

<b>Report title</b>	Performance and Budget Monitoring 2023-2024	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Tim Johnson, Chief Executive	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee</b>	James Howse Tel Email	Interim Director of Finance 01902 556710 James.Howse@wolverhampton.gov.uk
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<b>Report to be/has been considered by</b>	Strategic Executive Board Scrutiny Board	27 February 2024 16 April 2024

### Recommendations for noting:

The Cabinet is asked to note:

1. That the General Fund projected outturn for 2023-2024 is currently forecast to be within budget.
2. That the Housing Revenue Account (HRA) for 2023-2024 Housing Revenue Account is currently forecast to be within budget.
3. That the interim Director of Finance has approved write-off of debts against the expected credit loss provision as detailed in Appendix 5.
4. It is anticipated that the cost of redundancies can be met from reserves.

### Recommendations for decision:

The Cabinet is recommended to:

1. Approve the Strategic Risk Register which is shown at Appendix 6.
2. Approve the use of £40,070 from the Elections Reserve as detailed in paragraph 8.6 and establishment of associated supplementary budgets.
3. Approve the use of £300,000 from the Insurance Fund Reserve as detailed in paragraph 8.7 and establishment of associated supplementary budgets.
4. Approve the use of £20,000 from the Sustainable MTFS Reserve to fund feasibility study and specialist external advice to explore the opportunities available for using Aldersley Leisure Centre for major events as detailed in paragraph 8.8 and establishment of associated supplementary budgets.
5. Approve the use of £100,000 from the Building Control reserve to mitigate reduction in income within City Planning as detailed in paragraph 8.9.
6. Approve 14 virements totalling £2.8 million on the General Fund, for transfers within directorates, as detailed in Appendix 8.
7. Approve the delegation to Interim Director of Finance to approve essential virements relation to recharges and year end process, as detailed in section 10.
8. Approve the write-off of debts against the expected credit loss provision as detailed in Appendix 5.
9. Approve the General Fund Budget Risks 2023-2024 register as detailed in Appendix 7.
10. Approve the establishment of supplementary budgets within 2023-2024 as detailed in Section 7.

## **1.0 Purpose**

- 1.1 The purpose of this report is to provide Cabinet with an integrated finance and performance update against Our City: Our Plan priorities for 2023-2024.
- 1.2 This is the third report of the financial year for 2023-2024 and provides an overview, highlighting early assumptions against Our City: Our Plan performance framework and financial performance.

## **2.0 Background**

- 2.1 On 1 March 2023, Council approved Our City: Our Plan refresh which sets out how the Council will continue to work alongside local, regional, and national partners to improve outcomes for local people. Our City: Our Plan is the strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives.' Reporting against this framework for both performance and budget will take place during 2023-2024 onwards.
- 2.2 Within Our City: Our Plan, the Council has published a robust performance framework to track progress against key indicators and to encourage scrutiny of its key decisions.
- 2.3 Local authorities across the country are struggling with unprecedented financial challenges with reduced income and increased demands. Councils are also faced with additional uncertainty of factors such as the ongoing cost of living crisis and rising inflation. A rising number of councils have issued Section 114 notices meaning they can no longer set a balanced budget. It is anticipated that additional authorities will be in the same position in the coming months.
- 2.4 The City of Wolverhampton Council has built up a strong track record over many years of managing its finances well and despite reductions in government funding. Our approach to strategic financial management, aligning budgets to service priorities, improving services, and investing in transformation priorities, continues to put us in a strong financial position.
- 2.5 Many councils are seeing budget pressures relating to Adult and Children's social care, temporary and supported accommodation, and home to school transport. We are also experiencing these pressures, and whilst currently they are being contained within the overall budget this will become increasingly difficult with projected further demand pressures in coming years.
- 2.6 On 1 March 2023 the Council approved the net budget requirement for 2023-2024 of £306.4 million for General Fund services. This report is the third report of the financial year and provides an update on the forecast outturn projections for 2023-2024, performance against Our City: Our Plan priorities, and an update on the Strategic Risk Register.

## **3.0 Performance Update**

- 3.1 The Council continues to use a variety of means in which to assess the efficiency and effectiveness of operations against organisational strategic priorities and statutory requirements.
- 3.2 Critically it continues to manage resources effectively, consistently setting a balanced budget, and delivering against the Medium-Term Financial Strategy, despite funding reductions and high levels of uncertainty on future funding.
- 3.3 External verification of performance is also undertaken through external audit of the Council's accounts, and key inspections such as Office for Standards in Education, Children's Services and Skills (Ofsted) and other regulatory bodies.
- 3.4 Risks continue to be managed through the strategic risk register which is approved by Cabinet and also reported to Audit and Risk Committee on a regular basis. A copy of the latest strategic risk register was presented to the Audit and Risk Committee on 4 March 2024.
- 3.5 Since the previous version of the risk register was approved by Cabinet in November 2023 there have been the following changes to the risks:
  - The wording of the financial well-being and resilience risk (risk 27) has changed from 'there is risk that without the council's plan to coordinate the partnership support across the city, residents will not receive support to mitigate the impact of the cost-of-living crisis' to 'there is risk that should the council not receive future funding via the Household Support Fund residents will not receive the necessary support to mitigate the impact of the cost-of-living crisis'. This is to reflect the uncertainty around future government funding to support households within the city. This change has resulted in the risk increasing from an amber to a red risk. Since this update, the Chancellor in the Spring budget on 6 March 2024, announced that the Household Support Fund would continue but for only 6 months.
  - The adults safeguarding risk (risk 1) has decreased from a red to an amber risk due to the implementation new processes which have improved the appropriateness of referrals and the decision-making process. Additional temporary social workers have been recruited to undertake safeguarding enquiries.
  - The adults social care provider risk (risk 2) has decreased in score because the likelihood of care provider failing is reduced through local intelligence and the interim financial support measures being explored.
  - The inadequate rating from the Care Quality Commission's (CQC) inspection of adult social care risk (risk 6) has decreased in score because of the measures now put in place to train and prepare staff in preparation for the inspection. A CQC newsletter is shared with staff outlining key messages from regional and local work being undertaken.
  - The negative assessment against the Consumer Standards – Social Housing (Regulation) Act risk (risk 10) has decreased from a red to amber risk because the likelihood score has changed to reflect the progress through the City Housing Improvement Programme to map actions and objectives.

- 3.6 Although the Council currently has 32 risks on the strategic risk register this should not be viewed negatively. Having a detailed risk register shows the Council are a mature and transparent organisation in terms of the way it manages their risks. Having an effective risk management process in place demonstrates good corporate governance. By effectively identifying new and emerging risks on the horizon the Council can ensure that early mitigations can be put in place to manage risks effectively. The Strategic Risk Register can be found in Appendix 6.
- 3.7 The Council is evolving its approach to performance management, with the creation of a centralised Data and Analytics team which ensures performance data and intelligence is readily available to all staff and is analysed and reviewed regularly by operational and strategic management.
- 3.8 In July 2023, Government launched the Office for Local Government (Oflog) with a vision “to provide authoritative and accessible data and analysis about the performance of local government and support its improvement”. Four initial areas of data have been published: waste management, adult social care, skills and finance. Work continues to analyse this data, with initial commentary on these areas for Wolverhampton included under the respective part of Our City: Our Plan performance below.

### **Our City: Our Plan Performance**

- 3.9 Our City: Our Plan sets out the six overarching priorities which will guide the Council’s approach to ensure Wulfrunians will live longer, healthier lives, with an additional priority looking at how the Council operates. These are;
- Strong families where children grow up well and achieve their potential
  - Fulfilled Lives for All With Quality Care For Those Who Need It
  - Healthy, Inclusive Communities
  - Good Homes in Well-Connected Neighbourhoods
  - More Local People into Good Jobs & Training
  - Thriving Economy in all Parts of the City
  - Our Council
- 3.10 Our six overarching priorities are supported by three cross cutting principles:
- Climate Action. The plan is aligned to the Council’s climate change strategy ‘Future Generations’ and our target to make the Council net carbon zero by 2028. Reducing carbon emissions will continue to be a local and national priority.
  - Driven by Digital. Wolverhampton is at the forefront of digital infrastructure and innovation, and now more than ever we have seen the importance of digital skills and connectivity to social and economic participation for the City’s residents.
  - Fair and Equal. The Council will continue to tackle the inequalities in our city which impact on the opportunities of local people. The plan is aligned to our Equality, Diversity and Inclusion strategy which is underpinned by directorate level action plans.

- 3.11 A performance framework was created to monitor performance against these priorities and included two different types of indicators, city indicators and impact indicators.
- 3.12 City indicators are high level indicators which although the Council can influence, may not be able to directly affect. Data on these indicators is published nationally, to enable a comparison against regional, statistical, and national averages. Impact indicators demonstrate how council interventions are working to improve outcomes for residents.
- 3.13 Further to this, the Office for Local Government (Oflog) have created the 'Local Authority Data Explorer' to provide data and analysis around the performance of local government to support its improvement. The new online tool brings together a key selection of existing metrics across a subset of service areas including Waste management, Adult Social Care, Adult Skills and Finance.
- 3.14 Although Waste Management, Adults Social Care and Finance data is published at a Local Authority level, Adults Skills data is only published at a combined authority level.
- 3.15 The performance in these four areas that is currently published does not capture the totality of what local authorities are responsible for, but the tool has focused on a small number of areas and indicators.

### **Strong families where children grow up well and achieve their full potential**

- 3.16 Our ambition is that children and young people have the best possible opportunities to fulfil their potential. As a result, we are investing to connect young people to opportunities, support our schools to improve standards, ensure education provision is inclusive whilst continuing to support our most vulnerable young people.
- 3.17 Supporting our young people, especially those that need support is a strength of the Council, as seen through our most recent 'Good' rated OFSTED inspection for our Childrens Services, that included an 'Outstanding' judgement for leadership and management.
- 3.18 Since the inception of Our City, Our Plan, 'Strong families where children grow up well and achieve their full potential' has been an area of strong performance. Performance in this area remains high in 2023-2024.
- 3.19 Wolverhampton has seen a continued decrease in numbers of children open on Child in Need, Child Protection or Children and Young People in Care plans against a backdrop of increasing numbers regionally. This performance reflects the outcome of targeted work, to ensure that children are supported in line with their assessed needs and are receiving services at the right level for as long as is necessary to their safety and wellbeing. Despite the number of children open to social care decreasing, the rate has increased in quarter 3 due to a decrease in the 0-18 mid year population estimates for Wolverhampton.
- 3.20 The percentage of repeat referrals into Social Care within 12 months has remained stable during the year. The rate of 22.1%, at the end of Q3 2023-2024, is a slight

reduction from 23% reported in the previous quarter, however, this continues to exceed the percentage reported in March 2023 (21.2%). The current rate sees the local authority continuing to surpass the latest comparator data for our statistical neighbours and the West Midlands after reporting a rate either in line or below these rates at the end of March 2022.

- 3.21 Ensuring children and young people in care have stable placements is a key priority for the Council. Placement stability of our children in care remains an area of strength, with over 90% (93.3%) of our children and young people in care having less than 3 placements in a 12-month period. This performance is stronger than national, regional and statistical averages and Wolverhampton is in the top quartile of national performance as the 12th best performing LA. Wolverhampton also performs favourably against the long-term stability of placements.
- 3.22 When older young people leave care, the Council support them to find suitable education, employment or training. Currently 56.4% our care leavers are engaged in suitable work or education substantially above national, statistical and regional averages. This shows sustained performance over the past two years compared with performance at 46% in 2021 and 56% in both 2022 and 2023.
- 3.23 The continuation of 'DIVERT' alongside the introduction of the Turnaround programme continues to have a significant impact on Wolverhampton's First Time Entrants into the youth justice system and therefore the formal decriminalisation of young people in Wolverhampton. At the end of Quarter 2 the rate per 100,000 youths aged 10 -17 years had increased slightly to 168 from 161 at the end of Q1, however continues to follow a longer-term downward trajectory over the past five years and remains lower than national, regional and statistical comparators. Due to a change in Ministry of Justice (MoJ) reporting cycles, the methodology used to calculate the rate of First Time Entrants has recently changed, with data now taken from case level data supplied to YJB instead of MoJ data as reported previously, therefore comparisons with previous periods should be made with caution. YJB have recently advised there may be a process of reconciliation required to ensure the new case level collation method is correct and accurate across local Youth Justice Services.
- 3.24 There has been a steady and sustained improvement in education outcomes across the City. The Education Excellence Strategy was launched September 2021 and built on the previous School Improvement Strategy. The new Strategy brought a similar response to Early Years settings as for schools.
- 3.25 The city continues to see an increase in the percentage of schools rated good or outstanding by Ofsted, and at quarter end was at 91%, above West Midlands comparators by 3% and national average by 1%. The percentage of early years and childcare settings rated good or outstanding is slightly below the school's rate at 89% and has decreased since end of quarter 2.

- 3.26 The summer scorecard for the percentage of 2-year-olds benefitting from funded early education stands at 72%. Wolverhampton ranks 8th out of 10 compared to its statistical neighbours.
- 3.27 The percentage of 16 and 17 year-olds in education, employment or training had seen an increase in performance in latest quarter to 92.4%; young people with a not in Education, employment or training and not known status had reduced throughout the quarter. The percentage of 16 and 17 year-olds in education, employment or training with SEND had also seen an increase.
- 3.28 Attainment 8 measures the average achievement of pupils in up to 8 qualifications. This includes: English language; English literature (if only one GCSE in English is taken then it is double weighted); Maths (double weighted); three further qualifications that count in the English Baccalaureate (EBacc); and three further qualifications that can be GCSE qualifications (including EBacc subjects) or any other non-GCSE qualifications on the DfE approved list.
- 3.29 Narrowing the gap of educational performance between advantaged and disadvantages pupils is a key priority for the Council. The performance of Wolverhampton's disadvantaged pupils is particularly strong. 2023 has reported a further decrease, following a slight reduction of 0.90 in 2022, performance has returned to 2019 levels of 38.30, with the intervening years above 40 and peaking at 42.20 in 2021. Despite the decrease in the current year's attainment, Wolverhampton remains in the top quartile of national performance, ranked the 33rd Local Authority overall in terms of the attainment of disadvantaged pupils, remaining above national, regional and statistical neighbour comparators, who too have all reported decreases.
- 3.30 Although there has also been a slight reduction in Average Attainment for non-disadvantaged pupils, Wolverhampton continues to report higher performance than national, regional and statistical neighbour comparators.
- 3.31 The Average Attainment 8 score per pupil is 45.6, a reduction on the 2022 figure of 48.0, and a successive year for a reduction in attainment. Prior to 2021 this had been an increasing trend. The level remains above the average attainment reported by national, regional and statistical neighbours.
- 3.32 Although attainment 8 data has declined year on year, 2023 results were the first to be judged against Ofqual's pre-pandemic grading and decreased performance was expected. When comparing this years results to 2019 where the grading system was the same, performance is in line or slightly improved.
- 3.33 Regarding financial performance, the transformative projects and programmes have achieved significant and positive changes to children and young people living and learning in Wolverhampton. However, there is currently an overspend of £1.3 million across Children's Services and Education mainly due to forecast pressures relating to complex high cost residential placements and inflation. The MTFs has not included any



significant growth for children and young people in care for many years, the last significant growth was in 2017-2018. The increasing cost of residential placements is a national trend resulting from inflation and increasing demand in a provider led market.

- 3.34 The 2024-2025 Budget and Medium Term Financial Strategy 2024-2025 to 2026-2027 report approved by Full Council on 28 February 2024 incorporates growth of £2.5 million for 2024-2025 to support these projected costs pressures going forward. Due to the nature of the market for placements in this area, there continues to be significant uncertainty over potential cost increases over the short to medium term. The Council is also addressing these pressures as far as possible through measures such as the creation of two internal residential homes. In addition, the Council has been awarded significant funding to be part of the government's Families first for Children Pathfinder Programme, which will be the next phase in the transformation of Children's services.
- 3.35 The approved budget for the High Needs Block of Dedicated Schools grant in 2023-2024 is £48.4 million, and current forecast expenditure is £49.5 million, meaning there is a forecast overspend of up to £1.1 million, work is going to reduce this pressure. The forecast overspend is mainly due to increased demand and significant fee increases for independent education placements (although the majority of the placements have still been made within the city), and the challenge of having to commission additional places where a setting graded inadequate by Ofsted could not offer appropriate learning opportunities.
- 3.36 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year; 31 May and 31 October. At the end of 2022-2023, maintained schools had balances totalling £15.2 million. 33 schools were identified as having balances above recognised thresholds detailed in the local scheme. In addition, there were three schools with deficits at the end of 2022-2023. Actual year end balances for 2022-2023, and the latest projected balances for 2023-2024 in those submitted budget plans, along with details of the processes in place to review deficit and surplus balances are shown in Appendix 3.
- 3.37 Further detail on the financial performance across Children's Services and Education can be found in Appendix 2.
- 3.38 The Strategic Risk Register recognises the risk associated with our responsibilities for Safeguarding Children and the mitigations in place. Details can be found in Appendix 6.

### **Fulfilled lives with quality care for those that need it**

- 3.39 The Council continues to provide support to those facing hardship, working with our partners to keep our city safe and build resilience to ensure all our communities can thrive.
- 3.40 There is significant change occurring within Adult Social Care measurement both locally and nationally, including the government led 'Care Data Matters' roadmap for better data for adult social care (this contains ASCOF changes and the introduction of Client Level

Data). In addition, Adult Social Care as a service will be inspected by CQC and therefore it is highly likely that many of these measures included in Oflog will be refined and changed, and so close monitoring will need to take place regarding this new data tool.

- 3.41 New indicators cover new quarterly Adults Client Level Data (CLD) return and updated list of Adults Service Survey indicators taking feedback of residents using services.
- 3.42 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Adults Services.
- 3.43 Social care performance remains an area of strength in the city. At the end of December 2023, the NHS released the latest performance data from the Adults Social Care Outcomes Framework. This statutory return showed some improved or sustained strong performance for Wolverhampton but also some areas of deterioration across the key indicators.
- 3.44 74% of residents in receipt of long-term care feel in control of their own lives. This decreased from 81.6% in 2021. The service continues to work hard to support people to make choices about how their care and support is delivered, including assistive technology and adaptations to people's homes, which can be less intrusive. 73% of people who use social care are supported to remain in their own homes which is positive, and a stable figure from the previous quarter.
- 3.45 Performance demonstrates that 84.3% of respondents (people in receipt of Adult Social Care services) felt these services did help them to feel safe. Whilst this is a small decrease from 88.3% in 2021 the performance is back in line with previous years. One of the main reasons for people not feeling safe related to poor mobility and fear of falling.
- 3.46 A key focus of our Adult Social Care services is ensuring people access the right support at the right time to keep or regain their independence. The Council has seen an increase in performance in terms of reablement, with 83.8% of residents aged 65 or over remaining at home 91 days after discharge from hospital in the most recent published data which is an improvement from the last year when we reported 75.1%. Work continues with health colleagues to continue the upwards trend in performance to ensure progress against comparator averages is achieved.
- 3.47 Carers play a vital role in society and the authority wants to empower carers by providing the right information and advice to help make decisions to lead their best life. Performance shows that 54.8% of Carers found it easy to find information about services and / or support, which is a decrease from 59.1% reported in 2019.
- 3.48 The next Carers survey is currently underway in the authority, and it is hoped that there will be improvement in this indicator based on the work surrounding the Council's Commitment to all Age Carers strategy. Work is being undertaken to improve our online Carer Offer including developing a conversation with young carers, co-produced and embedding a transition plan to support young carers into adult services, supporting with education, careers and employment.

- 3.49 The authority aims to foster a workforce capable of delivering high quality care and a lower turnover of staff would correlate with more effective continuity of care, retention of skills and better working conditions. The workforce turnover rate (all staff permanent and temporary directly employed by local authorities and independent providers) is currently reporting at 21% which is a slight increase from 19% reported in 2022. Wolverhampton's performance rank currently sits at 26th authority in the country.
- 3.50 Overall, the authority performs well in most of the Oflog chosen measures, either in line with the median of all authorities or in a positive position when compared to many CIPFA nearest neighbours / regional authorities. These measures already form part of the Adult Social Care performance framework and are tracked regularly during performance meetings to identify areas of concern for indicators that are outliers and track success of those where we perform well.
- 3.51 Regarding financial performance, the 2023-2024 budget setting process recognised the uncertainty around the cost of Adult Social Care over the medium term due to increase in demand for services, the impact of the fee uplift required to sustain the provider market, the pandemic and the increasing cost of living. The 2023-2024 Budget approved by Council on 1 March 2023 approved significant growth for Adult Social Care to support these pressures. It is currently projected that this growth is sufficient to address the inflationary and cost pressures across Adult Social Care. Further information on the financial performance across Adult Social Care can be found in Appendix 2.
- 3.52 The Strategic Risk Register recognises the pressures in our provider market, the impact of any inadequate rating from Care Quality Commission inspections, along with our responsibilities for Safeguarding Adults, details can be found in Appendix 6.

### **Healthy, Inclusive Communities**

- 3.53 The 2023-2024 performance report includes a new suite of indicators that give more visibility to the work of the Council against the outcomes of this area. National level indicators are now being updated on the Public Health Fingertips and ONS platforms. However, some of the indicators have been modified to different reporting periods, due to a lack of recorded information over the pandemic period.
- 3.54 The performance indicators for the Healthy Inclusive Communities section of the Our City Our Plan update on an annual basis and are published through the publicly available Public Health Outcomes Framework (PHOF) hosted by the Office of Health Improvements Department.
- 3.55 Since the last publication of this data the council has improved and demonstrated strong performance in the areas of NHS 40-74 year old health checks and alcohol mortality.
- 3.56 Health checks are now back to pre-covid levels of uptake and in the national ranking Wolverhampton has moved into the top quartile of performance.

- 3.57 The alcohol specific mortality rate has seen a significant decrease over the last reporting period and Wolverhampton has moved from having the highest mortality rate in the country to fourteenth nationally.
- 3.58 The percentage of physically inactive adults is currently unchanged since last reported. New data is expected to be available from April 2024.
- 3.59 The data for less active children is current and was made available in December 2023. Data from the Active Lives survey has shown an improvement in the rate of young people reported as “less active”. The rate has seen a statistically significant improvement of 9.2% and Wolverhampton’s rank moving from 3rd worst nationally to 61st out of 249 authorities and districts.
- 3.60 The domestic abuse data covers the whole of the West Midlands police area, inclusive of Wolverhampton. It is not possible to gain this data by a smaller geography. Overall, the West Midlands has seen the rate of reported domestic abuse increase, but we cannot determine how Wolverhampton has changed within that measure. Over the next year we are looking to improve data links to determine the specific domestic abuse rates in Wolverhampton.
- 3.61 Regarding the financial performance, WV Active, within Public Health and Wellbeing has achieved an increase in membership income for 2023-2024. Membership levels have been on average over 10% above target. This is attributed to the competitive pricing policy that has been applied as a way of improving health and wellbeing by helping residents to be able to afford to participate in physical activity; particularly during the current cost of living crisis. Further detail can be found in Appendix 2.

### **Good homes and well-connected neighbourhoods**

- 3.62 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Waste Services.
- 3.63 The indicator Household Waste Recycling Rate (%) shows Wolverhampton’s rate for the year 2021-2022 is 37.3%, this is higher than the nearest neighbour median average of 35.9%, but less than the England median which is 41.9%. When compared to the Black Country local authorities, Wolverhampton is the best performing authority.
- 3.64 The indicator Residual Household Waste (kg per household) shows that Wolverhampton has 575kg residual waste, 72.6kg more than England average. Wolverhampton is performing slightly better than its CIPFA nearest neighbour median (578.7kg). When compared to its Black Country neighbours, Wolverhampton is the best performing local authority.
- 3.65 15 indicators to cover the resident services directorate (housing, planning and city environment). These indicators measure performance on the services the council provides to residents to ensure we are meeting timescales and providing the best service possible.

- 3.66 The number of new builds in Wolverhampton has shown decreases over the past year (370). Many housing sites were closed for a period due to Covid, delaying completion of properties, which is still having some impact on completions. However, data also shows there is a shortfall of appropriate sites for new build properties to be built on. A new housing strategy is in the process of being written which will consider the lack of land availability and assess the housing need of our residents to ensure we are meeting requirements as best we can.
- 3.67 There is a new vacant properties task force which will look to increase our net additional dwelling numbers as empty sites will be transformed into flats and living spaces. Work is also underway to reduce the void turnaround time with social stock and Private Sector Team are working to reduce the number of long-term empty privately owned properties.
- 3.68 Notable increases we have seen in performance for Q3 have been seen in the percentage of planning minor applications completed within 8 weeks (from 85% to 96.9%). Major planning application timeliness remains at 100%.
- 3.69 100% of trees on public land have been inspected within two years, a continual increase through the year. There has also been an increase in the percentage of fly tipping incidents resolved in 5 working days to 96%.
- 3.70 Regarding financial performance for Resident Services, the 2023-2024 budget built in significant growth to support inflation, demand pressures and loss of income post the pandemic (parking services and markets). The Resident directorate is currently forecasting an overspend of £1.7 million. Cost pressures are currently projected across a number of services including Environmental, Fleet, Highways Maintenance, Parking, Transportation, Travel Unit and Waste Services. These pressures are in part being offset by underspends within Street Lighting as a result of the efficiencies against the growth awarded for rising energy costs not being required in full due to the roll out of the LED replacement programme. However, this projected overspend is after the allocation of efficiency targets totalling £2.0 million, of which £1.0 million is one-off for 2023-2024, further detail can be found in Table 1. Further details on the financial performance across Resident Services can be found in Appendix 2.
- 3.71 The 2024-2025 Budget and Medium Term Financial Strategy 2024-2025 to 2026-2027 report to Full Council on 28 February 2024 reported on a number of emerging pressures across a number of services within the Resident Services Directorate. The 2024-2025 incorporates growth to support these pressures. Some of this growth will be held corporately and passed out during 2024-2025 when the full extent of the financial pressure is known.
- 3.72 It has previously been reported to Cabinet that there are significant cost pressures within New Communities and Homelessness (Public Health and Wellbeing Directorate) and on Housing Benefits and Subsidy (Finance Directorate) as a result of increased demand in relation to temporary and supported accommodation. In recognition of these ongoing pressures, the 2023-2024 budget includes significant growth totalling £2.0 million, which

was passed out to these services in quarter 2. However, the latest projection is that the cost pressures across these services, after this growth is in the region of £1.9 million. Wolverhampton Homes have seen a large increase in the number of homeless people being placed in temporary accommodation due to 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 service is focusing on preventative action where possible to reduce this pressure by supporting people to remain in their homes. The amount of council owned temporary accommodation and more affordable leased accommodation has also been expanded which should result in a cost reduction. The 2024-2025 Budget reported approved by Full Council on 28 February 2024 approved growth totalling £1.9 million for 2024-2025 to support cost pressures in the area.

- 3.73 Cost pressures have been reported on the Housing Revenue Account, the quarter 2 report approved an increase of £1.5 million to the management fee payable to Wolverhampton Homes to fund repairs and maintenance pressures and £250,000 to fund a £250,000 programme of remedial works to canopies at Bushbury Hill estate. These pressures were funded from a virement from the budget for interest payable, where an underspend was forecast. Further detail can be found in section 6 and Appendix 4.

#### **More local people into good jobs and training**

- 3.74 The Council will review indicators in this area through 2023-2024 to ensure they are in line with the new Education, Skills and Employment Strategy. The Council will also start to provide the split between the number of graduates and apprentices employed internally. A new set of indicators is being developed to ensure linked to the Education, Employment and Skills strategy.
- 3.75 After increases in the Unemployment Claimant Count through the end of 2022-23, the claimant count for working aged residents remained stable through 2023-2024. The Council continues to try and influence improved performance in this area through partnership working and initiatives such as Wolves @ Work.
- 3.76 For 16-17 year old NEETs, performance is still in quartile A, despite a slight dip this quarter (and 12% higher than last year for SEND cohort).
- 3.77 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Adult Skills. Adult skills comprise a range of education services for adults that support individual learning and progression of workplace skills, as well as economic growth. The Oflog data tool only includes selected performance metrics for adult skills services delivered by Mayoral Combined Authorities. This includes the % of adults with a level 3 qualification which was at 54.9% for the region in 2021, the second lowest out of Mayoral Combined Authority areas.
- 3.78 The Strategic Risk Register details the risk of high unemployment in the City and the work in place to mitigate this, can be found in Appendix 6.

- 3.79 Regarding financial performance, Adult Education, within the Children's and Education Directorate is currently forecasting a potential inflationary cost pressure which exceeds the level of grant available. The service is currently looking at ways to mitigate this in-year and for future years.

### **Thriving Economy in all parts of the City**

- 3.80 We have seen positive performance across indicators, particularly around full fibre coverage and business support. Wolverhampton has been recognised nationally as a 'rising star' in fibre. Futureproofed digital infrastructure acts as the backbone to improved service delivery as part of the development of a smart city. Percentage of coverage has increased again this quarter.
- 3.81 Although the new of electric charging stations has remained the same in quarter, procurement has now been finalised for an operator to deliver 80 charge points for the City funded through the 'On-street residential charge point scheme'.
- 3.82 Business survival rates are high in Wolverhampton for years 1,2 and 3 but see at decrease from the 5-year survival rate. There has been an increase in the 5 year business survival in the most recent published performance from 29.7% to 31.8% but this is still lower than national and regional averages.
- 3.83 The regional year 2 UKSPF grant was received in August 2023, and work continues to utilise this for business advice, and grants for local businesses including low carbon support. The regional Business Growth West Midlands was launched in September 2023. Alongside this the council has been exploring what a Council business support offer looks like in this new context. Establishing a coherent business support offer for the city which reduces fragmentation and delivers Our City: Our Plan is a priority to reduce the risk that local businesses cannot access the appropriate support to survive.
- 3.84 Regarding financial performance, Enterprise, within the Strategy Directorate is currently forecasting an underspend as a result of attracting additional external funding.

### **Our Council**

- 3.85 The new Oflog online data tool brings together a key selection of existing metrics across a subset of service areas including Finance. One of the initial sections to be published relates to contextual information for local authority finances, with a small number of metrics around local authority funding, constraints, and financial resilience.
- 3.86 Data has been published which shows that the council has a larger level of Band D council tax than our comparators, however the overall rate per property is lower.
- 3.87 The Mean Gender Pay Gap for Council Employees as of March 2022 decreased by 0.04 percentage points from the previous year. The largest pay gap occurred within the upper pay quartile with a negative pay gap shown in the lower middle pay quartile. The Gender pay gap for March 2022 remains below that of some other local authorities in the region.

- 3.88 The Mean Ethnicity Pay Gap for Council Employees as of March 2022 increased by 1.98 percentage points from the previous year, with employees from ethnic minority groups earning on average £1.12 less per hour than white employees. There is no direct comparison to other local authorities at this time as there is currently no statutory requirement to publish this.
- 3.89 Despite the increase in the ethnicity pay gap there are good news stories that sit behind the data. Promotions for employees from ethnic minority groups have had a higher overall promotions rate than white (British) employees over the last 2 years. The number of employees from black or Asian ethnic groups in positions at pay grades GR09 and above has doubled since 2018-2019 with a 100% increase and 106.3% increase, respectively.
- 3.90 The average customer contact call wait time decreased by 10 seconds during the period Quarter 2 2023-2024 and Quarter 3 2023-2024. In addition to the reduction in call wait times, the abandonment rate decreased from 9.5% to 8.4%. Service improvements within the Revenues and Benefits services and the Adult Front Door Project have contributed to the reduction in calls and call wait times. However, the service continues to be impacted by Taxi Licensing calls which attract the highest volume of calls received in the Contact Centre.
- 3.91 The Council continues to prioritise spend with local businesses, with 481 Wolverhampton based businesses spent with in Q3 2023-2024, an increase on the previous quarter.
- 3.92 The Council has built up a strong track record of managing its finances well. The Council's external auditors considered financial sustainability in their report to Audit and Risk Committee in January 2024 and reported positively on the Council's financial management and planning. The Strategic Risk Register incorporates a risk to recognises the risk of not having strong financial management across the council.

#### **4.0 2023-2024 Budget Performance**

- 4.1 On 1 March 2023, the Council approved the net budget requirement for 2023-2024 of £306.4 million for General Fund services.
- 4.2 In November 2023, it was reported to Cabinet that the overall the General Fund was projecting an overspend of £1.0 million, and work continued to identify ways to reduce this pressure in order to bring the outturn back within budget.
- 4.3 The Council immediately took positive action in reviewing all projected expenditure in order to reduce bring the outturn back within budget for 2023-2024. As a result, the Council is now projecting that the General Fund, overall, is within budget for 2023-2024. Due to the positive forecast outturn position, and in line with the Budget Strategy approved by Full Council in March 2023, it is proposed that reduce the level of capital receipts flexibility utilisation in 2023-2024.

#### **Pay Award**



- 4.4 On 1 November 2023, the National Joint Council for local government services confirmed the 2023-2024 pay award. The pay award gave an average increase of 5.63% for grades 1 to 11. The 2023-2024 budget approved by Council on 1 March 2023, makes provision for a 5% pay award. Due to vacancies held across the Council, this provision has been sufficient to fund the projected impact of the pay award in year.
- 4.5 The 2024-2025 budget includes provision for a 3% pay award.

### **Inflation**

- 4.6 Inflation in the UK has been at its highest it has been for four decades, and although now falling, it is still means the country is facing an increase in the cost of living, with food, fuel and energy bills all increasing.
- 4.7 The 2023-2024 Budget approved by Full Council on 1 March 2023, incorporated significant growth to support rising inflationary pressures across a number of services. As detailed in section 3 of this report and in Appendix 2, whilst in some areas this growth is sufficient, for example Adult Social Care, however, in some cases this growth is currently not projected to be sufficient – for example temporary accommodation. The 2024-2025 Budget and Medium Term Financial Strategy 2024-2025 to 2026-2027 approved by Full Council on 28 February 2024 incorporated growth to support these projected pressures over the medium term. However, due to uncertainties surrounding the impact of both inflation and demand on services, this will be kept under review and updates provided to Councillors in future reports.
- 4.8 Inflation is a significant risk and as such is included in the Strategic Risk Register at Appendix 6.

### **Budget Reduction and Income Generation Targets 2023-2024**

- 4.9 The 2023-2024 approved budget incorporates a number of approved budget reduction and income generation targets, of which recurrent targets total £8.6 million. This includes efficiency targets of £6.2 million, which were held corporately at the time of budget setting. Work has been undertaken to allocate this target based on underspends and efficiencies delivered in 2022-2023. This report reflects these virements. It is important to note that the allocation of £4.2 million of this target is one-off in nature for 2023-2024 only. In order to be prudent and in recognition of the cost pressures now facing a number of services, across the Council, the 2024-2025 approved by Full Council in February 2024 built £4.2 million back into the budget for 2024-2025.
- 4.10 Table 1 below summarises the delivery of these targets against the original delivery plan. These will be kept under review and updates provided in future reports to Councillors on progress.

### **Table 1 – Budget Reduction and Income Generation Targets**

Directorate	Description	2023-2024 Original Target £000	2023-2024 Target Delivered £000	Progress
Adult Services	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(300)	(300)	This target is projected to be delivered in full based on the original allocation.
Children's Services	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(100)	(100)	Whilst there are pressures reported across Children's Services, this target is projected to be delivered in full against the service to which it has been allocated - Specialist Support Service.
City Assets	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(50)	(50)	This target is projected to be delivered against the original plan.
Finance	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(50)	(50)	This target is projected to be delivered against the original plan.
Governance	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(1,100)	(1,100)	Whilst there are pressures reported across Governance, this target is projected to be delivered in full based on the original allocation against People Services. It should be noted that £1.0 million of this target is one-off for 2023-2024
Resident Services	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(1,410)	(1,410)	Whilst there are pressures reported across Resident Services, this target is projected to be delivered in full against the original allocation. £1.0 million of this target is a one-off allocated against additional income from energy from waste, which is being delivered as originally planned. However, other pressures within this service are

Directorate	Description	2023-2024 Original Target £000	2023-2024 Target Delivered £000	Progress
				resulting in a projected in-year overspend across this directorate.
Strategy	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(250)	(250)	This target is projected to be delivered against the original plan.
Corporate Accounts	Allocation of £6.2m Efficiency Target (Inclusive of £1.5m Target from 22-23)	(2,940)	(2,940)	This target is projected to be delivered in full. However, this is one-off for 2023-2024.
Corporate Accounts	Reduction in Corporate Contingencies	(500)	(500)	This target is projected to be delivered against the original plan.
Corporate Accounts	Reduction in bad debt provision	(500)	(500)	This target is projected to be delivered against the original plan.
Various	Vacancy Factor	(1,200)	(1,200)	This target has been distributed across the council and is currently projected to be delivered.
Strategy	ICT Review	(150)	(150)	This target is projected to be delivered against the original plan.
	<b>Total Savings</b>	<b>(8,550)</b>	<b>(8,550)</b>	

4.11 Table 2 below summarises the projected outturn position for 2023-2024. Further detail on the most significant variances against the budget are reported on a service-by-service basis in Appendix 2.

**Table 2 – 2023-2024 General Fund Revenue Budget Projected Outturn**

	Net Controllable Budget 2023-2024	Projected Outturn 2023-2024	Projected Variation Over/(Under)	
	£000	£000	£000	%
Commissioning and Transformation	4,759	5,240	481	10.11%
Adult Services	92,380	92,177	(203)	(0.22%)
Children's Services and Education	54,608	55,864	1,256	2.30%
Public Health and Wellbeing	6,605	6,717	112	1.70%
Residents Services	35,038	36,701	1,663	4.75%
City Assets	14,829	14,475	(354)	(2.39%)
Regeneration	2,162	2,208	46	2.13%
Finance	17,650	18,958	1,308	7.41%
Governance	15,936	16,505	569	3.57%
Strategy	13,060	12,512	(548)	(4.20%)
Communications and Visitor Experience	2,585	2,425	(160)	(6.19%)
Corporate Budgets	46,802	42,632	(4,170)	(8.91%)
<b>Net Budget Requirement</b>	<b>306,414</b>	<b>306,414</b>	-	-
Council Tax (including Adult Social Care Precept)	(125,983)	(125,983)	-	-
Enterprise Zone Business Rates	(1,410)	(1,410)	-	-
Top Up Grant	(25,215)	(25,215)	-	-
Business Rates (net of WMCA growth payment and Collection Fund deficit)	(73,989)	(73,989)	-	-
New Homes Bonus	(709)	(709)	-	-
Section 31 Grant - Business Rates Support	(27,840)	(27,840)	-	-
Social Care Grants	(30,032)	(30,032)	-	-
Improved Better Care Fund	(14,761)	(14,761)	-	-
Contributions To/From Reserves			-	-
Services Grant	(3,222)	(3,222)	-	-
Council Tax Support Grant			-	-
Corporate Resources - Collection Fund	(3,253)	(3,253)	-	-
Surplus/Deficit			-	-
<b>Total Resources</b>	<b>(306,414)</b>	<b>(306,414)</b>	-	-

## 5.0 Risks and Uncertainties

5.1 Local authorities across the country are struggling with unprecedented financial challenges with reduced income and increased demands. Councils are also faced with additional uncertainty of factors such as the ongoing cost of living crisis and rising inflation. A rising number of councils have issued Section 114 notices meaning they can no longer set a balanced budget. It is anticipated that additional authorities will be in the same position in the coming months. The Local Government Chronicle reported in February that 19 councils were set to be granted exceptional financial support for 2024-2025.

- 5.2 Many councils are seeing budget pressures relating to Adult and Children’s social care, temporary and supported accommodation, and home to school transport. We are also experiencing these pressures, and whilst currently they are being contained within the overall budget this will become increasingly difficult with projected further demand pressures in coming years. The Budget and MTFFS assumes significant growth for Adult Social Care, current projections indicate that this is sufficient for 2023-2024. In addition, in paragraph 3.33, Children’s Services are also projecting potential cost pressures across placement budgets. The 2024-2025 Budget and Medium Term Financial Strategy 2024-2025 to 2026-2027 approved by Full Council on 28 February approved significant growth across the services for 2024-2025 and over the medium term. This will be kept under review with updates provided to Councillors in future reports.
- 5.3 In addition, there continues to be significant uncertainty, such as the cost of rising inflation, and impact of future pay awards, and the level of resources that will be made available to the Council over the medium term. Inflation and the level of resources is incorporated in the Strategic Risk Register and the General Fund budget risk register.
- 5.4 The 2024-2025 funding settlement was for one year only and did not provide any confirmation of our allocations beyond 2024-2025. Therefore, the Council continues to face significant uncertainty over the medium term which makes forecasting beyond 2024-2025 particularly challenging.
- 5.5 The Council is no different to any other organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 5.6 The Strategic Risk Register is reviewed in conjunction with risk owners, reviewed by SEB and presented to Cabinet and the Audit and Risk Committee on a regular basis. The updated Strategic Risk Register presented to Audit and Risk Committee on 4 March 2024 is appended is shown at Appendix 6.
- 5.7 In addition to the Medium Term Financial Strategy being incorporated in the Strategic Risk Register, there is also a separate General Fund budget risk register for 2023-2024. The overall level of risk associated with the budget 2023-2024 is assessed as Amber and is shown at Appendix 7.
- 6.0 Housing Revenue Budget Monitoring**
- 6.1 The paragraphs and the table below detail the latest forecast revenue outturn position against budget for the Housing Revenue Account (HRA).

**Table 3 – Housing Revenue Account Projected Outturn 2023-2024**

	<b>Revised Budget £000</b>	<b>Projected Outturn £000</b>	<b>Projected Variation £000</b>
Total income	(105,775)	(105,457)	308
Total expenditure	81,018	81,710	692

Net cost of HRA services	(24,757)	(23,757)	1,000
Interest payments etc	12,993	11,395	(1,598)
Contribution to capital financing and provision for redemption of debt	11,764	12,362	598
<b>Balance for the year</b>	-	-	-

- 6.2 As detailed in section 3, cost pressures had been projected on the repairs and maintenance budget and the quarter 2 report approved an increase to the management fee payable to Wolverhampton Homes (WH) of £1.5 million to fund inflationary and demand pressures reported. With an increase to the WH budget of £1.5 million, WH is not reporting any further pressures that will impact on the HRA and is anticipated to achieve a balanced budget position for 2023-2024. In addition, £250,000 was approved by Cabinet for urgently required remedial works to canopies on the Bushbury Hill estate. These costs were accommodated from projected underspends on interest payments linked to the capital programme.
- 6.3 As reported at quarter 2 HRA is projecting an overspend against repairs and maintenance budgets. After the virements referred to above there is still a pressure of £387,000 due to the costs of legal disrepair claims. In addition, it is projected that there is a pressure on income from rents and service charges of around £308,000. At budget setting projections are made as to when new build properties will be available to let, however, current projections are below target.
- 6.4 Cost pressures are also projected on rents, rates and taxes of £344,000 due to the number of properties being held for demolition of Phase 1 of the regeneration of New Park Village incurring council tax.
- 6.5 The above pressures are projected to be offset by £1.6 million forecast underspend on the interest payable in relation to the capital programme. This forecast underspend is also projected to increase the contribution to debt redemption and capital financing by £598,000. As detailed in the Treasury Management Activity Monitoring Quarter Three 2023-2024 report schedule to be presented to Cabinet (Resources) Panel on 20 March 2024, there is currently a forecast underspend of £1.6 million on the HRA due to lower interest payable costs.
- 6.6 Further detail is shown in Appendix 4.

## 7.0 Supplementary Budgets

- 7.1 It is not always possible to reflect all grant and external funded expenditure in the budget approved by Full Council prior to the start of the financial year. This is due to the late notification from grant awarding bodies of grant amounts, use of historic grants and proactive grant applications during the year and confirmation of other external funding.

7.2 Approval is sought from Cabinet to establish supplementary budgets within the 2023-2024 approved budget as set out in Table 4 below, and in accordance with the grant terms and conditions. This will have no effect on the Council's net revenue and capital budgets as the expenditure is fully funded from the grant or other external income source.

**Table 4 – Supplementary Budget Approvals sought from this Panel**

<b>Grant Name/Funding Source</b>	<b>Description of the Activity the grant/income will fund</b>	<b>Awarding Body</b>	<b>Expenditure 2023-2024 £000</b>	<b>Expenditure 2024-2025 £000</b>
Anti-Social Behaviour Grant	Anti-Social Behaviour Grant Allocation	PCC	50	-
Department for Education - Implementation of supported accommodation reform grant	New grant funding re Implementing Supported Accommodation Reforms 2023-2025 - allocation 2/2	Department of Education	86	-
Provision of a Strategic Migration Partnership in the West Midlands	Grant received and budget not previously allocated.	DLUHC	70	-
Youth Justice Grant	2023-2024 Youth Justice Grant Additional Allocation December 2023 notification	Youth Justice Board	6	-
DLUCH Pathfinder Programme	DLUCH grant funding - Pathfinder Programme inspection of private rented properties in deprived areas and enforcement to ensure acceptable standards	Birmingham City Council	100	-
Care Quality Commission review and assessment of local authority functions in relation to adult social care 2023 to 2024	Supplementary budget- expenditure to be met from Care Quality Commission review and assessment of LA functions re adult social care grant.	Department of Health and Social Care	27	-
Home Office UASC Grant	To set up separate budget for Unaccompanied	Home Office	1,899	-

Grant Name/Funding Source	Description of the Activity the grant/income will fund	Awarding Body	Expenditure 2023-2024 £000	Expenditure 2024-2025 £000
	Asylum Seeking Children grant and expenditure			
Macmillan Cancer Support	Pay Award to be funded from Macmillan Cancer Support Grant for the provision of the Wolverhampton and Shropshire Macmillan Welfare Rights Programme.	Macmillan Cancer Support	17	-
Grant to Streamline Local Authority Adult Social Care Assessments	The implementation of new software related to Adult Social Care assessments	Department of Health and Social Care	-	135

## 8.0 Reserves

- 8.1 The Reserves Strategy was approved by Full Council on 1 March 2023 and provides details of the level of reserves held by the Council along with their planned use.
- 8.2 The General Fund balance is £15.3 million, which represents approximately 5% of the 2023-2024 net budget. On 28 February 2024, Full Council approved an increase to the General Fund balance of £1.7 million, taking it to £17.0 million which represents around 5% of the net budget over the medium term. This is in line with the approved Reserves Strategy.
- 8.3 In addition to the General fund balance, the Council also holds a number of earmarked reserves. Earmarked reserves balances that have been set aside by the Council to fund future estimated liabilities and planned expenditure at the end of 2022-2023 was £49.1 million. The Council is also required to hold a number of earmarked reserves due to either specific criteria associated with funding, legal requirements or accounting practice. The total values of these types of earmarked reserves at the end of 2022-2023 was £37.9 million (including school balances).
- 8.4 The refreshed Reserves Strategy was provided to Full Council on 28 February 2024 details the purposes for which reserves are held and recommends specific reserves for approval. Taking the approvals into account the following table summarises the revenue usable reserves which are the reserves particularly relevant to the budget and MTFS.

### Table 5 - Reserves



	Balance as at 1 April 2023 £000	Forecast balance as at 31 March 2024	Commitments already approved for future years £000	Forecast future balance £000
Risk Management	(16,445)	(12,625)	899	(11,726)
Investment	(19,994)	(12,176)	5,902	(6,274)
Smoothing	(12,634)	(7,562)	6,464	(1,098)
<b>Sub Total</b>	<b>(49,073)</b>	<b>(32,363)</b>	<b>13,265</b>	<b>(19,098)</b>
Restricted	(22,751)	(13,139)	1,870	(11,269)
Restricted (Schools)	(15,154)	(13,606)	-	(13,606)
<b>Restricted Total</b>	<b>(37,905)</b>	<b>(26,745)</b>	<b>1,870</b>	<b>(24,875)</b>

### Transfers to / from Earmarked Reserves

8.5 Approval is sought for a number of transfers to/from earmarked reserves, as set out in the following paragraphs and the establishment of associated supplementary budgets in 2023-2024.

#### Elections Reserve

8.6 Approval is sought from this meeting for the use of £40,070 from the Elections Reserve to establishment of additional Local Elections expenditure budgets.

#### Insurance Reserve

8.7 Approval is sought from this meeting for the use of £300,000 from the Insurance Reserve for establishment of additional expenditure budgets.

#### Sustainable MTFS Reserve

8.8 Approval is sought from this meeting for the use of £20,000 from the Sustainable MTFS Reserve to fund feasibility study and specialist external advice to explore the opportunities available for using Aldersley Leisure Centre for major events.

#### Building Control Reserve

8.9 Approval is sought from this meeting for the use of £100,000 from the Building Control Reserve to mitigate reduction in income within City Planning.

### 9.0 Debt Write offs

9.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.

- 9.2 In recognition that some debts may not be collectable, councils are required on an annual basis to set aside a budget to fund potential debt write offs, this is known as the expected credit losses provision. At the end of March 2023, this provision for general sundry debts is £11.0 million. In addition, the council makes a provision each year to fund any write offs in respect of Council Tax and Business Rates, at the end of March 2023, this provision was £30.7 million. Therefore, these debt write offs do not impact on the 2023-2024 forecast budget position.
- 9.3 This report seeks approval to a number of debt write offs in relation to Sundry Debts, Council Tax, Business Rates, Housing Benefits and for shop accounts. The details of these write-offs are provided in Appendix 5.

## **10.0 Virement Approval**

- 10.1 Virements are a transfer of budget from one service to another. Budget managers have delegated authority to action in year virements where they meet the requirement of the financial procedure rules as prescribed in the Council's Constitution. In addition, the Section 151 Officer has delegated the authority to action in-year virements of budget where the virement reflects a transfer of management responsibility, with no other changes in the objective or nature of the expenditure and income in question. All other virements need approval by Cabinet / Cabinet Resources Panel before they are actioned.
- 10.2 Approval for virement is sought when quarterly Performance and Budget Monitoring reports are presented to Cabinet and actioned when approval is obtained. This is the last quarterly monitoring report, and the next report will be the Performance and Budget Outturn which will be presented around June or July 2024. However, between this report to Cabinet and 31 March 2024 some virements may still need to be actioned, for instance updating recharge budgets or other year end processes. Therefore, this report seeks delegated authority to the Interim Director of Finance to approve essential virements for recharges and any necessary in year virement to facilitate the year end process.

## **11.0 Evaluation of alternative options**

- 11.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between employees and other controllable expenditure headings, require the approval of Cabinet. Contributions to and from reserves and the creation of supplementary budgets also require Cabinet approval. The write-offs, virements, use of reserves and creation of supplementary budgets detailed in this report which seek the approval of Cabinet are all considered prudent in the opinion of the Director of Finance.

## **12.0 Reasons for decisions**

- 12.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of Cabinet. Contribution to and from reserves also requires the approval from Cabinet. The write-offs, virements and use of

reserve requests detailed in this report which seek the approval of Cabinet are all considered to be prudent in the opinion of the Director of Finance.

### **13.0 Financial implications**

13.1 The financial implications are discussed in the body of the report.  
[MH/08032024/I]

### **14.0 Legal implications**

14.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.  
[TC/11032024/B]

### **15.0 Equalities implications**

15.1 The method by which the Budget is developed is governed by Our City: Our Plan priorities, which itself is guided by consultation and equality analysis. The development of various budget proposals includes an initial equalities screening for each proposal and, where necessary, a full equalities analysis which will provide for an initial understanding of the equality impact of the draft proposals. All of this will enable Councillors to pay, “due regard” to the equalities impact of their budget decisions at that point in the budget development process. 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 in doing so will enable Councillors to discharge their duty under Section 49 of the Equality Act 2010.

15.2 Fairness and inclusion is a key cross cutting theme within Our City: Our Plan. As part of performance reporting, there is ongoing work to ensure that where possible data is collected and able to be analysed by protected characteristic, to ensure that the Council is meeting its responsibilities and commitments in relation to equality and diversity.

### **16.0 All other Implications**

16.1 There are no other implications.

### **17.0 Schedule of background papers**

17.1 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 202-2026 report to Cabinet on 22 February 2023 and Full Council on 1 March 2023.

17.2 Our City: Our Plan Refresh 2023/2024 report to Cabinet on 22 February 2023.

17.3 Performance and Budget Outturn 2022-2023 report to Cabinet on 12 July 2023.

17.4 Reserves and Provisions 2022-2023 report to Cabinet on 12 July 2023.

- 17.5 Performance and Budget Monitoring 2023-2024 and Budget Update 2024-2025 report to Cabinet on 26 July 2023
- 17.6 Performance and Budget Monitoring 2023-2024 report to Cabinet 15 November 2024.
- 17.7 The Constitution of 8 November 2023

## **18.0 Appendices**

- 18.1 Appendix 1 – Performance Update
- 18.2 Appendix 2 – Budget Monitoring 2023-2024
- 18.3 Appendix 3 – School Budgets
- 18.4 Appendix 4 – Housing Revenue Account Budget Monitoring
- 18.5 Appendix 5 – Debt Write Offs
- 18.6 Appendix 6 – Strategic Risk Register
- 18.7 Appendix 7 – General Fund Budget Risks 2023-2024
- 18.8 Appendix 8 – General Fund Budget Virements