

# Performance, Budget and MTFS

Resources and Equality Scrutiny Panel  
7 December 2023

# Introduction

## Budget Scrutiny for

- Background
- Draft Budget 2024-2025 and Medium Term Financial Strategy
- Our City Our Plan Performance
- Future Challenges
- Strategic Risk Register

## Background

- This presentation provides an update on the budget position and the draft budget for 2024-2025.
- Scrutiny are asked to:
  - consider and comment on the draft budget and how it is aligned to priorities of the Council
  - Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the Draft Budget 2024-2025 and Medium-Term Financial Strategy

# **Draft Budget 2024-2025 and MTFS Overview**

## Draft Budget and MTFS

- The 2023-2024 budget and MTFS was approved by Full Council on 1 March 2023. We reported a forecast budget deficit of £16.4 million in 2024-2025 rising to £23.1 million over the medium term to 2025-2026.
- Work has been ongoing to reduce the deficit with an update to Cabinet on 18 October 2023. The budget deficit for 2024-2025 is now projected to be in the region of £2.6 million.
- However, the budget and MTFS include efficiency targets which are held corporately totalling £6.2 million in 2023-2024, of which only £2 million has been allocated on a recurrent basis and £4.2 million is one off in nature.
- In addition, the current working assumptions include a further £2.6 million efficiency target for 2024-2025.
- Therefore, in addition to the £2.6 million projected deficit, efficiencies totalling £6.8 million is still required to be identified for 2024-2025.

## Draft Budget and MTFS

- The projected budget deficit rising to over £20 million for 2025-2026.
- Work will continue to be undertaken to bring forward proposals to set a balanced budget for 2024-2025 and deliver a sustainable medium term financial strategy.
- Budget setting process is still under way. The Draft Budget presented in these slides is subject to changes.

# 2023-2024 Draft Budget and MTFS 2023-2024 to 2025-2026 Overview

| Scrutiny Panel   | 2023-2024<br>Gross<br>Expenditure<br>Budget<br>£000 | 2023-2024<br>Gross<br>Income<br>Budget<br>£000 | 2023-2024<br>Net Revenue<br>Expenditure/<br>(Income) Budget<br>£000 | Pay<br>Related<br>growth*<br>£000 | Growth<br>2024-2025<br>£000 | Savings<br>2024-2025<br>£000 | 2024-2025 Draft Net<br>Revenue Expenditure<br>/ (Income) Budget<br>£000 |
|--|---|--|---|-----------------------------------|-----------------------------|------------------------------|---|
| Economy and Growth Scrutiny Panel                      | 16,405  | (10,747)                                       | 5,658   | -                                 | -                           | -                            | 5,658   |
| Health Scrutiny Panel                                  | 30,993  | (29,897)                                       | 1,096   | -                                 | (360)                       | -                            | 736   |
| Resources and Equality Scrutiny Panel                  | 226,224   | (114,443)                                      | 111,781   | 10,645                            | (4,674)                     | 4,423                        | 122,175   |
| Climate Change, Housing and Communities Scrutiny Panel | 88,320  | (49,485)                                       | 38,835  | -                                 | 15                          | (1,000)                      | 37,850  |
| Children and Young People Scrutiny Panel               | 262,674   | (209,208)                                      | 53,466  | -                                 | 1,000                       | -                            | 54,466  |
| Adults Scrutiny Panel                                  | 139,025   | (43,447)                                       | 95,578  | -                                 | 11,699                      | -                            | 107,277   |
| <b>Net Budget Requirement</b>                          | <b>763,641</b>                                      | <b>(457,227)</b>                               | <b>306,414</b>  | <b>10,645</b>                     | <b>7,680</b>                | <b>3,423</b>                 | <b>328,162</b>  |
| <b>Corporate Resources</b>                             |   |  | <b>(306,414)</b>  |                                   | <b>(19,154)</b>             |                              | <b>(325,568)</b>  |
| <b>Budget Challenge as at 18 October 2023</b>          |   |  |   |                                   |                             |                              | <b>2,594</b>  |

- Draft revised budget for 2023-2024 does not reflect passing out 2023-2024 pay award. This is held corporately. The 2023-2024 pay award was approved on 1 November and budgets will be passed out to services over the next few months
- \* Pay related growth currently held corporately – includes provision for a 3% pay award
- \*\*projected budget deficit assuming the delivery of efficiency targets totalling £6.8 million in 2024-2025

## Overview – Uncertainties

- There continues to be significant uncertainty around
  - Future funding
  - Inflationary pressures
  - Demand for services
  - Future pay awards – currently assumes 3% in 2024-2025 and 2% for future years

**Resources and Equality  
Scrutiny Panel**

**Draft budget 2024-2025 and MTFS**

# Draft Budget

| Service  | 2023-2024                | 2023-2024           | 2023-2024                                | 2024-2025           | 2024-2025 | 2024-2025 | 2024-2025                                       |
|--|--------------------------|---------------------|--|---------------------|-----------|-----------|---|
|  | Gross Expenditure Budget | Gross Income Budget | Net Revenue Expenditure/ (Income) Budget | Pay Related growth* | Growth    | Savings   | Draft Net Revenue Expenditure / (Income) Budget |
|  | £000                     | £000                | £000                                     | £000                | £000      | £000      | £000  |
| Catering                                       | 3,597                    | (3,636)             | (39)                                     | -                   | -         | -         | (39)  |
| Cleaning                                       | 5,427                    | (3,878)             | 1,549                                    | -                   | -         | -         | 1,549   |
| Corporate Asset Management                     | 13,124                   | (85)                | 13,039                                   | -                   | -         | -         | 13,039  |
| Estates and Valuations                         | 772                      | (5,831)             | (5,059)                                  | -                   | (855)     | -         | (5,914)   |
| Facilities Management                          | 1,888                    | (393)               | 1,495                                    | -                   | -         | -         | 1,495   |
| Project and Works Team – Capital Programmes    | 1,139                    | (961)               | 178                                      | -                   | -         | -         | 178   |
| Project and Works Team – Maintenance Programme | 3,097                    | (198)               | 2,899                                    | -                   | -         | -         | 2,899   |

- Draft revised budget after reversal of one-off virements
- The 2023-2024 pay award was approved on 1 November and is currently held corporately -
- The forecast impact of the 2024-2025 pay related growth –increments, NI and potential pay award is also held corporately. Current working assumptions make provision for a pay award of 3%
- At this point in time some growth and efficiency targets are being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

# Draft Budget

| Service   | 2023-2024                | 2023-2024           | 2023-2024                                | 2024-2025           | 2024-2025 | 2024-2025 | 2024-2025                                       |
|---|--------------------------|---------------------|--|---------------------|-----------|-----------|---|
|   | Gross Expenditure Budget | Gross Income Budget | Net Revenue Expenditure/ (Income) Budget | Pay Related growth* | Growth    | Savings   | Draft Net Revenue Expenditure / (Income) Budget |
|   | £000                     | £000                | £000                                     | £000                | £000      | £000      | £000  |
| Audit Services  | 4,001                    | (2,239)             | 1,762                                    | -                   | -         | -         | 1,762   |
| Central Corporate Budgets                               | 6,098                    | (2,742)             | 3,356                                    | -                   | -         | -         | 3,356   |
| Commercial Services                                     | 813                      | (309)               | 504                                      | -                   | -         | -         | 504   |
| Council Tax Rebate and Discretionary Reductions Schemes | 1,161                    | (661)               | 500                                      | -                   | 300       | -         | 800   |
| Director of Finance                                     | 174                      | (3)                 | 171                                      | -                   | -         | -         | 171   |
| Energy Grants   | 795                      | (795)               | -  | -                   | -         | -         | -   |
| Housing Benefit Payments & Subsidy                      | 67,296                   | (65,348)            | 1,948                                    | -                   | -         | -         | 1,948   |
| Procurement Services                                    | 1,195                    | (293)               | 902                                      | -                   | -         | -         | 902   |
| Revenues & Benefits                                     | 5,997                    | (2,941)             | 3,056                                    | -                   | (500)     | -         | 2,556   |
| Strategic Finance                                       | 3,158                    | (445)               | 2,713                                    | -                   | -         | -         | 2,713   |
| The Hub   | 2,852                    | (870)               | 1,982                                    | -                   | -         | -         | 1,982   |

- Draft revised budget after reversal of one-off virements
- The 2023-2024 pay award was approved on 1 November and is currently held corporately.
- The forecast impact of the 2024-2025 pay related growth –increments, NI and potential pay award is also held corporately. Current working assumptions make provision for a pay award of 3%
- At this point in time some growth and efficiency targets are being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

# Draft Budget

| Service                                  | 2023-2024                | 2023-2024           | 2023-2024                                | 2024-2025           | 2024-2025 | 2024-2025 | 2024-2025                                       |
|--|--------------------------|---------------------|--|---------------------|-----------|-----------|---|
|  | Gross Expenditure Budget | Gross Income Budget | Net Revenue Expenditure/ (Income) Budget | Pay Related growth* | Growth    | Savings   | Draft Net Revenue Expenditure / (Income) Budget |
|  | £000                     | £000                | £000                                     | £000                | £000      | £000      | £000  |
| Business Continuity & Emergency Planning | 143                      | (137)               | 6  | -                   | -         | -         | 6   |
| Chief Operating Officer                  | 190                      | (3)                 | 187                                      | -                   | -         | -         | 187   |
| Deputy Director of People and Change     | 139                      | -                   | 139                                      | -                   | -         | -         | 139   |
| Equalities                               | 345                      | (171)               | 174                                      | -                   | -         | -         | 174   |
| Governance Services                      | 3,671                    | (594)               | 3,077                                    | -                   | -         | 393       | 3,470   |
| Health and Safety                        | 628                      | (325)               | 303                                      | -                   | -         | -         | 303   |
| Human Resources                          | 3,548                    | (190)               | 3,358                                    | -                   | 16        | -         | 3,374   |
| Legal Services                           | 3,650                    | (1,721)             | 1,929                                    | -                   | -         | -         | 1,929   |
| Organisational Development               | 1,590                    | (369)               | 1,221                                    | -                   | -         | -         | 1,221   |
| Projects and Change                      | 710                      | (110)               | 600                                      | -                   | -         | -         | 600   |
| Support Services                         | 5,538                    | (1,065)             | 4,473                                    | -                   | -         | -         | 4,473   |

- Draft revised budget after reversal of one-off virements
- The 2023-2024 pay award was approved on 1 November and is currently held corporately -
- The forecast impact of the 2024-2025 pay related growth –increments, NI and potential pay award is also held corporately. Current working assumptions make provision for a pay award of 3%
- At this point in time some growth and efficiency targets are being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

# Draft Budget

| Service                               | 2023-2024                | 2023-2024           | 2023-2024                                | 2024-2025           | 2024-2025 | 2024-2025 | 2024-2025                                       |
|---------------------------------------|--------------------------|---------------------|--|---------------------|-----------|-----------|---|
|                                       | Gross Expenditure Budget | Gross Income Budget | Net Revenue Expenditure/ (Income) Budget | Pay Related growth* | Growth    | Savings   | Draft Net Revenue Expenditure / (Income) Budget |
|                                       | £000                     | £000                | £000                                     | £000                | £000      | £000      | £000  |
| Archives Services                     | 138                      | (50)                | 88                                       | -                   | -         | -         | 88  |
| Customer Services                     | 2,919                    | (550)               | 2,369                                    | -                   | -         | -         | 2,369   |
| Data and Analytics                    | 1,723                    | (702)               | 1,021                                    | -                   | -         | -         | 1,021   |
| Digital and IT                        | 10,800                   | (3,057)             | 7,743                                    | -                   | -         | -         | 7,743   |
| External Funding and Digital Projects | 767                      | (486)               | 281                                      | -                   | -         | -         | 281   |
| Policy and Strategy                   | 166                      | -                   | 166                                      | -                   | -         | -         | 166   |
| Register Office                       | 442                      | (460)               | (18)                                     | -                   | -         | -         | (18)  |
| Strategy                              | 175                      | (3)                 | 172                                      | -                   | -         | -         | 172   |

- Draft revised budget after reversal of one-off virements
- The 2023-2024 pay award was approved on 1 November and is currently held corporately -
- The forecast impact of the 2024-2025 pay related growth –increments, NI and potential pay award is also held corporately. Current working assumptions make provision for a pay award of 3%
- At this point in time some growth and efficiency targets are being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

# Draft Budget

| Service   | 2023-2024                | 2023-2024           | 2023-2024                                | 2024-2025           | 2024-2025      | 2024-2025    | 2024-2025                                       |
|---|--------------------------|---------------------|--|---------------------|----------------|--------------|---|
|   | Gross Expenditure Budget | Gross Income Budget | Net Revenue Expenditure/ (Income) Budget | Pay Related growth* | Growth         | Savings      | Draft Net Revenue Expenditure / (Income) Budget |
|   | £000                     | £000                | £000                                     | £000                | £000           | £000         | £000  |
| Communications                                    | 858                      | (199)               | 659                                      | -                   | -              | -            | 659   |
| Director of Communications and Visitor Experience | 167                      | -                   | 167                                      | -                   | -              | -            | 167   |
| Ward Funds  | 200                      | -                   | 200                                      | -                   | -              | -            | 200   |
| West Midlands Strategic Migration Partnership     | 747                      | (749)               | (2)                                      | -                   | -              | -            | (2)   |
| Chief Executive & Deputy Chief Executive          | 401                      | -                   | 401                                      | -                   | -              | -            | 401   |
| Corporate Accounts                                | 63,985                   | (11,874)            | 52,111                                   | 10,645              | (3,635)        | 4,030        | 63,151  |
| <b>Total</b>                                      | <b>226,224</b>           | <b>(114,443)</b>    | <b>111,781</b>                           | <b>10,645</b>       | <b>(4,674)</b> | <b>4,423</b> | <b>122,175</b>                                  |

- Draft revised budget after reversal of one-off virements.
- The 2023-2024 pay award was approved on 1 November and is currently held corporately.
- The forecast impact of the 2024-2025 pay related growth –increments, NI and potential pay award is also held corporately. Current working assumptions make provision for a pay award of 3%
- At this point in time some growth and efficiency targets are being held in Corporate Accounts and will allocated when services have identified where it needs to be reflected.

**Our City Our Plan Performance**

# Performance Overview

## Our Council

Sickness absence rates increased slightly in quarter 2 to 3.23%, this data does not include COVID which was separated. Mental health issues, musculoskeletal and operations were recorded as the top three sickness absence reasons. Preventative support is offered through a wide range of methods such as practical, emotional and mental wellbeing support, including financial wellbeing via our employee assistance programme, confidential counselling, and access to our 60 Mental Health First Aid practitioners.

Staff turnover has increased; however, the Council has launched an exit interview scheme which is gathering data on the reasons why staff are choosing to continue their careers outside of the Local Authority. These trends are being analysed to support a better experience for our staff.

# Performance Overview

## Our Council

After large decreases in call waiting times for Customer Services through 2022/23, call times have remained lower in 2023/24 than historical trends. This is linked to increased staff investment in our busiest Customer Services areas.

The Council continues to prioritise spend with local businesses, with 439 Wolverhampton based spent with in Q2 2023/24.

## Earmarked Reserves

- Full list of Earmarked Reserves balances of all reserves at the end of 2022-2023 financial year were last reported to Cabinet on 12 July 2023 which can be accessed from:

[Agenda for Cabinet on Wednesday, 12th July, 2023, 5.00 pm :: Wolverhampton City Council \(moderngov.co.uk\)](#)

- Forecast Reserves balances for 2023-2024 is included as a separate agenda item at this scrutiny panel.

# Risks / Key areas to note

## Finance

- Increased demand in relation to temporary and supported accommodation seen as a result of a number of factors including an increase in the cost of living, increase in people being evicted from the private sector and increased number of families being asked to leave due to relationship breakdowns. The Council is focusing on preventative action where possible to reduce this pressure and also looking at expanding council owned temporary accommodation by bringing back into use some empty properties to mitigate the budget risk. The impact on this demand is seen both in housing budgets and in Housing Subsidy budgets.

## Project and Works Team - Maintenance Programme

- Financial risk arising from continued inflationary increases in costs associated with undertaking planned and reactive building maintenance and repairs currently mitigated by reductions in overall activity.

## Corporate Asset Management

- Continued uncertainty around central utilities and volatility of the energy markets pose an ongoing financial risk.

## Digital and IT

- Increasing and ongoing cyber security risks.

## Various Services

- A number of service areas continue to experience risks arising from difficulties in recruitment e.g. Legal, Finance, Procurement, Digital & IT.

# Strategic Risk Register

- Risks last reported to the Cabinet on 15 November 2023.
- The following strategic risk relevant to this panel:
  - Cyber Security
  - Major Core System Failures
  - Reinforced Autoclaved Aerated Concrete (RAAC)
  - Information Governance
  - Employee Recruitment and retention
  - Health and Safety of Council Employees

## Strategic Risk Register

- Equal Pay
  - Medium Term Financial Strategy
  - Financial Management
  - Related Parties – Linked Bodies
  - Impact of statutory legislation and guidance on the Council
- Strategic Risk register is available at:
  - <https://wolverhampton.moderngov.co.uk/documents/s256782/Appendix%206%20-%20Strategic%20Risk%20Register.pdf>
  - Detailed discussion of risks took place at Audit and Risk Committee on 27.11.23 including detailed review of Employee recruitment and retention risk

**wolverhampton.gov.uk**