

Cabinet (Resources) Panel

4 February 2020

Report title	Budget 2020-2021 – 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	
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	17 December 2019
	Health Scrutiny Panel	7 November 2019
	Vibrant and Sustainable City Scrutiny Panel	7 November 2019
	Adults and Safer City Scrutiny Panel	12 November 2019
	Our Council Scrutiny Panel	20 November 2019
	Stronger City Economy Scrutiny Panel	25 November 2019
	Children, Young People and Families Scrutiny Panel	27 November 2019
	Scrutiny Board	17 December 2019

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Consider the responses to the 2020-2021 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 2020-2021 to 2023-2024.

Recommendations to note:

That Cabinet (Resources) Panel is asked to note:

1. That this budget consultation and scrutiny process forms part of the continuous dialogue throughout the year with key stakeholders around the budget.

1.0 Purpose

- 1.1 The purpose of this report is to inform Cabinet (Resources) Panel of the budget consultation undertaken to support the 2020-2021 budget setting process, and Scrutiny Board's feedback on the Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024 and how it is aligned to the priorities of the Council. This report will enable Councillors' consideration of the responses.
- 1.2 The completed set of responses to the consultation will be considered in the final budget that Cabinet recommends to Full Council on 4 March 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 eight years the Council has identified budget reductions in excess of £220 million. The extent of the financial challenge over the medium term continues to represent the most significant challenge that the Council has ever faced, with reducing resources, growing demand for services and significant cost pressures.
- 2.2 The Budget and Medium Term Financial Strategy (MTFS) 2019-2020 to 2023-2024 was presented to Full Council for approval on 6 March 2019. The Council was able to set a balanced budget for 2019-2020 without the use of General Fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £27.3 million in 2020-2021 rising to £40-£50 million over the medium term to 2023-2024.
- 2.3 Since then, work has been ongoing across the Council to identify opportunities in line with the Five Year Financial Strategy to support the budget strategy for 2020-2021 and future years, whilst also analysing emerging pressures and potential resources available to the Council, following various announcements including the Spending Round 2019, the Queen's Speech and the Provisional Local Government Finance Settlement 2020-2021.

3.0 Our Council Plan 2019-2024

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

- More good jobs and investment in our city
- Better homes for all
- Strong, resilient and healthy communities
- A vibrant, green city we can all be proud of.

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

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

- **Core Principles:**

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

3.5 In October 2019, Cabinet were presented with an updated draft budget strategy, linked to the Five Year Financial Strategy, which included budget reduction and income generation proposals and one-off opportunities. At this point, it was noted that the Council still has a projected budget deficit in the region of £3.9 million for 2020-2021. However, it is anticipated that the additional adult and children's social care grant will be sufficient to meet the remaining budget deficit in 2020-2021.

4.0 Engagement with Stakeholders

4.1 Attendees at the 2019-2020 budget consultation events, held in Autumn 2018, were asked how they wished to be engaged in future conversations on the budget and whether they would welcome more general engagement on other Council issues/opportunities.

4.2 Feedback indicated that continuous dialogue throughout the year around the budget would be welcomed, in order to gain a better understanding of the issues and opportunities facing the Council.

4.3 The budget consultation and scrutiny feedback on the 2020-2021 budget detailed below, forms part of the continuous dialogue throughout the year with key stakeholders around the budget and medium term financial strategy, rather than being an annual process.

5.0 Budget Consultation Process

- 5.1 The Council's budget consultation period was open from 21 October 2019 to 17 January 2020, however due to the announcement of the General Election in December 2019 and compliance with the Code of Practice during the pre-election period, the budget consultation opened a little later to the public than originally anticipated on 17 December 2019.
- 5.2 This specific budget consultation process forms part of the continuous engagement with key stakeholders throughout the year at various events, and focussed on understanding stakeholder's priorities for Wolverhampton.
- 5.3 An online survey and face to face stakeholder engagement meetings were used to gather responses during the consultation period, with the consultation publicised via the Council website, the Facebook page "Wolverhampton Today", Twitter and posters.
- 5.4 Stakeholder engagement meetings held with the local community were very informative. Whilst the event held at Bantock Park Tractor Shed was relatively well attended, unfortunately the event held at Bob Jones Community Hub was not. Engagement at the Bantock Park meeting was encouraging, and residents felt able to discuss a number of issues, including those which were not of a financial nature, with the Cabinet Member for Resources and Council officers. Furthermore, residents felt able to offer suggestions and challenge, including enquiring as to how the Council engages with children and young people.
- 5.5 In addition to this, stakeholder engagement meetings have also been held with the Business Community and the city's Youth Council, where various questions were posed about Council services. The Business and Youth Council events are both well attended. Continuous engagement with key stakeholder groups including the Business Community, Youth Council and the Wolverhampton Equality and Diversity Partnership will continue to form part of the ongoing dialogue on the Council's budget and priorities.
- 5.6 In addition to the stakeholder meetings, residents of the City and Council employees have had the opportunity to provide their views via an online survey. The themes that respondents have had the opportunity to comment on include:
- Services that are most important to them;
 - Protecting services from further cuts;
 - Alternative services and new ways of working;
 - Raising Council Tax;
 - Additional flexibility to levy increases to the Adult Social Care precept.
- 5.7 Within each theme, respondents were asked to provide responses to a number of questions. In total 364 individuals took part in the budget consultation survey. Detailed analysis of the consultation findings can be found in Appendix 1.

6.0 Budget Scrutiny Process

- 6.1 During November 2019, each Scrutiny Panel was asked to: scrutinise the budget relevant to the remit of the Panel and how it is aligned to the priorities of the Council, and the Draft Budget and Medium Term Strategy 2020-2021 to 2023-2024 including budget proposals that were relevant to the remit of the Panel. Each Panel's comments were then reviewed by the Council's Scrutiny Board on 17 December 2019 for subsequent feedback to Cabinet. The purpose of this report is to consider that feedback.
- 6.2 An extract of the minutes of the Scrutiny Board meeting on 17 December 2019, detailing the resolutions arising from its consideration of individual Scrutiny Panel comments on the Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024, is shown in Appendix 2.
- 6.3 The reports to Scrutiny Board and individual Scrutiny Panels are listed at section 18 below.

7.0 Online Budget Simulator

- 7.1 As detailed above, feedback from events indicated that continuous dialogue throughout the year around the budget would be welcomed, in order to gain a better understanding of the issues and opportunities facing the Council.
- 7.2 In response to this feedback, the Council will shortly be launching a new digital tool to enhance public engagement, with a focus on the ongoing challenge to set a balanced budget in each financial year over the medium term. The new Budget Simulator will give respondents a chance to set their own draft Council budget in line with their preferences. The tool will help inform the Council as to where respondents think reductions in spend can be made, whilst also informing as to where the Council could invest in services that respondents feel are important to them.
- 7.3 Furthermore, in response to feedback received at the community stakeholder engagement meetings, the Council will now ensure that the Budget Simulator tool is promoted in schools to ensure that children and young people have the opportunity to input their views into the process.

8.0 Conclusion

- 8.1 This report summarises the headline findings from the budget consultation run by the City of Wolverhampton Council and feedback from Scrutiny Board as part of the 2020-2021 budget setting process.
- 8.2 The final budget will take into account the completed set of responses to the consultation to be reported to Cabinet on 19 February 2020 before recommending to Full Council on 4 March 2020 for approval.
- 8.3 This budget consultation and scrutiny forms part of the continuous dialogue throughout the year with key stakeholders around the budget. Further updates will be provided to Councillors during the year in the Budget and Medium Term Financial Strategy reports.

9.0 Evaluation of alternative options

- 9.1 This report provides Cabinet (Resources) Panel with comments from the 2020-2021 Budget Consultation and feedback from Scrutiny Board.
- 9.2 In the event that the budget strategy, as proposed in the report to Cabinet on 16 October 2019, were not to be implemented in that way due to feedback from the consultation and scrutiny, alternative options would be required in order to set a balanced budget.

10.0 Reasons for decision

- 10.1 Cabinet (Resources) Panel is recommended to consider the responses to the 2020-2021 Budget Consultation and the feedback from Scrutiny Board in order to make informed decisions on the final budget 2020-2021 which is due to be presented to Cabinet on 19 February 2020.

11.0 Financial implications

- 11.1 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 4 March 2020.
- 11.2 Should any changes be made to the Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024 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.
[MH/27012020/Z]

12.0 Legal implications

- 12.1 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).
- 12.2 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.
- 12.3 A detailed report on consultation feedback from all phases of consultation is, therefore, presented to Cabinet.
[TS/27012020/Q]

13.0 Equalities implications

- 13.1 The method by which the MTFs for 2020-2021 is developed is governed by the Council Plan priorities described in paragraph 3.2 which itself was guided by consultation and equality analysis. The further development of the various budget proposals for Cabinet's consideration include an initial equalities screening for each proposal and, where necessary, a full equalities analysis.
- 13.2 The Council publish details of its income generating and budget reduction proposals as part of its public consultation around the 2020-2021 budget. No proposal will be approved until the details of the responses to public consultation have been analysed for their impact on equalities. 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 will include any relevant details from the consultation work findings. The final report will enable Councillors to discharge their duty under Section 149 of the Equality Act 2010.

14.0 Environmental and climate change implications

- 14.1 Environmental and climate change implications will be addressed on a case by case basis as part of individual proposals.

15.0 Human resources implications

- 15.1 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 2019 up to 31 March 2020. The reductions will be through both voluntary redundancy and budget reduction targets which could result in compulsory redundancies.
- 15.2 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 need to be put at risk of redundancy. However, many of these employees will apply and be offered jobs in the new structure or elsewhere in the organisation and therefore the number of employees leaving the authority is anticipated to be far fewer than the number declared on an HR1.
- 15.3 A new HR1 will need to be issued with effect from 1 April 2020 to 31 March 2021, on the same basis as the previous one.
- 15.4 Many of the budgetary reductions will be made through efficiencies with new and smarter ways of working and transformation initiatives. Income generation will also be key.
- 15.5 If any reductions in employee numbers are required, these 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.

- 15.6 The Council will ensure that appropriate support is made available to employees who are at risk of and selected for redundancy. The Council will work with partner and external agencies to provide support. If any of the budget reduction targets are 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.
- 15.7 The Council will consult with the recognised Trade Unions on any proposals relating to revisions to NJC terms and conditions of employment.
- 15.8 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.

16.0 Corporate landlord implications

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

17.0 Health and Wellbeing Implications

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

18.0 Schedule of background papers

- Scrutiny Board, 17 December 2019
- Children, Young People and Families Scrutiny Panel, 27 November 2019
- Stronger City Economy Scrutiny Panel, 25 November 2019
- Our Council Scrutiny Panel, 20 November 2019
- Adults and Safer City Scrutiny Panel, 12 November 2019
- Vibrant and Sustainable City Scrutiny Panel, 7 November 2019
- Health Scrutiny Panel, 7 November 2019
- Cabinet, 16 October 2019 - Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024
- Full Council, 6 March 2019 - Final Budget Report 2019-2020

19.0 Appendices

- 19.1 Appendix 1 – Analysis of Consultation Survey Data
- 19.2 Appendix 2 – Scrutiny Board minutes of 17 December 2019