

Confident, Capable Council Scrutiny Panel

14 February 2018

Report title	Budget 2018-19 - Outcome of Consultation	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Cabinet Member for Resources	
Corporate Plan priority	Confident Capable Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
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Report to be/has been considered by	Strategic Executive Board	3 January 2018
	Cabinet Resources Panel	16 January 2018

Recommendations for action:

The Confident, Capable Council Scrutiny Panel is recommended to:

1. Consider the responses to the 2018-2019 Budget Consultation as detailed in the report and make recommendations to Cabinet about the responses received and the overall consultation process.

1.0 Purpose

- 1.1 The purpose of this report is to inform Confident, Capable Council Scrutiny Panel of the consultation process undertaken to support the 2018-2019 budget setting process, allowing for Councillors' consideration of the responses to the consultation.
- 1.2 The completed set of responses to the consultation will be considered in the final budget that Cabinet recommends to Full Council on 7 March 2018.

2.0 Background

- 2.1 The Council continues to be faced with a challenging projected financial position over the medium term, and significant Budget Reduction and Income Generation proposals are required in order to maintain a robust financial position.
- 2.2 The 2017-2018 Budget and Medium Term Financial Strategy (MTFS) 2017-2018 to 2019-2020 was presented to Full Council for approval on 1 March 2017. After updating the MTFS for changes in assumptions and the outcome of the Local Government Finance Settlement, the Council was able to set a balanced budget for 2017-2018 without the use of general reserves; however, the Council was still faced with finding further estimated budget reductions totalling £20.5 million by 2019-2020.
- 2.3 It is important to note that the updated projected budget deficit assumes the achievement of prior year budget reduction and income generation proposals amounting to £33.8 million over the three-year period to 2019-2020. Over the last seven financial years the Council has identified budget reductions in excess of £200.0 million.
- 2.4 In March 2017, Full Council approved that work started immediately to identify £14.8 million of budget reductions and income generation proposals to address the projected deficit in 2018-2019. A further £5.7 million of budget reduction and income generation proposals need to be identified, in order to address the projected budget deficit over the medium term to 2019-2020.
- 2.5 When identifying budget reduction and income generation proposals the Council's strategic approach to address the budget deficit continues to be to align resources to the Corporate Plan to achieve:
 - a Stronger Economy
 - a Stronger Community
 - a Stronger Organisation

Investment in the future is essential for both the Council and the City.

- 2.6 An update was presented to Cabinet on 19 July 2017. The Council had identified a total of £12.5 million budget reduction opportunities towards the strategy of identifying £14.8 million for 2018-2019. Of the £12.5 million budget reduction proposals identified for 2018-

2019, £5 million are ongoing budget reductions whilst £7.5 million are one-off budget reductions. The projected budget deficit was reported as £2.3 million for 2018-2019.

- 2.7 The budget reduction opportunities were classified into proposals upon which the outcome of formal budget consultation is required – Budget Reduction and Income Generation proposals – and proposals which can be implemented without reliance on the outcome of formal budget consultation – Financial Transactions and Base Budget Revisions.
- 2.8 All £12.5 million of budget reduction opportunities for 2018-2019 have been classified as Financial Transactions and Base Budget Revisions and are summarised by Cabinet Portfolio in the table below:

Table 1 – Financial Transaction and Base Budget Revisions for 2018-2019 by Cabinet Portfolio

Cabinet Portfolio	No.	2018-2019 £000
Resources	10	(10,890)
Governance	3	(230)
City Assets and Housing	1	(1,000)
City Environment	1	(400)
Adults	-	-
Children and Young People	-	-
Public Health and Wellbeing	-	-
City Economy	-	-
Education	-	-
Total	15	(12,520)

- 2.9 Over the summer period, detailed work continued to take place and a further update was provided to Cabinet on 18 October 2017. At this meeting, Cabinet approval was sought to reprofile the previously approved Waste and Recycling budget reduction targets totalling a cumulative £2.1 million to 2019-2020, to reflect the anticipated implementation date. As a result of this, the remaining budget deficit to be identified for 2018-2019 increased from £2.3 million to £4.4 million. However, Cabinet approval was also sought to implement a further three financial transaction proposals in 2018-2019 totalling £4.4 million, which it is projected will enable the Council to set a balanced budget for 2018-2019.
- 2.10 As all the budget reduction opportunities were classified as Financial Transactions and Base Budget Reduction, which can be implemented without the reliance on the outcome of formal budget consultation, the budget consultation instead focused on the theme of working smarter together.

- 2.11 The themes that respondents have had the opportunity to comment on are:
- Services that are most important to them;
 - Protecting services from further cuts;
 - Generating income to help make less cuts to service provision;
 - Current ways of contacting the Council;
 - Accessing services online; and
 - Raising Council Tax.
- 2.12 Within each theme, respondents were asked to provide responses to a number of concepts posed. These are shown in full in the charts at Appendix A.
- 2.13 The Council's budget consultation took place from 19 October 2017 to 31 December 2017 as part of the budget setting process for 2018-2019. All the consultation and analysis is conducted in-house and is a major factor in keeping the cost to a minimum.
- 2.14 During the consultation period, there have been stakeholder engagement meetings with local communities, the Business Community and Trade Unions.
- 2.15 Presentations have been carried out at each of these meetings by the Cabinet Member for Resources, Councillor Johnson and the Director of Finance. The Cabinet Member for City Economy, Councillor Reynolds, participated in the presentation at the Business Community meeting. The public and Council employee's views were also obtained through an online and booklet survey.
- 2.16 In addition to the wider budget consultation meetings, three additional meetings with representatives from the city's Equality and Diversity Forum, the city's Youth Council and Trade Union have been held. The meetings were attended by the Cabinet Member for Resources and the Director of Finance. Various questions were posed about council services.

3.0 Key Findings

- 3.1 To gather views, the Council's budget consultation ran for a period of 10 weeks from 19 October 2017 and 31 December 2017 using a range of consultation mechanisms.
- 3.2 In the following paragraphs, a summary of the participants in the stakeholder and community group meetings, plus details of other groups and interested parties that have provided their views and opinions, are detailed.
- 3.3 The following stakeholder engagement meetings have been held:
- 4 Community meetings;
 - 1 Equality and Diversity Forum meeting;
 - 1 Trade Union meeting;
 - 1 Business Community meeting and
 - 1 Youth Council meeting

- 3.4 79 (137 – 2017-2018; 67 – 2016-2017) members of the public/representatives have attended the stakeholder meetings. The breakdown of attendees is as follows:
- 0 (3 – 2017-2018; 0 – 2016-2017) attendees at Bob Jones Centre, Blakenhall;
 - 2 (10 – 2017-2018; 9 – 2016-2017) attendees at Bilston People’s Centre, Bilston;
 - 5 (24 – 2017-2018; 2 – 2016-2017) attendees at Bantock Tractor Shed, Bradmore;
 - 7 (9 – 2017-2018; 1 – 2016-2017) attendees at Low Hill Community Centre, Low Hill;
 - 19 (14 – 2017-2018; 8 – 2016-2017) attendees at Business Breakfast, Art Gallery;
 - 5 (16 – 2017-2018; 6 – 2016-2017) attendees at Trade Union meeting;
 - 33 (22 – 2017-2018) attendees at Youth Council meeting and
 - 8 (9 – 2017-2018) attendees at Equality and Diversity Forum meeting.
- 3.5 The Council have used a range of methods including face to face, online survey and written communications to gather responses during the consultation period. The consultation was publicised via several types of media; the Council website, email distribution, the Facebook page “Wolverhampton Today”, and Twitter.
- 3.6 In total 669 individuals (2,458 – 2017-2018; 1,030 – 2016-2017) took part in the budget consultation survey.
- 3.7 A more detailed analysis of the consultation findings can be found in Appendix A.
- 3.8 Appendix B shows a heatmap of the City of Wolverhampton with the location of the respondents who provided a postcode when completing the survey. The heatmap is based on 474 of the 569 respondents who provided postcodes. This equates to just over 83% of the total response rate. However, each dot represents a unique postcode rather than a person, so if more than one person at an address completed the survey that would not be represented. The heatmap should be used with caution as 17% (95 of the 569) of respondents are not recorded. However, it does demonstrate that responses have been received from across the City.

4.0 Conclusion

- 4.1 This report summarises the headline findings from the budget consultation exercise run by the City of Wolverhampton Council on its budget proposals for 2018-2019. It includes an analysis of qualitative presentations and meetings with key stakeholder and community groups designed to gather views and opinions on the Council’s budget. It also includes the outline findings from the survey. Stakeholder engagement meetings were held with Trade Unions, various local public communities and the Business Community.
- 4.2 The final budget will take into account the completed set of responses to the consultation to be reported to Cabinet on 21 February 2018 before recommending to Full Council on 7 March 2018 to approve.

5.0 Financial implications

- 5.1 The final outcome of budget consultation will be taken into account in the Cabinet’s final budget recommendation to Full Council on 7 March 2018.

- 5.2 Should any changes be made to the 2018-2019 Draft Budget as a result of the findings of the budget consultation exercise, which results in an increased net budget requirement, new proposals of an equivalent value will have to be urgently identified to address the projected budget deficit.

[MH/08012018/K]

6.0 Legal implications

- 6.1 The legal duty for a council's finances falls within S151 of the Local Government Act 1972. Arrangements for the proper administration of their affairs are secured by the S151 Officer (the Director of Finance).
- 6.2 Section 138 of the Local Government and Public Involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. The 2010 Equality Act whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function. Failure to meet the requirements in the Public Sector Equality Duty may result in the Council being exposed to costly, time-consuming and reputation-damaging legal challenges.
- 6.3 A detailed report on consultation feedback from all phases of consultation is, therefore, presented to Cabinet.

[RB/08012018/L]

7.0 Equalities implications

- 7.1 Under the Equality Act 2010, the Council has a statutory duty to pay due regard to the impact of how it carries out its business on different groups of people. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination. The nine equality strands covered in the legislation are:

- Age
- Disability
- Gender reassignment
- Marriage and Civil Partnership (this strand only applies to employment and not to service delivery)
- Pregnancy and Maternity
- Race
- Religion or Belief
- Sex
- Sexual Orientation

- 7.2 In relation to determining the overall revenue budget for the Council there is always a difficult balance to be struck in deciding the levels at which to invest, reduce expenditure and raise income set against the often competing needs of different groups within the Wolverhampton community.
- 7.3 In order to address these complex issues, the Council operates an open and consultative approach to budget and Council Tax determination. Year-on-year and medium term spending forecasts are provided to every household and business ratepayer within the City as part of the documentation which accompanies the Council Tax demand.
- 7.4 Budget consultation meetings have been held with the business community, the public, representatives from the Equality and Diversity Forum, the Youth Council and trade unions. The Council's budget consultation approach has also included an online survey in order to gain feedback on budget and service priorities.
- 7.5 In determining the budget and MTFs, considerable focus is placed on the development of budget reduction and income generation proposals. The budget reduction opportunities were classified into proposals upon which the outcome of formal budget consultation is required – Budget Reduction and Income Generation proposals – and proposals which can be implemented without reliance on the outcome of formal budget consultation – Financial Transactions and Base Budget Revisions. All Budget Reduction and Income Generation proposals will be subject to an equality analysis screening and where necessary a full equality analysis will be conducted.
- 7.6 The Council is facing a particularly challenging short and medium term financial environment in which savings must be generated and a tight control on spending maintained. This means that greater focus than ever is necessary to ensure that core equalities commitments is met.
- 7.7 In summary, the Council's annual budget and medium term financial strategy supports a range of services designed to meet key equalities objectives. The equalities work for the 2018-2019 budget setting process has been unique in that the entire range of proposals relate to financial transactions and base budget revisions. The initial equality analysis screening was not seen to have any impact on end-users.
- 7.8 Councillors should also be aware that under the Equality Act 2010, they must comply with the Public Sector Equality Duty (PSED) when making budget decisions. What this means in practice is that Councillors must consciously think about the three aims of the PSED as part of the decision making process. The three aims are to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation,
 - Advance equality of opportunity by removing or minimising disadvantages, meet differing needs and encouraging participation,
 - Foster good relations between people from different groups.

- 7.9 The Act does not require the Council to treat everyone in the same way; sometimes different treatment is required, for example, be making reasonable adjustments to meet the needs of disabled people.
- 7.10 Consideration of equality issues must influence the decisions reached by public bodies including:
- How they act as employers,
 - How they develop, evaluate and review policy,
 - How they design, deliver and evaluate services,
 - How they commission and procure from others.
- 7.11 The Brown Principles, established as a result of a legal case concerning Post Office closures in 2008, provide an important checklist that should be considered when making decisions:
- Decision makers must be made aware of their duty to have due regard to the identified goals;
 - Due regard must be fulfilled before and at the time that a particular decision is being considered, not afterwards;
 - The duty must be exercised in substance, with rigour and with an open mind. It is not a question of ticking boxes;
 - The duty cannot be delegated; it must be fulfilled by the organisation in question rather than through the use of an external body;
 - The duty is a continuing one; and
 - It is good practice to keep an adequate record showing that it has considered the identified needs.

8.0 Environmental implications

- 8.1 Environmental implications will be addressed on a case by case basis as part of individual proposals.

9.0 Human resources implications

- 9.1 In line with the Council's statutory duties as an employer under the Trade Union Labour Relations (Consolidation) Act 1992, an HR1 form has been issued to the Secretary of State for Business, Innovation and Skills identifying the intention to reduce employee numbers by up to 500 across the Council in the period up to 31 March 2018. These will be through both voluntary redundancy and budget reduction targets which could result in compulsory redundancies.

- 9.2 As part of the ongoing transformation of the Council, although many services are being, or will be, redesigned, it is not anticipated that as many employees will exit the organisation as in previous years. Changes to the make up of teams and alternative ways of working will require services to be restructured, but numbers will not reduce as significantly as they have done previously.
- 9.3 The numbers included in the HR1 will include posts held by colleagues who, as part of the business review and restructure, need to be included, as they will need to be put at risk of redundancy. However, many of these employees will apply and be offered jobs in the new structure and therefore the number of employees leaving the authority is anticipated to be far fewer than the number declared on the HR1.
- 9.4 Reductions in employee numbers will be achieved in line with the Council's HR policies. Compulsory redundancies will be mitigated as far as is possible through seeking voluntary redundancies in the first instance, and through access to redeployment.
- 9.5 The Council will ensure that appropriate support is made available to employees who are at risk of and selected for redundancy, and will work with partner and external agencies to provide support. Budget reduction targets to move service delivery from direct Council management to private, community or third sector providers may have implications under the TUPE regulations. If TUPE were to apply, appropriate consultation with relevant Trade Unions and affected employees, would take place.
- 9.6 There is on-going consultation with the trade unions on the impact of the Council's budgetary position and the targets being made to meet the challenges posed by it.

10.0 Corporate landlord implications

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

11.0 Schedule of background papers

- 11.1 Draft Budget and Medium Term Financial Strategy 2018-2019 – 2019-2020, report to Cabinet, 18 October 2017

Draft Budget and Medium Term Financial Strategy 2018-2019 – 2019-2020, report to Cabinet, 19 July 2017

2017-2018 Budget and Medium Term Financial Strategy 2017-2018 – 2019-2020, report to Cabinet, 22 February 2017