

Report title	Our Future Council – Responding to the Financial Challenge	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Stephen Simkins Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Tim Johnson, Chief Executive	
Originating service	All service areas	
Accountable employee	Mark Taylor	Deputy Chief Executive Our Future Council Programme Senior Responsible Officer
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Report to be/has been considered by	Strategic Executive Board	October 2024

Recommendations for decision:

The Cabinet is recommended to approve:

1. The 'Our Future Council' Programme and its continued direction of travel, including its approach, guiding principles and service vision statements, as detailed in section 3.
2. Subject to the outcome of Budget Consultation and Scrutiny, the specific Our Future Council savings proposals, amounting to £10.4 million (£700,000 of which is one-off and £9.7 million recurrent), outlined in section 4 and Appendix 1.
3. The savings targets, amounting to a further £19.9 million (of which £300,000 is one-off and £19.6 million recurrent), as outlined in Section 5 and Appendix 2, noting that further work will be undertaken to understand the impact and implications of delivering against these targets, in advance of setting the 2025-2026 Budget and Medium-Term Financial Strategy in February 2025.

4. The updated draft Medium-Term Financial Strategy, including changes to inflation, demand and development as set out in Sections 7 to 9, noting that at this stage significant risk exists in relation to these assumptions and that proposed savings still need to be delivered to achieve these financial forecasts.
5. The approach to public consultation as set out in Section 13.
6. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to finalise the specific questions with regards to the public consultation exercise in line with the approach outlined in Section 13.
7. That authority be delegated to the Director of Finance to action the necessary virements in order to capture the estimated savings outlined in this report, including those where further work is required to quantify the level of saving.

Recommendations for noting:

The Cabinet is asked to note:

1. That there is a significant financial challenge over the medium term, and that as at February 2024, the projected revenue budget deficit was £27.1 million in 2025-2026, rising to £32.6 million in 2026-2027.
2. The actions taken to reduce costs, as set out in this report, which subject to approval and consultation, (and subsequent delivery) would reduce the draft forecast deficit position to £11.2 million in 2025-2026, and to £8.0 million in 2026-2027. Furthermore that at this stage significant risk exists in relation to these assumptions, and that proposed savings (if approved) still need to be delivered in order to achieve this reduced (but still significant) deficit forecast position. Work will therefore continue to be undertaken to bring forward proposals to set a balanced budget for 2025-2026 and deliver a sustainable Medium Term Financial Strategy.
3. That, in line with Government referendum limits and in line with what was reported in the February Budget and MTFS report, our working assumptions are that Council Tax will increase by 4.99% for 2025-2026 which incorporates 2% in relation to Adult Social Care, as set out in Section 8.
4. The proposals to revise the Council's senior management structures as referenced in Section 4. This will be subject to a separate report to Councillors.
5. That there continues to be considerable amount of risk with regard to the Council's finances, particularly in relation to increased costs and demand, and uncertainty regarding future funding streams for local authorities, over the medium term. Savings (as outlined in this report) should they be approved, also need to be delivered.
6. That there is a risk that Government does not extend the current capital receipts flexibilities beyond the end of the current financial year and the actions in place to mitigate this risk as set out in Section 12.
7. That as set out in Section 9, the updated draft Medium Term Forecast Position is that £11.2 million of one off resources (reserves) will be needed to balance the 2025-2026

Budget and that further work is therefore being done to reduce the Council's reliance on one-off resources.

8. That the Council will continue to lobby Government with regards to the need for fairer funding (and multi-year settlements), particularly in relation to increased demand and costs prevalent in such areas as children's and adult's social care and temporary accommodation. That the 2025-2026 draft budget and Medium-Term Financial Strategy will continue to be updated in line with any announced changes in funding.
9. That, due to external factors, budget assumptions remain subject to change which could, therefore, result in alterations to the financial position of the Council. This includes assumptions with regards to the level of resources that will be available to the Council. Any reduction in Government's allocation of funding to the Council would have a significant detrimental impact and further increase the budget deficit over the medium term.
10. That the Our Future Council Strategy and approach outlined in this report will be subject to the Council's Scrutiny processes as set out in Section 13.
11. That as part of the Our Future Council Programme of work and in recognition of the Council's commitment to the wellbeing of its staff, an exercise is being undertaken to review and assess staff workload in order to ensure it remains manageable. And that as part of this, operational mitigations (such as deprioritising certain tasks or reallocating additional resources) will be considered.
12. The Council has a good track record of strong financial management, and significant progress has been made in responding to the Council's financial challenge. However, more work is required to ensure that the Council is able to set a balanced budget for 2025-2026 and has a sustainable Medium-Term Financial Strategy. Work will therefore need to continue to identify further savings proposals which will be reported back in future reports. As a consequence of the size of the financial challenge, the need to deliver planned savings and the level of uncertainty across both demand for services and funding levels, the overall level of risk associated with the Draft Budget and Medium-Term Financial Strategy therefore continues to be assessed as Red.

1.0 Purpose

- 1.1 The purpose of this report is to provide Cabinet with an update on steps taken to respond to the financial challenges set out in the Council's Medium-Term Financial Strategy (MTFS) approved in February 2024.
- 1.2 This report follows on from the Report (also entitled Our Future Council – Responding to the Financial Challenge) which went to Cabinet on 24 July 2024.
- 1.3 This report provides an update on the progress of the 'Our Future Council' programme - a rigorous programme of work designed to identify and deliver recurring savings.
- 1.4 This report provides an overview on the in-year (2024-2025) budgetary performance and the associated pressures. Further information can be found in the Performance and Budget Monitoring 2024-2025 report on the same agenda.
- 1.5 This report sets out and seeks approval for a number of specific savings proposals and savings targets.
- 1.6 This report sets out an updated Medium-Term Financial Strategy.

2.0 Background

Context

- 2.1 The City of Wolverhampton Council has a strong track record of managing its finances and is in a comparatively strong financial position, however as previously reported to Cabinet and Council, local authorities across the country are facing unprecedented financial challenges.
- 2.2 The Council is not immune from the challenges in the sector. Pressures on the Council's 2024-2025 Budget and Medium-Term Financial Strategy (MTFS) are significant and include pay and other inflation related pressures – increases in costs within children's social care (where the average cost of our placements for children in care has increased by 78% in 7 years) being a particular challenge. In addition, there are also cost pressures from the increased demand for services – especially with regard to adult social care and temporary accommodation.
- 2.3 In addition, as previously reported, the Council has faced significant reductions in funding over a number of years, and that between 2010 and 2024 the Council has seen its core spending power decrease by 17.4% in real terms.
- 2.4 Against this challenging backdrop the Council approved its 2024-2025 Budget and MTFS 2024-2025 to 2026-2027, in February 2024.

2024-2025 Budget and MTFS 2024-2025 to 2026-2027

- 2.5 In February 2024 the Council was able to set a balanced net 2024-2025 revenue budget of £332.0 million by using £6.0 million of earmarked reserves and £4.0 million of capital receipts to fund transformation activity.
- 2.6 While recognising that the setting of a balanced budget for 2024-2025 was a significant achievement, the February Budget and MTFS Report was also transparent about the challenge, reporting in clear terms that *“The proposed use of earmarked reserves during 2024-2025 is prudent and proportionate for 2024-2025, but this is not a sustainable solution to the Council’s underlying medium term financial gap.”*
- 2.7 The February Budget and MTFS Report also stated that *“there is a significant financial challenge over the medium term. The projected deficit for 2025-2026 is £27.1 million, rising to £32.6 million in 2026-2027...(and that)...Further action is required to reduce costs.”*
- 2.8 The February Budget and MTFS Report stated that a *“A rigorous programme of work designed to identify and deliver further recurring savings will therefore be put in place during 2024-2025. Progress against which will be reported back to Councillors.”*

Our Future Council (OFC) – Responding to the Financial Challenge

- 2.9 A Report (also) entitled ‘Our Future Council – Responding to the Financial Challenge’ subsequently went to Cabinet on 24 July 2024.
- 2.10 Through this July report, Cabinet approved the ‘Our Future Council Programme’, a (two to three year) programme of transformation and cost reduction sponsored by the Leader and the Chief Executive. In approving this Programme, it was recognised that as part of ‘Our Future Council’:
- There will be difficult decisions ahead, but we must consider all options and be bold, so that our future remains in our control and so we continue to deliver against our ambitious agenda.
 - We will need to create a shared culture of continually thinking differently – challenging existing approaches.
 - We will need to accept that the sustainability and scale of some activity and services that may currently be valued will inevitably have to be challenged.
 - We will have to reprioritise what we do and how we do it and there will be impacts on services, residents, employees and partners.
- 2.11 In addition, Cabinet by approving the July Our Future Council Report:
- Supported the implementation of rigorous programme management disciplines and tools to drive the programme forward - including a number of different workstreams

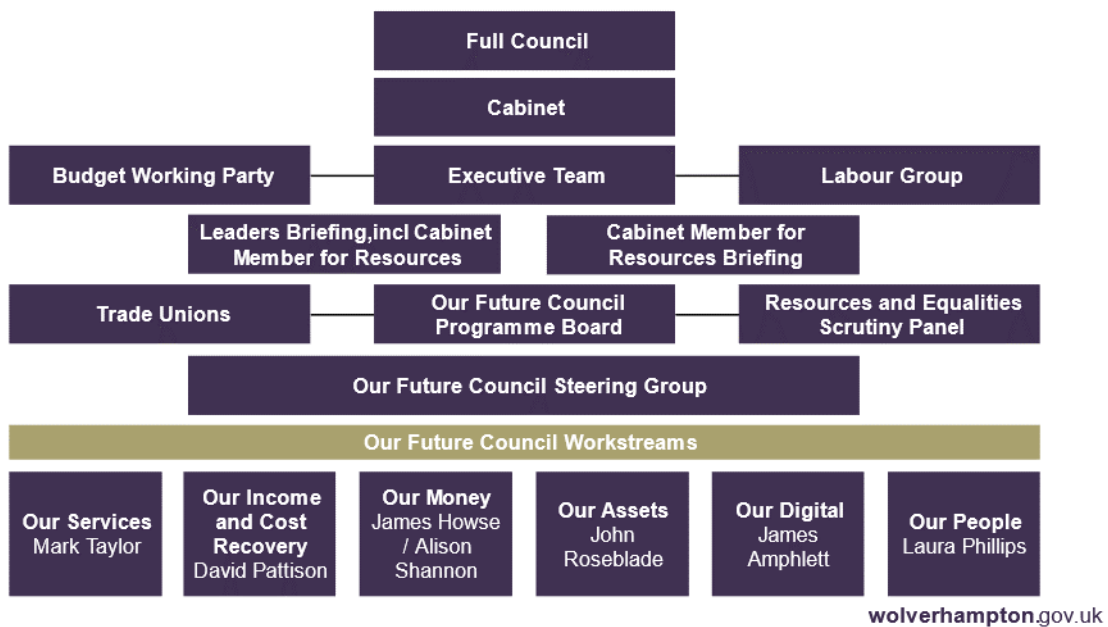
aimed first at identifying and considering options, then (subject to appropriate approval) delivering the required action and associated saving;

- Approved specific savings proposals estimated to be in the region of £7.1 million; and
- Noted that more work was required to ensure that the Council is able to set a balanced budget for 2025-2026 and that further savings proposals would therefore need to be developed and brought forward.

Our Future Council: Programme Governance

2.12 In line with the July OFC Report, robust governance arrangements have been put in place to drive delivery around a number of core workstreams as set out below.

Our Future Council: Governance chart:



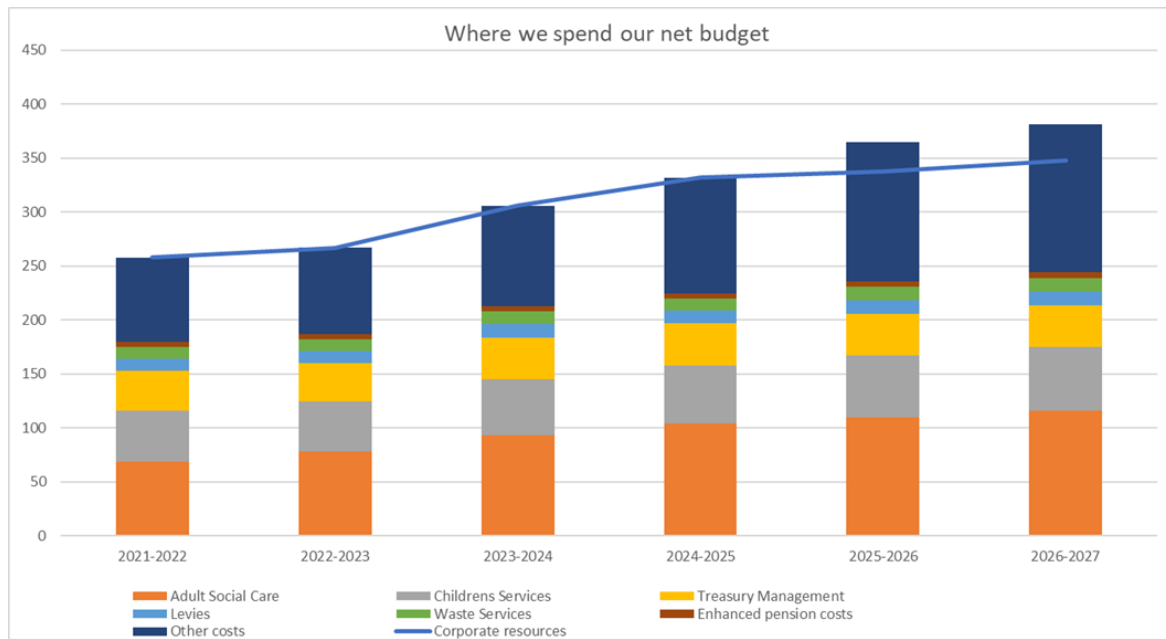
2.13 It should be noted that the above governance structure will be kept under constant review and updated as required to ensure it remains fit for purpose.

3.0 Our Future Council - November 24 Programme Update

3.1 Further modelling has been undertaken of the Council's financial challenge and cost base since the July OFC Cabinet Report.

3.2 This included presenting the following graph to the Senior Executive Team and Executive, which sets out in broad terms where the Council's circa £332.0 million 2024-2025 net revenue budget is spent.

Chart 1: Analysis of where the Council spends its revenue budget



- 3.3 The above confirms (as reported previously) that the corporate resources (income) available to the Council (represented in the line above) falls significantly below forecast spend (as represented by the bar chart above) in 2025-2026 (by £27.1 million) and 2026-2027 (by £32.6 million), as based on the Medium-Term Financial Strategy approved in February 2024.
- 3.4 It also shows that circa £225 million (approx. 70%) of the Council's circa £332.0 million total net budget is spent on Adult and Children's Social Care, Waste Services and relatively fixed central costs such as treasury management and (legacy) enhanced pensions costs, represented by the lighter coloured elements of the above bar chart.
- 3.5 This is highly relevant to the Our Future Council Programme, because these costs are considered to be particularly difficult to reduce – being largely fixed and / or demand driven, statutory and / or relating to protecting the most vulnerable.
- 3.6 That is not to say that work is not being done to reduce these (circa £225 million and approx. 70%) of costs. Section 5 of this report confirms that all services will contribute towards addressing the financial challenge. However, it does demonstrate that a large part of our cost base is more difficult to reduce.
- 3.7 The implication being that significant savings will be needed across all other services which total circa £107 million and approximately 30% of the net budget (as represented by the top dark blue element of the above bar chart), in order to bridge the £32.6 million forecast financial gap highlighted above.
- 3.8 In recognition of this and the extent of the financial challenge the Council faces, which also includes additional in year pressures (set out in further detail in Sections 6 and 7), the OFC Programme has undertaken further work to develop:

- The overarching OFC approach;
- Its defining OFC principles; and
- Vision Statements for our Essential Day to Day Services.

3.9 All of the above have been used to inform the Programme and drive specific savings proposals. Before setting out specific savings proposals, it is important therefore that this report sets out this defined approach, set of principles and vision statements.

Our Future Council - Approach Update

3.10 Cabinet is asked to approve the approach summarised as follows:

- Due to the unprecedented financial challenges we and other councils face (due to a combination of increasing demand for services, increases in pay and prices and real terms reductions in Government funding), we recognise that achieving everything is no longer feasible or affordable.
- Therefore, we are reviewing, and will continue to review, all priorities set out in Our City: Our Plan.
- All Council budgets will be within the scope of Our Future Council, including the General Fund, the Housing Revenue Account and the Capital Programme. (It should also be noted that Wolverhampton Homes are adopting the same strategic approach as Our Future Council and will be reviewing all of their own budgets.)
- We are an ambitious City, however, it is likely that service delivery will change in light of our diminished resources.
- We will however continue to prioritise supporting our most vulnerable adults and children, including preventative and early intervention services as well as services that matter most to residents.
- As well as continuing to deliver against other high level priorities, which will always include:
 - Investing in Our City's Future through the regeneration of the city and district centres, a thriving economy in all parts of the city and increasing housebuilding – as well as directly benefitting residents over the medium term this will generate more sustainable funding, through Council Tax and Business Rates, that can be reinvested into our services
 - A safe, clean and green city
- The financial resources we have will be aligned to our revised priorities in order to deliver them.
- However, all services will contribute towards addressing the financial challenge, even those frontline services supporting our most vulnerable adults and children.

Our Future Council – Guiding Principles Update

3.11 Cabinet is asked to approve the guiding principles, summarised as follows:

- We will focus on essential day to day services, delivering our revised priorities and providing value for money in everything that we do.
- We will take on more of an enabling and influencing role, particularly where others are delivering similar support or services for residents.
- We will contract out services if others can deliver better value for money.
- Universal services (i.e. standard / across the board service levels) are unlikely to be affordable in all instances, it will therefore be necessary to move towards a more targeted approach in some areas, this will be based on data and evidence and will utilise digital technology.
- We will significantly rationalise and reorganise our assets and consolidate them in communities – as well as reducing costs and generating capital receipts, that will support the delivery of Our Future Council, sites will be released for housing and other regeneration, which will also create jobs and training opportunities.
- We have an incredibly talented workforce of public servants and we are working hard to minimise compulsory redundancies as far as possible.
- We will continue to be true to our key principle that we will invest in, and grow, our own staff by deploying them flexibly, using the full potential and skills of all of our workforce to support the most challenging and pressing transformational elements of Our Future Council.
- We will also continue to reduce our use of agency and interim staff.
- We recognise we will have to become a smaller organisation, with a more streamlined and efficient structure, including at senior leadership level.
- We will continue to identify opportunities to deliver all remaining services as efficiently as possible, including utilising digital and technology, sharing services and adopting alternative delivery models.
- We will continue to maximise income within all services, with the aim of achieving full cost recovery.
- We will seek to maximise external funding opportunities and be the ‘funder of last resort,’ becoming less interventionist in the future.
- We will continue to be prudent with all borrowing and will only borrow where it is essential to do so and where the capital expenditure is required to support essential day to day services, and / or delivers a return on the investment (whether that be a financial and/or economic return) and / or it levers in significant external capital funding to support essential day to day services.

- 3.12 It should be noted that these principles will be regularly reviewed and agreed by Cabinet to ensure that they continue to be acceptable.

Our Future Council: Updating the Vision for our Essential Day to Day Services

- 3.13 The OFC Programme, taking into account the aforementioned approach and principles, and in recognition that achieving everything is no longer feasible or affordable, has also outlined a number of vision statements in relation to its services as summarised below.

OFC Vision Statements: Adults

- Everyone in Wolverhampton will live in a place they call home with the people and things that they love, in communities where they look out for one another, doing things that matter to them.
- The role of Adult Social Care will be to ensure that people are supported at the earliest opportunity to support themselves with the help of family, friends and neighbours but, where they require an assessment, this is done in a timely manner, that we understand their needs and support them in addressing these so they can achieve a fulfilled life.
- To meet the ongoing challenge of demand for Adult Social Care, which saw a rise from 8,600 people being supported in 2020-2021 to 10,200 in 2023-2024, we will play a role in ensuring services are joined up and easy to navigate so that people get the right support at the right time and in the right place.
- Adult Social Care will commission support from the voluntary, independent and private sector to support us in meeting peoples assessed need and in circumstances where it best meets peoples need will deliver services themselves ensuring we deliver value for money.

OFC Vision Statements: Children's Social Care

- Alongside our partners we will ensure that we safeguard and promote the wellbeing of our children and young people in our city.
- We will work with children, young people and their families at the earliest opportunity to support resilience within families, enabling children to remain cared for by their own family in their own community.
- Where this is not possible, we will promote opportunities to secure children's security and permanence within an alternative family environment supporting their journey into independence and adulthood.

OFC Vision Statements: Education

- Now that we have achieved the longstanding aim to improve Education within the City, with over 90% of our schools now being Outstanding or Good, we will focus on the delivery of our statutory services.
- We will ensure that all services traded with schools support our key priorities and cover all costs.
- We will provide the right support to children at the earliest opportunity to ensure they can maximise their opportunity for an inclusive learning experience that meets their individual need.

OFC Vision Statements: Public Health

- Health and Wellbeing is a golden thread through our Council, but too many residents (more so in our most deprived neighbourhoods and communities) still die earlier than they should or live a longer period of their working life with debilitating illness, with lifestyle choices a significant contributing factor.
- Good progress has been made, but with less and limited resources we will need to reposition some elements of our services in the Council for maximum impact, and then refocus and combine our efforts with external partners, anchoring our work with NHS and community partners.
- Through the One Wolverhampton Partnership we will concentrate on those factors that can make the biggest difference for residents and do so through our local neighbourhoods and communities. More-so now than ever before our GPs, Pharmacists and local community groups are ready to do this – and whilst the NHS also has its challenges it remains a key trusted sources of health support for our population.

OFC Vision Statements: Love Your Community

- Ensuring that our frontline services, as Love Your Community, are focused on the areas that need it, building community pride and providing services where they are needed, ultimately avoiding emptying empty bins and cleaning clean streets, providing services that address the needs of our residents and taking advantage of technological improvements – providing information in real-time and based on data.
- Community safety has a key role in ensuring that we have meaningful engagement with our residents about frontline services. We will focus on the prevention of problems and focused enforcement. We will work with the community and voluntary sector to reduce demand and assist in different ways of delivering.

OFC Vision Statements: Economy

- We will continue to deliver the Our City: Our Plan priorities of a thriving economy, more local people into good jobs and training, and good homes in well connected neighbourhoods.
- In order to deliver a 'whole system' approach to get people skilled and working, and that we effectively respond to national, regional and local priorities of housing led city regeneration, it is proposed we will consolidate our economy, skills, housing and development functions into a new streamlined structure.
- This will better align officer capacity for housing led regeneration and economic development, and enable us to respond to local, regional and national priorities, leveraging public and private sector investment and ensure more joined up stakeholder management including with WMCA, MHCLG, Homes England and investors.

4.0 Savings Proposals

- 4.1 As previously stated, the projected deficit at the start of this financial year was £27.1 million in 2025-2026, rising to £32.6 million in 2026-2027.
- 4.2 As reported in July, savings amounting to an estimated £7.1 million have already been identified and approved.
- 4.3 Following further work as part of the Our Future Council Programme since July, and in accordance with the Our Future Council approach, principles and vision statements highlighted above, additional proposals to a total estimated value of £10.4 million (of which £700,000 is one-off and £9.7 million recurrent) over the period 2025-2026 to 2027-2028 has been identified. The delivery of some of these proposals go beyond the current draft MTFS period of 2026-2027, with expected delivery to be up to 2027-2028. Work is ongoing to roll-forward the budget assumptions and MTFS, updates will be provided in the final budget report to Cabinet in February 2025.
- 4.4 These budget proposals are summarised in Table 1 below and set out in further detail in Appendix 1. This follows a thorough review of all services and budgets, undertaken in order to identify options for savings.
- 4.5 It must be noted, that given the scale of the challenge, and in line with Our Future Council (its Approach, Guiding Principles and Vision Statements as set out above), in addition to options for increased productivity/efficiency/income generation, the Programme has also had to consider areas of service provision which we could:
 - Stop (because it can be done differently / can be delivered by others)
 - Stop altogether, or
 - Do less

Table 1 – Savings Proposals

Savings Proposal	Additional estimated savings per annum		Total overall Savings over MTFS £000**
	2025-2026 £000	2026-2027 £000	
Residential and Nursing Care Package Commissioning	(200)	(200)	(679)
Review of Internal Adult Social Care provision, including Telecare	(1,306)	(1,000)	(2,671)
Therapeutic Support contract	(164)	-	(164)
Reduction in the financial contributions to the youth zone in the City	(50)	(48)	(98)
Rationalisation of Leisure Centres	(270)	(370)	(640)
Reduction in Ward Funds	(100)	-	(100)
Wholesale Market (<i>includes budgets held in City Assets</i>)	(28)	(244)	(272)
Post 16 SEN transport –charging policy	(100)	(100)	(200)
Closure of Shopmobility	(29)	-	(29)
Temporary Accommodation	(300)	-	(300)
Wolverhampton Homes	-	-	(250)
Events Strategy	(127)	(21)	(148)
Review of Skills, Employment and Business Offer	(125)	(251)	(376)
Review of our Assets – closure of public conveniences	(70)	-	(70)
Review of Our Assets	(1,665)	(1,266)	(3,603)
Governance – ensuring that service is benchmarked against other authorities	(40)	(40)	(80)
Long Service Awards	(6)	-	(6)
Yoo Recruit Dividend*	(700)	700	-
TOTAL	(5,280)	(2,840)	(9,686)

*one-off saving for 2025-2026 only

** note life of savings go beyond 2026-2027

- 4.6 Subject to the outcome of Budget Consultation and Scrutiny, this report seeks approval to implement the proposals summarised in the table above (and detailed in Appendix 1) and to delegate authority to the Director of Finance to action the necessary virements.
- 4.7 Work will continue to identify further recurrent savings in order to address the projected budget deficit over the medium term. Updates will be reported back to Councillors in future reports.

Senior Management Review

- 4.8 It should also be noted that as part of delivering the above savings proposals the resources required at senior management level have been reviewed.
- 4.9 To provide stability within the senior management structure during a period of significant change within the Council, we are proposing to progress the permanent recruitment to the Executive Director of Economy and the Director of Adults posts, both posts are currently covered by secondment arrangements. Upon the appointment to these posts a further review of senior management structures will take place and it is envisaged that this will save in the region of £350,000. These savings will be taken from service budgets, so are included within the targets below.
- 4.10 This will remain under constant review to ensure that the Council retains sufficient leadership capacity to drive forward Our Future Council and deliver the scale of change this Programme aims to achieve.
- 4.11 It should also be noted that as part of the Our Future Council Programme of work and in recognition of the Council's commitment to the wellbeing of all its staff, an exercise is being undertaken to review and assess staff workload in order to ensure it remains manageable. And that as part of this, operational mitigations (such as deprioritising certain tasks or reallocating additional resources) will be considered.

5.0 Savings Targets

- 5.1 The specific savings proposals set out in section 4 above represent a significant step forwards in terms of meeting the financial challenge. It is also clear however, that these specific savings proposals to the value of £9.7 million on a recurrent basis, will not deliver sufficiently to address the £32.6 million financial gap identified in the Council's MTFS (as approved in February 2024).
- 5.2 In recognition of this, it is proposed that all services will be required to therefore also deliver additional savings targets in order to meet the financial challenge the Council faces. And that these savings targets must be delivered by detailed plans which identify further efficiencies/productivity and/or additional income and/or reductions in service delivery.
- 5.3 These savings targets are in addition to the proposals above and are significant, totalling £19.6 million on recurrent basis, as set out in Table 2 and Appendix 2 (which translates to circa 6% of the council's net budget of £332.0 million). In some areas, particularly those services that are not focused on our most vulnerable residents, the savings target is circa 20% of their net service budget.
- 5.4 It should be noted that a review has been undertaken, on a service by service basis, to ascertain that level of savings target which is reasonable and can be delivered. To be prudent, while savings targets have been allocated to Adult and Children's services (in light of the OFC commitment to prioritise supporting our most vulnerable Adults and

Children) these are considered 'notional' targets at this stage, and as such have not been included in the overall financial forecasts as summarised in Table 2 below and Appendix 2.

- 5.5 Once Adults and Children's services have identified options against their notional target, they will be included in the targets below and will be brought forward in line with the process outlined in 5.7. The table below incorporates some options which Children's Services have identified to-date.
- 5.6 Savings targets total £19.9 million (of which £19.6 million is recurrent and £300,000 one-off) and are set out in detail in Appendix 2, and summarised below in Table 2.

Table 2 –Savings Targets by Service Area

Directorate	Additional Estimated Savings Target per annum		Total overall Savings pa over MTFS £000**
	2025-2026	2026-2027	
	£000	£000	
Children's Services and Education	(689)	(74)	(763)
City Assets and City Development	(1,210)	(4)	(1,214)
City Economy and Partnerships	(375)	(92)	(467)
Commissioning and Transformation	(239)	-	(304)
Finance	(1,477)	(596)	(2,593)
Governance	(1,302)	(1,853)	(3,501)
Public Health and Wellbeing*	(417)	(250)	(667)
Resident Services	(4,339)	(2,407)	(6,986)
Transformation	(1,045)	(2,089)	(3,134)
Total	(11,093)	(7,365)	(19,629)

*includes £300,000 of one-off savings in 2025-2026

** note life of savings go beyond 2026-2027

- 5.7 Over coming weeks, and in advance of setting the 2025-2026 Budget and Medium-Term Financial Strategy in February 2025, further work will be undertaken to plan the delivery of the above savings targets and to also map out their impacts and implications. It is envisaged that in many instances savings can be delivered within delegations and without a change in policy. However, where this is not the case appropriate additional reporting will be undertaken to seek relevant approvals.
- 5.8 The forecast delivery of some of these savings targets go beyond the current MTFS period of 2026-2027, with expected delivery to be up to 2028-2029. Work is ongoing to roll-forward the budget assumptions and MTFS, updates will be provided in the final budget report to Cabinet in February 2025.

6.0 2024-2025 In Year Budget Performance

6.1 As set out above the Council set a balanced net revenue budget for 2024-2025 of £332.0 million after using £6.0 million of earmarked reserves, and using £4.0 million of capital receipts to fund transformation activity.

6.2 Performance against this revenue budget position is subject to a separate report entitled Performance and Budget Monitoring 2024-2025 Report on this same agenda.

6.3 For the purposes of this report in year performance against budget is important for three reasons:

- Firstly, the in-year surplus / deficit position impacts the Council's use of reserves during the year and the closing reserves position, and therefore the (one off) funding sources available going forwards;
- Secondly, in year budgetary performance is an important indicator of the accuracy of the baseline budget; and
- Thirdly, it informs what assumptions (for example with regard to inflation and demand) require updating as part of the setting of the following years budget and MTFS.

6.4 The main headlines from the Performance and Budget Monitoring 2024-2025 Report can be summarised as follows:

- In overall terms the Council is forecasting an in-year underspend of £160,000. This is after the use of £6.0 million of reserves and £4.0 million of capital receipts to fund transformation activity (as planned).
- In overall terms there are in-year additional pressures on the Council's revenue budget totalling in the region of £7.0 million, primarily in relation to temporary accommodation and homelessness, adults and children's social care (noting that the estimated recurring nature of these pressures are built into section 7 below).
- The overall small underspend forecast outturn position for the 2024-2025 revenue budget is a result of the decisions taken in year – specifically the approved savings of £7.1 million approved within the July Our Future Council Report to Cabinet – which has effectively counteracted the above in year additional pressure.
- The position has also been helped by a number of other additional controls which have been put in place as summarised in the paragraphs below.

Introduction of additional (Our Future Council) financial controls

6.5 As a result of the financial challenge, and as part of Our Future Council Programme, it should also be noted that a number of other additional disciplines have been put in place over recent months aimed at improving further levels of financial rigour and control. These include but are not limited to the following:

- All services with an in-year forecast overspend for 2024-2025 have been required to complete a Recovery Plan setting out actions to mitigate the budget pressure and get the budget back on track. The Council's S151 Officer / Deputy S151 Officer attends Leadership Team meetings to gain assurances that Recovery Plans are in place and are being delivered.
- Any planned use of reserves held by services now have to be reviewed. Previously approved use of earmarked reserves (where the approvals were received prior to July 2024) has to be reapplied for and formally re-approved (in line with the delegations approved by Cabinet on 12 June 2024, in the Reserves and Provisions 2023-2024 report).
- The Capital programme (and associated borrowing) has been reviewed, and reprofiled. Further details are in Section 7 and in the Capital Programme report on this same agenda. Work will continue to review the capital programme in light of the financial challenge.
- The process whereby voluntary redundancies are internally approved by management has been reviewed and updated.
- The review of agency costs is ongoing. As part of this all current interim and agency staff have been reviewed and Directors / Deputy Directors / Heads of Services must justify continued use and outline an exit plan.

7.0 Updated draft Budget and MTFS Assumptions

7.1 This section of the report considers (as well as the savings noted above) other updates which are required to the Budget and MTFS since it was approved back in February 2024. Changes, informed by in-year budgetary performance (see above), which are required as a result of:

- changes to assumptions with regard to cost pressures, inflation and development
- changes in available corporate resources (linked to Central Government Budget announcements)

Changes to cost pressures, inflation and development

- 7.2 As previously reported to Cabinet, we continue to operate with the uncertainty of cost pressures due to inflationary pressures and increasing demand for social care, and other demand driven services. The MTFS approved in February 2024, currently assumes significant additional budget to support inflation and demand pressures totalling £14.4 million for 2025-2026 and a further £12.2 million in 2026-2027.
- 7.3 Like other local authorities, Wolverhampton is seeing significant increases in both costs and demand for Adults and Children's Social Care and temporary accommodation.
- 7.4 The 2025-2026 budget already incorporates additional budget of £6.0 million to support increasing costs and demand in Adult Social Care. Current projections indicate that this may not be sufficient, therefore it is considered prudent to increase this by a further £1.0 million for 2025-2026 and 2026-2027. This working assumption will be kept under review and updates provided in future reports, especially in light of the recent budget announcements around changes to Employers National Insurance contributions which may bring additional cost pressures on our contracts.
- 7.5 In terms of Children's Social Care, whilst the number of children in care has remained static, as previously reported to Cabinet due to the market for placements in this area, there continues to be significant uncertainty over the short to medium term. Cost pressures are reported as a result of inflationary pressures, due to market forces, capacity and complexity. The budget already assumes additional budget of £2.3 million in 2025-2026 to support these pressures. However, based on latest projections it is considered prudent to increase this by a further £4.3 million in 2025-2026 and a further £2.0 million in 2026-2027. This working assumption will be kept under review and updates provided in future reports.
- 7.6 As previously reported to Cabinet, the Council has seen significant cost pressures due to increased demand for temporary and supported accommodation, both within Housing Services and Housing Benefits and Subsidy. In response the 2025-2026 budget already assumes £1.8 million. Current projections indicate that this should be sufficient, but this will be kept under review and updates provided in future reports.
- 7.7 As outlined in paragraph 7.2, the 2025-2026 draft budget and MTFS already assumes significant growth totalling £26.6 million over the current MTFS period (2025-2026 to 2026-2027). The profiling of these pressures has been reviewed as and as a result £978,000 (relating to loss of lease income and business rates costs) have been reprofiled from 2026-2027 into 2025-2026.

Treasury Management, Capital Programme and Borrowing

- 7.8 The Capital Programme as detailed in the Capital Programme 2024-2025 to 2028-2029 Quarter Two Review report on this same agenda, details the General Fund Capital Programme totalling £338.0 million over the medium term. This is funded from £190.0

million of external resources (grants) and £148.0 million of internal resources (borrowing, capital receipts).

- 7.9 The Capital Programme and revenue implications (Treasury Management budget) continue to be reviewed as part of Our Future Council programme. Our approach to reviewing the Capital Programme and to minimise the cost of any additional borrowing include:
- Reviewing and rephasing of projects, with particular focus on costs associated with our assets, ICT, and fleet etc into later years.
 - Ensuring we are maximising the use of external grant funding to fund projects. Projects that attract significant grant funding and require some match funding in the form of borrowing, will be assessed on an individual business case.
 - Looking to generate more capital receipts to fund short life assets.
 - The principle that any new projects are 'invest to save' and pay for the cost of borrowing and / or where the capital expenditure is required to support essential day to day services.
- 7.10 The current review has resulted in £46.4 million of expenditure being re-profiled from 2024-2025 into later years. However, the current Capital Programme does not include the full extent of the potential costs of maintaining, and replacing the Council's assets, fleet, ICT etc. Based on current level of requests, the current projections of the revenue cost of the capital programme exceed the draft revenue budget for 2025-2026. Therefore, the Capital Programme will continue to be reviewed with updates provided to Councillors in future reports.

Changes to Pay Related Pressures

- 7.11 On 22 October 2024, the 2024-2025 pay award was agreed for local government services ('Green Book') employees. The agreed pay award is £1,290 or 2.5% based on local pay scale point. This works out to be in excess of the provision built into the 2024-2025 budget which was based on a 3% pay award. The Council has been able to identify in-year efficiencies to mitigate against this pay award both in-year and going forward.
- 7.12 The 2025-2026 budget and MTFs currently assume a 2% annual pay award. For every 1% increase in pay award it is forecast to cost circa £1.8 million.

8.0 Corporate Resources

- 8.1 The Council receives income from receipts of Council Tax and Business Rates (also known as Non-Domestic Rates), collected from taxpayers during the year. It was reported to Cabinet in June 2024 that the Collection Fund (income from both Council Tax and Business Rates) out-turn for 2023-2024 was broadly in line with our estimates.

- 8.2 On 18 September 2024, Council approved changes to the Council Tax premium charge for long-term empty properties with effect from 1 April 2025. It has been estimated that the potential forecast impact of this change could be in the region of £500,000 in 2025-2026.
- 8.3 The draft budget and MTFS does not currently reflect any potential changes as the forecast changes as a result of the 2023-2024 outturn position, or the additional income from empty properties. Work is ongoing to fully understand what income will be generated from the Collection Fund in 2025-2026, which will also take these factors into consideration. This will be reported back to Councillors in future reports.
- 8.4 In addition, as detailed below, in the Autumn Budget announced on 30 October 2024, a number of announcements were made in respect of business rates. Work is ongoing to determine the implications of these changes, and updates will be provided in future reports to Councillors.
- 8.5 In line with Government referendum levels, our current working assumption is that Council Tax will be increased to the referendum level set by Government which is 4.99% on 2024-2025 levels. This includes 2% in relation to Adult Social Care. This is consistent with the assumptions reported in the February 2024 Budget and MTFS report.

Autumn Budget Announcement

- 8.6 On 30 October 2024, the Autumn Budget contained a number of announcements in respect of local government finances.
- 8.7 The budget completes Phase 1 of the 2025 Spending Review which resets departmental budgets for 2024-2025 and sets budgets for 2025-2026. The Spending Review will now move to Phase 2 which will conclude in late Spring 2025.
- 8.8 The key themes arising from the announcement, most relevant to the Council's revenue budget position, can be summarised as follows.
- core spending power to increase (nationally) by 3.2% in real terms in 2025-2026.
 - This increase includes £1.3 billion of new grant funding (nationally) including at least £600 million new grant funding for social care. However, as set out in section 12, there is a risk that changes to Employers National Insurance and the National Living Wage will impact on our external providers, which in turn could impact upon the costs of the Council.
 - additional funding suggested for SEND and alternative provision funding, and homelessness prevention.
 - new funding in relation to the implementation of the Extended Producer Responsibility Scheme to improve recycling outcomes from January 2025.

- Extended funding is being made available for the Household Support Fund and Discretionary Housing Payments in 2025-2026.
- Employers National Insurance contributions will increase by 1.2% to 15%, in addition, the per-employee threshold at which employers start to pay National Insurance will be reduced from £9,100 per year to £5,000 per year. These changes will apply from 6 April 2025.

8.9 However, it is important to note that the information is currently at a very high (and national) level and that more detailed announcements and explanations will follow. Further analysis is therefore required to understand and model the impact of the Government's Budget announcements on this Council, its draft budget and MTFS.

8.10 It is expected that ultimately all of the detail will not be made completely available before the Local Government Finance Settlement, which is due on 19 December 2024.

8.11 Therefore, in order to be prudent, our current projections remain unchanged at this point in time. Updates will be provided to Councillors in future reports once more detail is known.

9.0 Updated Medium Term Forecast Position 2025-2026 to 2026-2027

9.1 The overall impact of the revisions to the 2025-2026 and 2026-2027 draft budget (as originally set out in the approved February 2024 Budget and MTFS Report), arising from the items detailed Sections 4 to 7 above, have been reflected in the table below.

9.2 It is important to note that at this stage significant risk exists in relation to these assumptions and that proposed savings still need to be delivered.

Table 3 – Updated Forecast Medium Term Forecast Position

	2025-2026	2026-2027
	£000	£000
Annual deficit as set out in the Feb 24 Budget and MTFS	27,052	32,584
Full year impact of savings identified in the July OFC Report*	(5,760)	-
Impact of Savings Proposals detailed in this report	(5,280)	(2,840)
Impact of Savings Targets detailed in this report	(11,093)	(7,365)
Revisions to inflation, demand and development		
• Adults Social Care	1,000	1,000
• Children’s Social Care	4,300	2,000
• Revisions to existing assumptions	978	(1,558)
Recurring impact of prior year OFC savings/ revisions	-	(15,855)
Updated projected Annual budget deficit	11,197	7,966

*recurring impact of July 2024 OFC Report savings

- 9.3 Table 3 above shows that the updated forecast deficit position for 2025-2026 now stands at £11.2 million (reduced from £27.1 million) and that has reduced further still to £8.0 million by 2026-2027 (previously £32.6 million).
- 9.4 Based on the current working assumptions, £11.2 million of one off resources (reserves) will be needed to balance the 2025-2026 Budget. Further work is therefore being done to reduce the Council’s reliance on one-off resources.
- 9.5 It should be noted that while this represents a significant improvement in the forecast deficit position for 2025-2026 and 2026-2027:
- It is subject to delivering a number of specific savings proposals included for approval in this report;
 - It is subject to delivering a number of savings targets (which require further planning work prior to delivery) included for approval in principle in this report;
 - There are significant risks and uncertainties prevalent within the Sector (further details of which are set out in Section 12);
 - There remains a significant forecast deficit position for 2025-2026 and 2026-2027;
 - The 2025-2026 financial year is now only 5 months away.

- 9.6 The assumptions used in the preparation of the budget and MTFS remain under constant review and update. Work will continue over the coming months to review all assumptions in the MTFS and a further update will be presented to Councillors as part of the 2025-2026 Budget and MTFS Report which will go before full Council in February 2025.

10.0 Future Proposals

- 10.1 While significant progress has been made, it is clear that much more work is required to ensure that the Council is able to set a balanced budget for 2025-2026 and has a sustainable Medium-Term Financial Strategy. Work will continue to develop proposals in order to address the projected deficit.
- 10.2 Once proposals have been developed further, they will be reported back to Councillors.

11.0 One-off Resources

Reserves

- 11.1 Reserves are resources that the Council has accumulated over time. They are an integral element of our budget setting process, and medium-term financial strategy. They play a vital role in the financial management and financial sustainability of the Council. We use reserves to help mitigate the risks that we face as well as to fund specific planned expenditure. They can also be used as a short term measure to bridge a financial gap in a particular year, but this must be closely managed given the one off nature of reserves.
- 11.2 On 28 February 2024, Full Council approved the updated Reserves Strategy which provides details of which reserves are held by the Council, their planned use, and the governance arrangements.
- 11.3 In line with our Reserves Strategy, the Council's General Fund Balance was increased at the end of 2023-2024 to £17.0 million, equating to 5% of the Council's forecast net annual revenue budget for 2025-2026.
- 11.4 As set out in Section 2 above the Council was able to set a balanced net 2024-2025 revenue budget of £332.0 million by using £6.0 million of earmarked reserves and £4.0 million of capital receipts to fund revenue transformation. The February 2024 Budget and MTFS Report reported that "*The proposed use of earmarked reserves during 2024-2025 is prudent and proportionate for 2024-2025, but this is not a sustainable solution to the Council's underlying medium term financial gap.*"
- 11.5 A review of the approved use of reserves has been undertaken and as a result £3.1 million has been identified to be released back into uncommitted earmarked revenue reserves. The use of reserves will continue to be reviewed and updates provided to councillors in future reports. In addition, the Resources and Equality Scrutiny Panel scrutinise the use of reserves as part of the 2025-2026 budget setting process, this is currently scheduled to take place in January 2025.

- 11.6 The table below summaries the revenue reserves position in relation to General Fund related reserves. In addition, the Council also holds restricted reserves for School and the Housing Revenue Account (HRA).

Table 4 – Reserves

Reserve	Balance at 31 March 2024 £000	Updated Approved Commitments* £000	Uncommitted Balance remaining £000
General Fund	(17,021)	-	(17,021)
Earmarked Reserves			
• Risk Management	(12,165)	1,624	(10,541)
• Investment	(14,380)	4,180	(10,200)
• Smoothing	(8,660)	6,464	(2,196)
Sub Total	(35,205)	12,268	(22,937)
Restricted Reserves	(16,802)	3,317	(13,485)

*some approved commitments span a number of financial years

- 11.7 The above table shows the current and updated reserves forecast position. And that after allowing for approved commitments against these reserves, the (unrestricted) earmarked reserves balance forecast is £22.9 million, and that the restricted reserve balance forecast is £13.5 million. This is in addition to the General Fund reserve balance of £17.0 million.
- 11.8 It must be noted that the updated forecast deficit positions (of £11.2 million in 2025-2026 and £8.0 million in 2026-2027) as set out in Section 9, have not been accounted for in Table 4 above, and would therefore be additional pressure on these balances. Hence further work being required to identify additional savings.

Capital Receipts

- 11.9 Historically capital receipts were generally used to support the capital programme.
- 11.10 In 2016-2017 the Government provided additional flexibility to councils to use capital receipts to pay for transformation work that is designed to make revenue savings. This includes the cost of redundancy (limited to the statutory cost element) and pension fund strain costs. Since this date, the use of capital receipts to fund revenue transformation has been extended a number of times. This flexibility is currently in place until 31 March 2025.
- 11.11 The 2024-2025 budget currently assumes the use of £4.0 million of capital receipts to fund revenue transformation. As reported in the July report, since February 2024, work

has focused on identifying deliverable in-year savings for 2024-2025 to help to mitigate against emerging pressures and reduce the need to call upon reserves and capital receipts in the current financial year. However, current projections are that these are still required in 2024-2025.

- 11.12 After the planned use of capital receipts, our current projections are that we could have in the region of £11.6 million of capital receipts available in 2024-2025 to fund transformation cost, and allowable redundancy costs / pension strain costs. In addition, we also project we could have further £5.3 million available in 2025-2026, however the use of these receipts to fund revenue costs is dependent on Government extending their policy.
- 11.13 The prudent use of reserves and capital receipts (subject to the extension of the use of capital receipts flexibility), will help to manage the phased delivery of the £32.6 million savings requirement, but it is recognised that this is not a sustainable solution over the medium term.

12.0 Risks

- 12.1 Like all other local authorities across the country, the Council is faced with significant uncertainty and risks. These include, but are not limited to:
- increased demand for services, particularly within social care and temporary accommodation.
 - inflationary pressures – whilst inflation has now reduced, we are still left with financial pressures
 - cost of maintaining our assets
 - pressures across transport (and pressure on the transport levy / West Midlands Combined Authority (WMCA) contribution)
 - specific grant funding ceasing or uncertainties around its continuation such as the Holiday Activities Funding (£1.9 million for 12 months). The MTFs currently assumes some provision (circa £700,000) in the event that this grant is not extended.
 - funding resources (including capital receipt flexibilities)
 - impact of future pay awards
- 12.2 The Council has already built in significant additional growth to support inflation, demand and development pressures in 2024-2025 and over the medium term. However as outlined in this report and the Performance and Budget Monitoring 2024-2025 report on this same agenda, the Council is seeing emerging pressures in-year.
- 12.3 It should also be noted that there is a risk that capital receipts flexibilities currently available to us are not extended beyond the end of the current financial year. These flexibilities enable Council's to fund transformation change through capital receipts and are currently under review by Government across the sector. We will therefore maintain a watching brief on this area, and subject to the outcome of the Government review, seek

to maximise the use of capital receipts this year. To further mitigate this risk, we will also continue to raise the importance of these flexibilities with Government (working with bodies such as the Local Government Association (LGA) and Special Interest Group of Municipal Authorities (SIGOMA)).

- 12.4 The Council (and entire sector) is facing significant financial pressures, particularly in relation to increased demand and costs in such areas as children's and adult's social care, and temporary accommodation. The Council will continue to lobby Government with regards to the need for fairer funding (and multi-year settlements) to meet these and other cost pressures. Government announcements will continue to be monitored and the Council's budgets and Medium-Term Financial Strategy will be updated in line with any announced changes in funding.
- 12.5 There is also a risk that the changes to Employers National Insurance and National Living Wage will impact on our external providers, particularly within social care, which in turn could impact upon the costs to the Council. High level projections suggest the potential impact of the changes to National Insurance on Adult Social Care alone could be in the region of £2 to £3 million. The impact of any potential cost pressures in respect of social care is not contractual and will be undertaken through discussions and negotiations. In addition, we will review contracts to understand if there are any contractual obligations which could require us to fund the impact of these changes.
- 12.6 As detailed in section 7, at the time of writing this report, the pay award for 2025-2026 has not yet been agreed. The draft budget and MTFs currently incorporates growth to support a pay award of 2%, However, if the 2025-2026 pay award exceeds this, this will have an impact on the budget and MTFs. This will be kept under review and updates provided to Councillors in future reports.

13.0 Communications and Engagement

Public Consultation

- 13.1 We will consult over proposed changes and those with the most significant impact/risk will have their own key stakeholder consultation and ongoing engagement process to minimise risk and explore alternative options.
- 13.2 We will exceed the statutory requirement to consult on our budget with just businesses and will consult widely with residents, the voluntary and community sector, young people etc.
- 13.3 Consultation to take place between November 2024 – December 2024 following the publication of this report and ahead of budget setting.
- 13.4 We will undertake the consultation using an online survey delivered via council digital channels to reach residents and targeted council networks including those for Youth

forums, Community groups and organisations, businesses and business support, INVEST, University of Wolverhampton etc.

13.5 For those without digital access we will:

- Provide paper copies of the survey in the Civic Centre, Library Buildings and Family Hubs.
- Provide support to complete the online survey, via Customer Services,
- Publicise this in Council Buildings.

13.6 The survey will set the context of the Our Future Council challenge with the latest position statement and the need to deliver significant savings at pace.

13.7 Questions are still to be confirmed but will seek views on range of topics including council priorities, importance of services under each council priority, views on Our Future Council and some of our key savings proposals.

13.8 We will also look to capture whether respondents are residents in the City, part of the Voluntary and Community Sector in the City or whether they run a Business in the City.

13.9 In addition, there is likely to be the need for specific consultation and engagement on some of the proposals, and some will require a specific Cabinet report.

13.10 This report seeks approval to delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to finalise the specific questions with regards to the public consultation exercise in line with the approach outlined.

Scrutiny

13.11 There will be full and robust scrutiny in place in relation to the Our Future Council Strategy and approach as set out in this report and also the Budget and Medium-Term Financial Strategy, as summarised in Table 5 below.

13.12 The approach to this scrutiny will be to present the key elements of this report (in terms of strategic context, strategy and approach) to all scrutiny panels but to also focus on those savings proposals most relevant to that particular panel.

Table 5: Scrutiny and decision making

Key Meeting	Meeting Date
Cabinet	13 November 2024
Economy and Growth Scrutiny Panel	20 November 2024
Children and Young People Scrutiny Panel	27 November 2024
Adults Scrutiny Panel	3 December 2024

Key Meeting	Meeting Date
Climate Change, Housing and Communities Scrutiny Panel	5 December 2024
Health Scrutiny Panel	12 December 2024
Resources and Equality Scrutiny Panel	21 January 2025
Scrutiny Board	4 February 2025
Cabinet	15 January 2025 (Budget Consultation) 19 February 2025 (Budget /MTFS Report)
Full Council	26 February 2025

14.0 Evaluation of alternative options

14.1 In determining the financial strategy, consideration has been given to the deliverability of the savings targets, emerging pressures and projected resources that will be made available to the Council. If we were not to implement the strategy outlined in this report, alternative options would need to be identified in order for the Council to set a balanced budget for 2025-2026.

15.0 Reasons for decisions

15.1 In order to ensure a balanced budget for 2025-2026 it is important that work is progressed as soon as possible. The approval of Our Future Council programme will enable the Council to undertake due diligence, consultation and scrutiny in a timely manner to fully inform the budget decision process in accordance with statutory deadlines.

16.0 Financial implications

16.1 The financial implications are outlined in the body of this report.
[AS/05112024/Y]

17.0 Legal implications

17.1 The Council's revenue budgets make assumptions which must be based on realistic projections about available resources, the costs of pay, inflation and service priorities and the likelihood of achieving any budget reduction proposals.

17.2 The legal duty to spend with propriety falls under S.151 Local Government Act 1972 and arrangements for proper administration of their affairs is secured by the S.151 Officer as Chief Financial Officer.

- 17.3 The relevant guidance concerning reserves is Local Authority Accounting Panel Bulletin 77, issued by CIPFA in November 2008. Whilst the Bulletin does not prescribe an appropriate level of reserves, leaving this to the discretion of individual authorities, it does set out a number of important principles in determining the adequacy of reserves. It emphasises that decisions on the level of reserves must be consistent with the Council's MTFs, and have regard to the level of risk in budget plans, and the Council's financial management arrangements (including strategies to address risk).
- 17.4 Section 3 Local Government Act 1999 – places a duty on local authorities and other public bodies to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This is often known as the “best value duty”.
- 17.5 Each local Authority is also under a legal fiduciary duty to look after the funds entrusted to it and to ensure that the taxpayer's money is spent appropriately.

The work detailed in this report, namely the Council exercising sound financial management, provides assurance that the Council is meeting its legal duties set out in this report, including the best value duty and its fiduciary duty.

[ST/05112024/A]

18.0 Equalities implications

- 18.1 The method by which the MTFs is developed is governed by the Our City, Our Plan priorities, which itself was guided by consultation and equality analysis.
- 18.2 This report outlines how the impact of the Council's budget proposals are being considered within the context of the Equality Act 2010.
- 18.3 The Act makes it unlawful to discriminate directly or indirectly against an individual because of certain personal characteristics ('protected characteristics'). The Act also requires that equality issues are considered by public bodies as part of decision making, especially where services are reduced or redesigned.
- 18.4 Failure to undertake proportionate Equality Analysis (Equality & Community Impact Assessment - EqCIA) could present risks of legal challenge to the Council for failing to pay due regard to its Public Sector Equality Duty². Courts have held local authorities to account and have required that they consciously address the duty and actively consider any new plan or policy in light of the potential impact it may have on particular protected groups.
- 18.5 Councillors must therefore have due regard to the public sector equality duty (Section 149 of the Equalities Act 2010) when making budget decisions.
- 18.6 Equality Impact Assessments will enable the Council to:
- Demonstrate due regards for the provisions of the Public Sector Equality Duty

- Identify possible negative impacts of decisions on individuals and groups with protected characteristics and plan mitigating action accordingly
- Identify additional opportunities to advance equality within policies, strategies, and services

- 18.7 All officers proposing budget /efficiency savings will be required to undertake and complete an equality analysis for those proposed changes where residents, communities and /or staff are most likely to see differences in the way services are delivered, and where the equality implications are well defined at the time of setting the budget.
- 18.8 Proposals that are not included in this report where it is later realised there are equalities impacts, will require the completion of EqCIA and the necessary approval before formal decisions are taken by the relevant Cabinet Member and Director.
- 18.9 This process aims to highlight if any of the proposals have the potential to have significant impacts upon service users, and if so, what actions, if any, could be taken to mitigate any unexpected or unintentional impacts.
- 18.10 Completed EqCIAs for each proposal will be available on request to support final decisions.

19.0 Human Resources implications

- 19.1 The People Development and Experience Service have launched an 'Our People Ideas' initiative to provide our employees an opportunity to share, take forward and where possible implement ideas that make a positive contribution to how the council operates as well as provide an opportunity to save money, generate income and/or drive efficiencies.
- 19.2 The Council have and will continue to take steps to mitigate compulsory redundancies wherever possible, this has included reminding employees of the voluntary redundancy scheme, the purchasing of annual leave and the flexible retirement policy. As a consequence of this and the anticipated voluntary redundancy requests we have followed process and issued a HR1 notice to Government, notifying Trade Unions accordingly.
- 19.3 We will engage and consult Trade Unions on the proposals contained within this report and ensure any human resource implications are managed in accordance with the Council's HR Policies and processes.

20.0 Other implications

- 20.1 All other implications will be considered as savings proposals / targets are developed, including and implications in respect of our assets and corporate landlord responsibilities.

21.0 Schedule of background papers

- 21.1 [2024-2025 Budget and Medium Term Financial Strategy 2024-2025 to 2026-2027](#), report to Cabinet on 21 February 2024 and Full Council on 28 February 2024
- 21.2 [Performance and Budget Outturn 2023-2024](#) report to Joint Cabinet and Cabinet (Resources) Panel on 12 June 2024
- 21.3 [Our Future Council – Responding to the Financial Challenge](#), report to Cabinet on 24 July 2024
- 21.4 [Performance and Budget Monitoring 2024-2025](#), report to Cabinet on 13 November 2024

22.0 Appendices

- 22.1 Appendix 1: Specific Savings Proposals
- 22.2 Appendix 2: Savings Targets
- 22.3 Appendix 3: General Fund Risk Register