grant was being spent and their general approach to the pandemic could be found in the Local Outbreak Control Plan.

The Director for Public Health referred to some notable successes in the past year. He was particularly pleased with the establishment of the Covid-19 test centres in the City. Wolverhampton had been the first to have a drive through Covid-19 testing centre and community swabbing service in the West Midlands. They had had the first walk in centre which provided a blue print for the Government. The Lateral Flow test pilot had just commenced. They had been investing in already established partnerships such as businesses and faith settings to help prevent the spread of the Covid-19 virus. Partnership working with RWT (the Royal Wolverhampton NHS Trust) and the CCG (Clinical Commissioning Group) had been critical. They had invested in partnership which had seen improvements in the Healthy Child Programme. There had also been some improvements in sexual health services. The pandemic had also increased infection control measures in Care Homes. Public Health had a good partnership with RWT for reducing smoking, the Trust had been smoke free from 1 October 2020. They were also looking at their place based approach, to see which areas of the City they could target and increase their efforts to improve health outcomes.

The Director for Public Health referred Members to three key documents for more information on their strategic approach these were the Council Plan, the Local Outbreak Control Plan and the Public Health Annual report.

A Member of the Panel congratulated the Director for Public Health and his team for their outstanding work in relation to their response to Covid-19. She had confidence in the future. Another area she wished to highlight was the excellent partnership working which had taken place, which had set a very high standard. She highlighted the place based approach and the work that had taken place in the St. Peter's Ward, which would undoubtedly make a difference to the lives of residents. She had a concern about substance misuse during the pandemic and particularly alcohol dependent persons. After attending a briefing with a member of the Public Health Team, she was concerned that the availability of hospital detox and rehabilitation

was less than a decade earlier. She was mindful that only a few problem drinkers could cause problems for a great deal many of other people in their social network. She thought an investment in this area would be worthwhile to prevent further problems in the future. Members of the Panel endorsed the Councillor's view on the outstanding work completed by Public Health during the Covid-19 pandemic.

The Director of Public Health responded that he was pleased that drug related deaths had decreased compared to the previous year. In areas outside of Wolverhampton it had mostly increased. He was however concerned about the increased burden in relation to alcohol related illness and the costs in relation to alcohol treatment. They would therefore be looking as soon as possible at refreshing their alcohol strategy to see what they could do collectively to help tackle the problem, with prevention being key.

A Member of the Panel asked if the Public Health Grant was ring fenced. He also expected the Government to fund the financial pressures the Council was facing as a consequence of Covid-19. He asked why there was a deficit.

The Finance Business Partner confirmed that the Public Health Grant was ring fenced, so it could only be spent on Public Health expenditure within the terms of the grant. There was a deficit because the overall expenditure forecast exceeded the income. Costs did increase year on year which had to be included in the financial assumptions. He cited the example of a fee uplift to providers of adult social care to sustain the market and salary increases. This was why they were trying to identify budget reductions across the Council to help bridge the projected budget deficit gap. Inflation, service pressures, such as a demand in adult social care and a reduction in the income received from areas such as business rates and Council tax were also factors to take into account.

A Panel Member commented that the Government had awarded £45.2 million in business grants and £28.3 million in business rates relief, in addition to other grants as outlined in the report. She understood that there would be a financial statement in Parliament the following week which would help reveal additional grant funding. She was in support of the Public Health grant being ring fenced.

Resolved: That the Scrutiny response be finalised by the Chair and Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

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**Our Council Scrutiny Panel - 25 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024
Minute Extract**

Michelle Howell, Finance Business Partner, presented the report and referred the panel to recommendations asking for comments on the draft budget and medium-term financial strategy and also the budget relevant to the remit of the panel and how that budget is aligned to the priorities of the Council. The comments will be included in a report to Scrutiny Board for their consideration after they have been approved by the Chair and Vice Chair as part of the response to the annual budget scrutiny.

The Finance Business Partner gave an overview of the Council's financial position as detailed in Section 2 of the report and advised the panel that the Council has a legal requirement to set a balanced budget and that the 2020-2021 budget was set without the use of the General Reserves.

The Budget and Medium-Term Financial Strategy (MTFS) 2020-2021 to 2023-2024 was presented to Full Council for approval on 4 March 2020. The Council was able to set a balanced budget for 2020-2021 without the use of General Reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £15.5 million in 2021-2022 rising to around £20 million over the medium term to 2023-2024.

The Finance Business Partner advised the panel that the budget was prepared prior to the Covid-19 pandemic which has had a significant international, national and regional impact. The panel were advised that work has been ongoing across the Council since March 2020 to review corporate resources assumptions, growth and inflation in line with the Five-Year Financial Strategy to support the budget strategy for 2021-2022.

The Finance Business Partner advised the panel that an updated Draft Budget and Medium Term Financial Strategy was published in November 2020 and is attached as an appendix to the main report. The report includes details of the projected financial implications of the Covid-19 pandemic and the next steps that will be taken in order to address the financial pressures faced by the Council over the medium term. The panel were reassured that the Council has a strong track record over many years of managing its finances and outlined the work being done to balance the budget and also respond to the financial impact of the pandemic.

The Finance Business Partner commented that based on current projections of the cost implications of Covid-19 in 2020-2021 there will be a £324,000 cost pressure. This figure does not take account of the impact on the second national lockdown and future Government announcements on its response to the pandemic.

The Finance Business Partner commented on the challenges going forward when considering the impact of Covid 19. The Council is assuming that Government will provide sufficient grant funding to cover the cost of Covid-19 related cost pressures. Assuming this is the case, the budget deficit is estimated to be in the region of £4.5

million in 2021-2022, rising to £19.6 million over the medium-term period. A range of options will be considered to bridge the gap needed to set a balanced budget, for example efficiency targets being allocated to directorates.

However, in the event that sufficient grant funding is not provided to meet the cost implications of Covid-19 then this would have a significant impact on the Council and require a fundamental review of services in order to identify budget production sufficient enough to set a balanced budget. The projected budget deficit in 2021-22 could rise to a minimum of £23.2 million in the event that one-off Government funding for Covid-19 cost pressures is not received. This figure could increase to £40 million over the medium-term period.

The Finance Business Partner invited Director's responsible for services within the remit of the panel to comment on the relevant sections of the budget report.

Claire Nye, Director of Finance, initially briefed the panel on the Government announcement on Spending Review 2020 announced earlier in the day, and the main headlines. Further details of the spending plans will be shared with Cllrs when available. The Council welcomed the Government commitment to provide local authorities with extra funding. Further work will be done to assess if the proposals will be sufficient as more details are expected from Government in the next few weeks.

The Director of Finance commented on the Finance and Corporate Budgets that she is responsible for, and described work done to ensure budgets are managed well by introducing changes to systems that deliver both savings and more efficient services that benefit residents and businesses. The service has invested in changes to achieve efficiency savings into developing new systems and working practices which has helped to reduce budget expenditure and improve outcomes.

Charlotte Johns, Director of Strategy, commented on how the work of her directorate contributes to the delivery of the outcomes referred to by the Director of Finance. Investment in ICT and technology and the use of data and has helped to drive efficiencies across the whole council, to deliver better outcomes and value for local people. The Director of Strategy outlined how work to link performance data and financial reporting is key, and this continues to be a focus of work going forward.

David Pattison, Director of Governance, advised the panel that his responsibilities include Legal and Governance and that the focus of the service was looking to see how to do things differently to achieve the desired outcomes for the City. The service is finding ways to make sure that it can help deliver those outcomes and aspirations. He gave examples of this such as agendas on enforcing car cruising injunctions and also taking legal action against businesses who have not complied with Covid-19 restriction rules. The Director of Governance commented on progress in recruiting apprentices in Legal Services which is part of a policy of growing people in the Council and supporting them to progress their career.

Councillor Louise Miles, Cabinet Member for Resources, commented that a further update on the implications of the spending announcement by the Chancellor can be brought to a future meeting of the panel if that would be helpful.

Resolved:

The panel agreed to note the report.

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Vibrant and Sustainable City Scrutiny Panel - 26 November 2020
Draft Budget and Medium Term Financial Strategy
2021-2022 to 2023-2024
Minute Extract

The Finance Business Partner introduced the report on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024. They were asking the Scrutiny Panel to provide feedback on the Budget relevant to the Panel's remit and how it was aligned to the priorities of the Council. In addition, they were asking for feedback on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024. The Panel's response would then be submitted to Scrutiny Board and then onward to Cabinet.

The Finance Business Partner commented that the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 was appended to the main report. It was different this year as there was a focus on the response to Covid-19. It detailed the costs of Covid-19 for the year and the projected financial implications for the medium term, this was alongside the grants that had been received. It considered the next steps the Council would need to implement in order to address the financial pressures faced by the Council. The report also set out the "Relighting our City" agenda and explained the transition from the response to the recovery phase of the pandemic. There was an assumption in the report that the Council were expecting the Government to provide sufficient grant funding to cover the cost of Covid-19. The forecast deficit with this assumption for 2021-2022 was £4.5 million rising to over £19.6 million over the medium term. Savings to help fill this gap were currently being considered by Directorates. If grants were not received to meet the pressures of Covid-19, the deficit would be significantly more and could rise to £23.2 million in 2021-2022, increasing to over £40 million over the medium term.

The Finance Business Partner remarked that on the previous day the Spending Review had been announced in Parliament. There were some indications that the Council would receive additional funding to help cover the costs of Covid-19, but they were still assessing the implications of the announcement for the Budget moving forward.

The Director for City Environment presented a slide on the key strategies and priorities of the directorate. He made reference to the Climate Change Action Plan, the Council had adopted the Climate Change emergency proposals earlier in the year. They would be working on the action plan and bring updates to Cabinet and Council in the coming months. The Director referred to the Waste Transformation Programme, the Waste Service had been brought back in house over two years ago. This had resulted in a much improved service being delivered to Wolverhampton residents and in particular over the last 10-11 months. They would be addressing in the future how the Waste Service could become more integrated with Street Scene and street cleansing. This would link with the Street Scene and Open Space Action Plans. Environment and Commercial regulation meant they were able when necessary to enforce the law, when other measures had not been successful.

The Director for City Environment stated that they would be bringing forward the Highways Capital Programme report as part of the budget setting in March / April next year. This would focus on not only improving the network but also supporting other modes of transportation such as cycling and walking. It was important to ensure that the improvement programme was also aligned with the City Regeneration Portfolio, so the City could continue to develop. The Street Lighting LED Programme had commenced earlier in the year and would provide budget efficiencies, improve the lighting in the City and create safer places across the City. With reference to car parks and highways enforcements, he commented that the main focus in this area was in relation to keeping the City safe, rather than income generation.

The Director for City Environment referred to the Markets Strategy. Due to the Covid-19 restrictions it had been a particularly challenging year for the City's markets. He gave full credit to the Markets team who had ensured that when they had been allowed to reopen, that they did so in a safe way. He was keen to increase the offer of the Markets moving forward, they could also be a good introduction to people who wished to start a business. He referred to the City Events Programme which he saw as a key part of the "Relighting our City" agenda. When it is safe and appropriate, he hoped it would be a great boost to the City. The Creation Day weekend in May had already been announced and the City would be hosting the Commonwealth Games Time Trial in 2022.

The Director for City Environment commented that it had been a difficult time for WV Active due to the Covid-19 pandemic. The business plan for next year would look to grow the business and return the membership to levels it was before the Covid-19 pandemic. The Housing Strategy had been discussed previously at the Panel. It was now ever more important to ensure the Council had the right number of properties and that the access, standard and tenure were appropriate to modern day living.

The Cabinet Member for City Environment commented that it had been a difficult year. Regardless of the financial pressures of Covid-19, the Council would have received a reduced Government grant anyway, which it had since 2010. Sadly, during the Covid-19 pandemic the Council had lost a significant amount of income, he cited as examples the Market rents, income from WV Active Membership and car parks. He hoped the Government would reward the Council with additional funding to help cover the costs of the continued pandemic. Regardless of whether the funding was received, the Directorate's budget would have to be reduced and so they would have to do things differently in order to make savings.

The Cabinet Member for City Environment praised the Garden Waste Service, Wolverhampton had been one of the few Council's which had been able to continue the service during the pandemic. This was in spite of the fact that many Council staff had been forced to self-isolate or had even tested positive for Covid-19. As the service was inhouse they had been able to utilise staff from other areas to continue operating the service. The number of subscriptions for the Garden Waste Service had actually increased. This had brought welcome income into the Council.

The Cabinet Member for City Environment commented on the unique challenges moving forward. The City Centre was one area of focus and the City's other High Streets. They were determined to support businesses. With reference to WV Active, he commented that they had been able to retain over 50% of their membership. They were looking to enhance the virtual WV Active offer. People were viewing these sessions all over the country and even in other countries in Europe. Other areas they were looking to change, were the replacement of fleet vehicles with electric one's, reconfiguring of depots and promoting the climate change agenda. He placed on record his sincere thanks to all Officers and staff across the Council who had been able to keep services running as normal as they could during the pandemic.

A Member of the Panel asked about the Capital Programme on Active Travel and the Environment strategy. £99,000 was listed in the report for the Active Travel Programme. He believed more investment was needed in the network to make Active Travel the priority in the transport infrastructure. He added that the Mayor of the West Midlands had promised £10 per head on cycling infrastructure when he was elected in 2017. This would equate to £2.5 million a year for the City of Wolverhampton. He did not believe this money had been received to the level promised.

The Cabinet Member for City Economy commented that a number of schemes relating to Active Travel had been put in place already in the City Centre. He agreed that more focus was needed on making a better environment for Active Travel and to making it safer. People needed to feel comfortable to encourage people to use other modes of transport. He did not however wish to ban the car, it was important to find the right balance. He did not believe the Mayor of the West Midlands would be able to reward any significant funding for Active Travel in Wolverhampton. He referred to some of the cycling routes throughout the City and hoped they could be further enhanced, such as a cycle route from the City Centre to the hospital. They were also considering participating in some electric cycle trials for staff.

The Director for City Environment commented that in addition to the Active Travel Programme funding listed in the report, there would be other investment in cycling through other capital programmes such as the Highways improvement Programme. They were awaiting to hear on whether some grant funding was going to be rewarded. Encouraging people to use other modes of transport was important and he hoped soon to announce a project with some local schools.

The Chair commented that he had requested the statistics from the WV Active Manager. They had been approaching 10,000 Members before the Pandemic which had reduced to about 65% before the start of the second national lockdown.

The Vice Chair asked if there could be a further breakdown of the expenditure and income listed in table 1 in the report in the future, which showed the service and revenue budget provision. He referred to Leisure Services and Parking, which Covid-19 had dramatically impacted and asked what considerations were taking place for the 2021-2022 budget because of the current volatility. He also asked what the total income was from the Garden Waste Service for the last twelve months. The

Capital Programme had highlighted the, "Lighting up the City" as an area for expenditure, he asked if some examples could be provided. He also asked if the Panel could consider adding the issue of fleet procurement as part of the Scrutiny Work Programme.

The Director for City Environment responded that fees and charges were continuing to be reviewed, this would include car parks and markets. He would send the Councillor the details for the Garden Waste Service income over the last twelve months. On the "Lighting Up the City" programme the main focus had been on lighting up key buildings in the City Centre and he hoped to light up more buildings in the future throughout the City. On the transport presentation planned for the January Scrutiny panel meeting, the fleet procurement approach could be included as part of the item. The Finance Business Partner commented that more information on the expenditure and income listed in table 1 in the report, which showed the service and revenue budget provision, could be provided in reports for future years going forward.

The Cabinet Member for City Economy spoke on Planning and Libraries, which fell within the remit of the Panel and his Portfolio. He praised the Library service during the Pandemic. E-books had been particularly popular and provided an insight into reshaping the service going forward. He detailed the services the Libraries had provided and how they had been utilised. Social media posts had been particularly popular and a range of virtual and telephone services had been provided.

The Cabinet Member for City Economy referred to planning applications, which had actually increased during the pandemic. 16,000 planning applications had been received in 2020, which compared to 15,000 for last year. He was encouraged that the service had been able to continue throughout the pandemic. He had asked Officers to try and make the Planning Department cost neutral in the future. He praised all the staff within his portfolio for their excellent work during the course of the pandemic to date. The Chair echoed the Portfolio's Holder's compliments and gave praise to all Council staff for their work.

Resolved: That the Scrutiny Panel response on the Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024 be finalised by the Chair and Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.