

Report on the Conservative Group Amendment – Revenue Budget 2022/2023

Advice from the s151 Officer

The Alternative Budget proposed by the Conservative Group would be a legal, balanced budget for 2022-2023, as per the changes set out in this report.

Senior finance support has been provided to assist the Conservative Group to formulate an alternative budget that reflects their policy priorities.

Report on the Conservative Group Amendment – Revenue Budget 2022/2023

1. Background

- 1.1 The paper below sets out four priority areas for the Conservative Group. These are not exhaustive of the Group's priorities but represent four sizeable options the Conservative Group would like Full Council to consider. The options presented below are pragmatic with a balance struck between service delivery, forward planning and reducing the financial ask on residents.
- 1.2 The amendment presented this year is larger than that moved at last year's budget and is in part made possible by the increased contribution from central Government.
- 1.3 Significant and unexpected additional funding in the region of £12m has given a greater scope for change, offsetting the removal of Covid support giving a net improvement of £3.5m. However, as the country as a whole recovers from the financial impact caused by the impact of the Covid-19 pandemic the Conservative Group has been mindful that some of the additional funds received this year may be a one off and as such has sought to maximise the benefit of the funding.
- 1.4 The four priority areas are:
 - Removal of the 1% Adult Social Care Precept increase
 - Reduction and abolition of the 'Garden Tax'
 - Mobile Household Waste Recycling Pilot Scheme
 - Expansion of Wolves@Work to support 50+

2. Removal of 1% Adult Social Care Precept increase

- 2.1 Both nationally and locally Adult Social Care continues to experience growing financial pressure. Central Government have recognised this and sought to remedy this through the creation of the Health and Social Care Levy at 1.25% to be paid by workers and employers alike. The Council's Levy contribution has been met through additional funding by central Government. In addition to central Government covering the employers' part of the ASC Levy, government has provided an extra £5.353m for Social Care (covering both Adults and Children).
- 2.2 As global inflation begins to be felt and the ASC Levy is introduced, we consider it improper to ask residents to pay again for adult social care. Furthermore, as the Council budget proposes to pay £1.8m into Council reserves in part for ASC we think asking residents to pay money they need today, into Council reserves tomorrow is fundamentally wrong.
- 2.3 Furthermore, we consider a freeze of the ASC precept is the appropriate manner in which to deliver a reduced overall council tax increase. As Council

Tax is un-ringfenced and the ASC is, the Conservative Group consider a freeze of the ringfenced component of residents' council tax bills the prudent way forward so as to this provide budgetary flexibility should it be needed.

- 2.4 To fund this for the 2022-2023 budget we will use the underspend from 2021-22 that has been set aside for the 2023-2024. Looking ahead, by not taking the 1% ASC precept this year there will be a revenue implication in future years, but we believe this is manageable and can be offset through finding efficiencies over the coming year.

- 2.5 The table below gives the forecast impact by year:

2022-2023 £000	2023-2024 £000	2024-2025 £000	2025-2026 £000	Total
1,146	1,192	1,241	1,278	4,857

- 2.6 The Council tax to be levied as a result of not taking the ASC precept is below:

	Values not exceeding £40,000	Values exceeding £40,000, but not exceeding £52,000	Values exceeding £52,000, but not exceeding £68,000	Values exceeding £68,000, but not exceeding £88,000
Valuation Band (1 April 1991)	A 6/9	B 7/9	C 8/9	D 9/9
Council Tax 2021-2022 (Council element including the 2021-2022 ASC p	1,177.00	1,373.16	1,569.33	1,765.49
1.99% increase in Council Tax	23.42	27.32	31.22	35.13
Council Tax 2022-2023 (Council element)	1,200.42	1,400.48	1,600.55	1,800.62

	Values exceeding £88,000, but not exceeding £120,000	Values exceeding £120,000, but not exceeding £160,000	Values exceeding £160,000, but not exceeding £320,000	Values exceeding £320,000
Valuation Band (1 April 1991)	E	F	G	H 18/9
Council Tax 2021-2022 (Council element including the 2021-2022 ASC p	2,157.82	2,550.15	2,942.49	3,530.98
1.99% increase in Council Tax	42.94	50.74	58.55	70.26
Council Tax 2022-2023 (Council element)	2,200.76	2,600.89	3,001.04	3,601.24

3. Reduction and abolition of the 'Garden Tax'

- 3.1 The Garden Tax or more formally 'Garden Waste Charge' is a regressive charge on those who want to do the right thing and have their garden waste collected and disposed of appropriately.
- 3.2 In Wolverhampton, the Labour administration recently decided to increase the annual charge to residents. In Conservative-run Dudley, the Council, having similarly received unexpected increased funding from Government decided to abolish their plans to introduce a charge. We think that Dudley Council has the right idea in scrapping the charge.

- 3.3 In Wolverhampton we recognise that for the administration this extra tax has become necessary for them to balance their books. In order to be pragmatic, we propose a gradual reduction in the charge starting with a 25% reduction for 2022-23. This will mean a full charge of £28.50 and a reduced charge of £14.25.
- 3.4 For 2022-23 the cost of a 25% reduction on an income target of £1,535,830 would cost £384k. The Garden Tax cut will be funded from the underspend from 2021-2022 that has allocated to 2023-2024. Should an uptake in the service increase any shortfall in delivering the service this will be met from reserves. It is estimated that every additional 10,000 subscribers costs approximately £390k.
- 3.5 Longer term, the Conservative Group would find savings to both sustain and continue reducing the Garden Tax until it is abolished.
- 3.6 Our intention is for the service to remain subscription based so that route planning and disposal can be planned for as efficiently as possible.

4. Mobile Household Waste Recycling Centre Pilot scheme

- 4.1 The Conservative Group has regularly sought to bring improved Household Waste Recycling services to residents and this pilot is the next step in doing this.
- 4.2 Whilst many residents use the Council's two HWRCs for those without access to private vehicles disposing of household waste in the appropriate fashion is not possible and may lead to all waste being disposed of in household rubbish bins. Furthermore, the charging of the removal of bulky items is a cost that may deter people doing the right thing and recycling.
- 4.3 This pilot is a scheme that encourages residents to recycle by increasing access and decreasing cost. By taking the 'tip' to the people we can hopefully reduce domestic waste and improve on recycling rates. As an authority that has declared a climate emergency this a scheme worth pursuing in our combined efforts to be greener.
- 4.4 As this is a one-year pilot a one-off use of reserves from the Efficiency Reserve is proposed. A pilot similar to the scheme operate in Birmingham is estimated to cost a maximum of £1.3m:

	Annual Cost £000	Assumptions
Resources – operational and office	272	2 x HGV drivers, 3 x loaders (includes cover for annual leave and sickness)

Vehicle	25	Hire of vehicle and running costs
Disposal costs	945	Based on assumed deployment 300 days per year. Assumed tonnage collected per deployment 70 tonnes. These costs will vary depending on collection
Total forecast annual costs	1,242	

4.5 Actual costs will depend on take up of the service and will be monitored throughout the year.

4.6 In addition, the Council could experience potential loss income from bulky waste collections and this would need funding from reserves. Current income is around £80,000 per year.

5. Expansion of Wolves@Work to support 50+

5.1 The Conservative Group have long been concerned about the chronic unemployment in the city (Wolverhampton is regularly in the top 10 nationally for unemployment). In our 2021 Manifesto we proposed an increase in funding for Wolves@Work and as such were pleased to support the extra funding set aside in the Full Council meeting in November 2021 to tackle 18-24 youth unemployment.

5.2 As those aged 50+ make up around a quarter of those unemployed we want to create an initial additional fund of £500k to support this group back into employment. This £500k will be created by transferring funds from the Transformation Reserve.

5.3 With potentially up to another third or so of their working life ahead of them we want to provide the support necessary to help this group back into employment whether through re-skilling or giving guidance on starting a business or setting out as self-employed.

The above recommendations change the following recommendations detailed in the budget report

Final Budget Report

Cabinet recommendations from the 2022-2023 Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026

Recommendation 1 – to be amended to:

The net budget requirement for 2022-2023 of £266.0 million for General Fund services.

Recommendation 3 – to be amended to:

A Council Tax for Council services in 2022-2023 of £1,800.62 for a Band D property, being an increase of 1.99% on 2021-2022 levels.

Council Tax formal resolutions for 2022-2023:

Amend - The resolution as follows:

1. That it be noted that the Council Tax base for the year 2022-2023 is calculated at 64,936.94 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”), as reported to Cabinet on 8 December 2021.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2022-2023 is £116,926,000.
3. That the following amounts be calculated for the year 2022-2023 in accordance with Sections 30 to 36 of the Local Government Finance Act 1992 as amended:
 - (a) £669,030,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
 - (b) £552,104,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £116,926,000 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as

its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

- (d) £1,800.62 being the amount at 3(c) above (Item R), all divided by Item T (section 1 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.
- (f) £1,800.62 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. No change to recommendation 4

5. That the Council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables as the amounts of Council Tax for 2022-2023 for each part of its area and for each of the categories of dwellings.

Billing Authority	Valuation Band							
	A 6/9	B 7/9	C 8/9	D 9/9	E 11/9	F 13/9	G 15/9	H 18/9
City of Wolverhampton Council	1,200.42	1,400.48	1,600.55	1,800.62	2,200.76	2,600.89	3,001.04	3,601.24
Total Billing	1,200.42	1,400.48	1,600.55	1,800.62	2,200.76	2,600.89	3,001.04	3,601.24

6. That, having calculated the aggregate in each case of the amounts at (3) (f) and (4) above, the City Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of the Council Tax for the year 2022-2023 for each of the categories of dwellings shown below:

Authority	Valuation Band							
	A 6/9	B 7/9	C 8/9	D 9/9	E 11/9	F 13/9	G 15/9	H 18/9
Total Precepts	170.38	198.78	227.18	255.58	312.37	369.17	425.96	511.15
Total Billing	1,200.42	1,400.48	1,600.55	1,800.62	2,200.76	2,600.89	3,001.04	3,601.24
Total Council Tax	1,370.80	1,599.26	1,827.73	2,056.20	2,513.13	2,970.06	3,427.00	4,112.39

2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 Report

The following tables will need to be amended

Table 1 – Council element of Council Tax for Band D Property in Wolverhampton – amended

Band D	£
2021-2022 Council Element of Council Tax (including adult social care)	1,765.49
1.99% increase	35.13
0% Adult Social Care Precept	0
	1,800.62

Table 3 – Draft 2022-2023 Controllable Budget – amended

	2022-2023 Draft Net Controllable Budget £000
Adult Services	81,395
Children's Services	50,725
Chief Executive	193
City Assets	9,581
City Housing and Environment	29,076
Corporate Accounts	44,037
Communications and External Relations	2,273
Deputy Chief Executive	205
Education	1,435
Finance	14,640
Governance	12,321
Public Health & Wellbeing	5,428
Regeneration	2,984
Strategy	11,720
Total Net Budget Requirement	266,013

Table 5 – Medium Term Financial Strategy 2022-2023 to 2025-2026 – amended

	2022-2023 £000	2023-2024 £000	2024-2025 £000	2025-2026 £000
Previous Years Net Budget brought forward	258,497	266,013	282,870	295,011
Increasing / (Decreasing) Cost Pressures				
- Pay Related Pressures	6,050	5,226	5,405	5,585
- Treasury Management	2,379	-	-	(500)
- Budget Growth	10,514	3,953	6,766	5,038
- Budget Reduction, Income Generation & Efficiency targets	(12,547)	7,678	(30)	4,000
- Net Impact of changes to specific grants	1,120	-	-	-
Net Budget (Before Use of Resources)	266,013	282,870	295,011	309,134
Projected Corporate Resources				
- Council Tax (including Adult Social Care precept)	(116,926)	(121,627)	(126,516)	(130,324)
- Business Rates (net of WMCA growth payment)	(64,000)	(70,461)	(71,768)	(73,001)
- Enterprise Zone Business Rates	(1,422)	(1,408)	(1,375)	(1,340)
- Section 31 Grant – business rates support	(21,170)	(15,245)	(15,245)	(15,245)
- Collection fund deficit/ (surplus) forecast (net of irrecoverable losses grant)	1,781	1,619	(595)	(595)
- Top Up Grant	(27,399)	(27,947)	(28,506)	(29,076)
- New Homes Bonus	(1,632)	-	-	-
- Improved Better Care Fund	(14,761)	(14,761)	(14,761)	(14,761)
- Social Care Grants	(16,305)	(16,305)	(16,305)	(16,305)
- Services Grant 2022-2023	(5,492)	-	-	-
- Services Grant – element to fund NI increase	-	(1,000)	(1,000)	(1,000)
- Lower Tier Funding	(487)	-	-	-
- Contribution to reserves	1,800	-	-	-
Total projected resources	(266,013)	(267,135)	(276,071)	(281,647)
Projected Budget Annual Change in Budget Deficit / (Surplus)	0	15,735	3,205	8,547
Projected Cumulative Budget Deficit	0	15,735	18,940	27,487

Appendix 1 of the 2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 Report

Medium Term Financial Strategy 2022-2023 to 2025-2026 – Update on Key Assumptions

Table 2 – Budget Pressures – amended

	2022-2023 £000	2023-2024 £000	2024-2025 £000	2025-2026 £000
Inflationary Pressures, Demographic and Demand Pressures	10,514	3,953	6,766	5,038

Table 3 – Budget Pressures – amended

	2022-2023 £000	2023-2024 £000	2024-2025 £000	2025-2026 £000
Adult Social Care pressures	9,150	4,705	4,766	3,538
Children and Young People in Care	100	-	-	-
#Yes	50	-	-	-
City Environment – waste inflation	142	142	142	142
City Environment – Coroners	137	-	-	-
Public Health and Wellbeing – PFI contract	90	90	90	90
Regeneration – City Investments	81	-	-	-
Strategy – ICT for contract inflation and Microsoft licences	413	-	-	-
Finance – contract management improvements	136	-	-	-
Governance – elections and occupational health	82	-	-	-
West Midlands transportation levy	98	-	-	-
General Inflation and demographic growth (includes utilities)	1,194	1,230	1,268	1,268
Growth to support Council Priorities	1,647	(1,514)	1,000	-
Corporate Contingency for Corporate Landlord	(250)	(250)	-	-
Reversal of growth held for Covid implications 2021-2022	(4,310)	-	-	-
Covid implications 2022-2023 – loss of income	1,870	(950)	-	-
Review of future credit losses	(500)	500	(500)	-
Reduce garden waste charge	384	-	-	-
Total	10,514	3,953	6,766	5,038

Table 6 – Efficiencies – amended

	2022-2023 £000	2023-2024 £000	2024-2025 £000	2025-2026 £000
Use of budget strategy reserve	(2,347)	2,347	-	-
Use of Job Evaluation Reserve	(1,000)	1,000	-	-
Use of Treasury Management Reserve	(1,651)	1,651	-	-
Capital Receipts flexibility	(3,000)	(2,000)	-	5,000
Use of Covid-19 emergency grant in 2021-2022 (creation of reserve from efficiencies)	(5,000)	5,000	-	-
Use of one-off grants	(1,000)	1,000	-	-
Anticipated underspends in 2021-2022 to carry forward	(2,530)	1,060	1,470	-
In year efficiencies from across services	(1,500)	(1,000)	(1,000)	(1,000)
Review of corporate pot	-	(500)	-	-
Vacancy Factor – to replace Staff Terms and Conditions saving	(1,200)	-	-	-
One-off efficiencies from up-front pension payment	(650)	650	-	-
Total	(19,878)	9,208	470	4,000

Appendix 2 - 2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 Report – Amended

Directorate	Proposal	2022-2023 £000	2023-2024 £000	2024-2025 £000	2025-2026 £000
Adult Services	Transforming Adult Social Care	-	(2,000)	-	-
Adult Services	Undeliverable prior year savings within Adult Services	167	-	-	-
Adult Services	One-off efficiencies from DoLs – reversal of prior year one-off saving	230	-	-	-
Children's Service and Education	One-off efficiencies on Section 17 – reversal of prior year one-off saving	150	-	-	-
Children's Service and Education	Transforming Children's Services	(100)	-	-	-
Children's Service and Education	Efficiencies across Children's Service and Education	(100)	-	-	-
Children's Service and Education	Use of one-off grants	(1,000)	1,000	-	-
City Housing and Environment	Efficiencies from the depot review	-	-	(500)	-
City Housing and Environment	Environmental Services – efficiencies	(250)	(250)	-	-
City Housing and Environment	Delivering Independent Travel	(315)	-	-	-
City Assets	Asset Management – reversal of prior year one-off saving	120	-	-	-
Communications and External Relations	Communications service review – efficiencies	(50)	-	-	-
Finance	Finance efficiencies	(150)	(150)	-	-
Governance	Governance efficiencies	(100)	(100)	-	-
Governance	Undeliverable savings – HR Business Improvement Review	200	-	-	-
Strategy	ICT Review – efficiencies	(150)	(150)	-	-
Strategy	Insight and Performance Review – efficiencies	(50)	-	-	-
Regeneration	Regeneration Service review – efficiencies	(250)	(600)	-	-
Regeneration	Adult Education – target to break even	(30)	(30)	-	-
Regeneration	Wolves at Work 2020-2021 income generation target	(400)	-	-	-
Corporate Accounts	Efficiencies through contract procurement and management (reversal of prior year in 2022-2022 target)	250	(250)	-	-
Corporate Accounts	Use of Capital Receipts flexibility	2,000	(2,000)	-	5,000
Corporate Accounts	Reduction in apprenticeship levy budget – reversal of prior year one-off saving	45	-	-	-
Corporate Accounts	Underspends from 2020-2021 (to be transferred into a reserve)	3,164	-	-	-
Corporate Accounts	Efficiencies from corporate contingency budgets – reversal of one-off prior year saving	1,950	-	-	-
Corporate Accounts	Use of Revenues and Benefits Strategy reserve	(2,000)	2,000	-	-
Corporate Accounts	Staff turnover vacancy factor	(1,200)	-	-	-
Corporate Accounts	Efficiencies from up front pension payment	(650)	650	-	-
Corporate Accounts	Use of Covid Emergency Grant to support underlying budget pressures	(5,000)	5,000	-	-
Corporate Accounts	Use of Treasury Management Equalisation reserve	(1,651)	1,651	-	-
Corporate Accounts	Underspend from 2021-2022 transferred to a reserve	(2,530)	1,060	1,470	-
Corporate Accounts	Use of Budget Strategy Reserve (not required in 2020-2021)	(2,347)	2,347	-	-
Corporate Accounts	Use of Job Evaluation Reserve (not required in 2020-2021)	(1,000)	1,000	-	-
Corporate Accounts	In-year efficiencies from across services	(1,500)	(1,000)	(1,000)	(1,000)
Corporate Accounts	Efficiencies from review of corporate contingency budgets	-	(500)	-	-
Total		(12,547)	7,678	(30)	4,000

Appendix 3 2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 Report – Amended

	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast
Council Tax Annual Increase (Council element)	1.99%	1.99%	1.99%	1.99%
Growth in Council Tax Base	2.10%	1.00%	1.00%	1.00%
Adult Social Care Precept (Council element)	0.00%	1.00%	1.00%	0.00%
Pay Award	2.00%	2.00%	2.00%	2.00%
Price Inflation (Gas)*	40%	15%	15%	15%
Price Inflation (Electricity)*	35%	15%	15%	15%
Price Inflation (NNDR)	0.00%	2.00%	2.00%	2.00%
Borrowing Interest Rate (PWL 25 year rate)	2.60%	2.60%	2.60%	2.60%
Return on Investment	0.10%	0.10%	0.10%	0.10%
NNDR Income Annual Increase	0.00%	2.00%	2.00%	2.00%
Growth in NNDR Tax Base	0.00%	0.00%	0.00%	0.00%

Appendix 4 2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 Report – Amended

Valuation Band (1 April 1991)	Values not exceeding £40,000 A 6/9	Values exceeding £40,000 but not exceeding £52,000 B 7/9	Values exceeding £52,000 but not exceeding £68,000 C 8/9	Values exceeding £68,000 but not exceeding £88,000 D 9/9	Values exceeding £88,000 but not exceeding £120,000 E 11/9	Values exceeding £120,000 but not exceeding £160,000 F 13/9	Values exceeding £160,000 but not exceeding £320,000 G 15/9	Values exceeding £320,000 H 18/9
Council Tax 2021-2022 (Council element including 2021-2022 ASC precept)	1,177.00	1,373.16	1,569.33	1,765.49	2,157.82	2,550.15	2,942.49	3,530.98
1.99% increase in Council Tax	23.42	27.32	31.22	35.13	42.94	50.74	58.55	70.26
0% Adult Social Care Precept	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Council Tax 2022-2023 (Council element)	1,200.42	1,400.48	1,600.55	1,800.62	2,200.76	2,600.89	3,001.04	3,601.24