

<b>Report title</b>	Performance and Budget Outturn 2022-2023	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Obaida Ahmed Resources and Digital	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
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<b>Report to be/has been considered by</b>	Strategic Executive Board	30 May 2023

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### Recommendations for noting:

The Cabinet is asked to note:

1. The Council has once again managed its money well and delivered within budget - despite hugely challenging circumstances. Overall, the revenue position for 2022-2023 is within budget, after meeting the net costs of redundancy and pension strain and contributions to essential earmarked reserves.
2. That the Housing Revenue Account (HRA) revenue outturn for the year was in a balanced position at the end of the year after making provision for debt redemption and capital financing of £15.4 million in line with the budget and transferring £247,000 to the HRA reserve.

3. The Reserves and Provisions report on this same agenda provides an update on the reserves and provision held by the council as at 31 March 2023.
4. That, during Quarter 4, 803 council tax accounts totalling £312,615.59, as detailed in Appendix 5, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That, during Quarter 4, 37 Non-Domestic Rates (NDR) debts totalling £103,890.47, as detailed in Appendix 5, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That, during Quarter 4, 16 housing benefit overpayments totalling £11,021.45 as detailed in Appendix 5, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
7. That, during Quarter 4, 1030 sundry debt accounts totalling £222,444.37, as detailed in Appendix 5, have been approved for write-off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. The performance against the key indicators as set out in Appendix 1.

**Recommendations for decision:**

The Cabinet is recommended to:

1. Approve the Strategic Risk Register as detailed in Appendix 10.
2. Approve the write-off of seven Sundry Debts totalling £192,157.41 as detailed in Appendix 6.
3. Approve the write-off of four Council Tax Debts totalling £30,303.52 as detailed in Appendix 7.
4. Approve the write-off of five Non-Domestic Rates (NDR) Debts totalling £50,897.90 as detailed in Appendix 8.
5. Approve the write-off of one Housing Benefit Debts totalling £15,076.60 as detailed in Appendix 9.

## **1.0 Purpose**

- 1.1 The purpose of this report is to provide Cabinet the Council's outturn position for 2022-2023 compared with approved budgets and targets and performance update against the Our City: Our Plan priorities.

## **2.0 Background**

- 2.1 On 2 March 2022, Council approved Our City: Our Plan, a new Council Plan building on the Relighting Our City Plan and providing the strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives'.
- 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. During the year performance information was published quarterly alongside analysis and business commentary to give context quarterly updates were reported against this framework for both performance and budget.
- 2.3 The City of Wolverhampton Council has built up a strong track record over many years of managing its finances well and consistently setting a balanced budget. Our approach to strategic financial management, aligning budgets to service priorities and improving services, and investing in transformation priorities, continues to put us in a strong financial position.
- 2.4 On 2 March 2022, the Council approved the net budget requirement for 2022-2023 of £267.2 million for General Fund services. This report details the outturn position against this net budget requirement.
- 2.5 Overall, the General Fund, after the cost of redundancy and pension strain and contributions to essential earmarked reserves, is within budget.
- 2.6 In line with the Budget Strategy approved by Full Council on 1 March 2023, it is proposed to transfer £4.5 million from efficiencies across corporate budgets into the Future Years Budget Strategy Reserve to support the efficiency targets held corporately for 2023-2024 and / or the forecast budget deficit for 2024-2025. The Reserves and Provisions report on this same agenda seeks approval for the use of this reserve.
- 2.7 Reserves play a vital role in the financial sustainability of the Council. The Council's General Fund balance has been increased by £1.7 million to £15.3 million, which is approximately 5% of the 2023-2024 net budget as approved by Cabinet on 22 February 2023. In addition, the Council holds earmarked reserves which are set aside to fund future planned expenditure. It is vital that Council continues to hold these reserves to mitigate the risk of uncertainty of any potential future expenditure and to support the delivery of council priorities.
- 2.8 In the Reserves and Provisions 2022-2023 report to be considered at this meeting it will be seen that the overall total of general and earmarked reserves, for which the Council has flexibility to allocate, has been prudently maintained. The Reserves and Provisions

2022-2023 report will provide detail on the movements on all reserves. These reserves are reported in line with the Reserve Strategy approved by Full Council on 1 March 2023.

- 2.9 Schools remaining in control of the local authority show a net movement in reserves of £379,000 during 2022-2023. This is after adjusting for balances attributable to academies, and takes the accumulated reserves to £15.2 million at 31 March 2023. At the end of 2022-2023, 35 schools have balances above recognised thresholds detailed in the local scheme. Further detail can be found in Appendix 3.
- 2.10 The Housing Revenue Account (HRA) revenue outturn for the year was in a balanced position at the end of the year after making provision for debt redemption and capital financing of £15.4 million in line with the budget and transferring £247,000 to the HRA reserve.
- 2.11 The Director of Finance has approved the write off of 1,886 debt accounts totalling £649,971.88 in value.

### **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 reduction 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. Risks continue to be managed through the strategic risk register which is reported to Audit and Risk Committee on a regular basis. The Strategic Risk Register can be found in Appendix 10.
- 3.4 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.

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

- 3.5 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 priorities 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 and Training*
- *Thriving Economy in all Parts of the City*
- *Our Council*

3.6 Our six overarching priorities are supported by three cross cutting principles:

- **Climate Conscious.** 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.

3.7 A performance framework was created to monitor performance against these priorities and included two different types of indicators, city indicators and impact indicators.

3.8 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 against key priorities.

3.9 Out of the 49 indicators that were updated during the year, 40 saw either improved or sustained performance. Some of the highlights of this performance included;

- Sustained performance for placement stability of children in care, making Wolverhampton one of the best local authorities in the country for placement stability.
- A reduction in the numbers of First Time Entrants into the youth justice system – over halved in two years.
- Top quartile performance for 16 and 17 year olds in education, employment or training.
- Highest ever percentage of adult social care users saying services made them feel safe and secure.
- Large in year increase of health check-ups for those 40-74, a key priority for the authority through 2022-2023.
- Improved housing affordability and energy efficiency.

- Three times as many premises being able to access full fibre and the first rapid car charging units in the city.
- Increase in the number of local businesses being spent with by the council, supporting the Wolverhampton Pound approach.
- Residents waiting over two minutes less when they call customer services.

3.10 A dashboard of the performance against impact indicators is included at Appendix 1.

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

- 3.11 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.
- 3.12 Supporting our young people, particularly those in need of support, is a notable strength of the Council, as demonstrated by the recent 'Good' rating from Office for Standards in Education, Children's Services and Skills (Ofsted) for our Children's Services, which also received an 'Outstanding' assessment for leadership and management.
- 3.13 The Council has seen decreasing 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.
- 3.14 There has been strong performance in this area over the year, including stability of placements of our children and young people in care, a reduction in first time entrants to the youth justice system, an increase in our attainment 8 results and top quartile averages of 16-17 year olds in education, employment or training.
- 3.15 The percentage of repeat referrals into Social Care within a 12-month period has increased over the year. The rate of 23% at the end of Q4 2022-2023 remains stable compared to the previous quarter but higher than the rate of 19.5% in March 2022.
- 3.16 A dip sample assessment into re-referral rates was conducted by managers within the social care team. Through this dip sample no issues were found regarding premature closure or the quality and completeness of work leading to a re-referral. This provides reassurance that there are no practice issues contributing to the referral rate. As thresholds continue to be monitored, rates have begun to decline so far in 2023-2024.
- 3.17 Ensuring stable placements for children and young people in care is a key priority for the Council. The placement stability of our children in care remains an area of strength, with over 90% (93.6%) of them having had less than 3 placements within a 12-month period. This performance surpasses national, regional, and statistical averages, placing

Wolverhampton in the top quartile of national performance. Wolverhampton also demonstrates favourable performance in terms of the long-term stability of placements.

- 3.18 Upon leaving care, the Council provides support to help young individuals find suitable education, employment, or training opportunities. Currently, almost 60% of our care leavers are engaged in suitable work or education, which exceeds national, statistical, and regional averages. This indicates continued improvement in performance over the past two years, compared to the rates of 46% in March 2021 and 56% in March 2022 with performance back to pre-pandemic levels.
- 3.19 The "DIVERT" program, along with the introduction of the 'Turnaround' program, continues to have a substantial impact on the number of first-time entrants into the youth justice system in Wolverhampton. The rate per 100,000 youths aged 10-17 years has decreased from 158 at the end of the previous year to 109 at the end of quarter 3. This figure has more than halved in the last two years. The Council anticipate this trend to continue, and if young people successfully complete Outcome 22 and early intervention programmes, this will have a significant impact on the formal decriminalisation of young people in Wolverhampton.
- 3.20 The Strategic Risk Register recognises the risk associated with our responsibilities for Safeguarding Children and the mitigations in place, details of Risk 2 on this area can be found in Appendix 10.
- 3.21 There has been a consistent and sustained improvement in education outcomes across the city. The Education Excellence Strategy, launched in September 2021, builds upon the previous School Improvement Strategy and has elicited a similar positive response for Early Years settings as it has for schools.
- 3.22 The city continues to observe a steady increase in the percentage of schools rated as "Good" or "Outstanding" by Ofsted, reaching 89% at the end of the quarter. This figure exceeds the West Midlands average by 3%. The percentage of early years and childcare settings rated as "Good" or "Outstanding," although slightly higher than the school's rate at 91%, has experienced a small decrease since the end of quarter 3.
- 3.23 There has been a consistent improvement in the percentage of 2-year-olds benefiting from funded early education, which now stands at 78% at the conclusion of quarter 4. Wolverhampton ranks 4th out of 11 when compared to its statistical neighbours and 9th out of 14 among the West Midlands regional Local Authorities.
- 3.24 Performance for educational attainment has been compared to 2019 in Appendix 1. This is so a like for like comparison can be made in how exams were completed.
- 3.25 Attainment 8 measures the average achievement of pupils across a maximum of 8 qualifications, including English language, English literature (given double weight if only one GCSE in English is taken), mathematics (also given double weight), three additional qualifications that contribute to the English Baccalaureate (EBacc), and three additional

qualifications that can be GCSE qualifications (including EBacc subjects) or any other non-GCSE qualifications on the DfE approved list.

- 3.26 The average Attainment 8 score per pupil is 47.7, reflecting an increase since 2019. While this falls below the national average of 48.9, it surpasses both the regional and our statistical neighbour's scores.
- 3.27 Narrowing the gap of educational performance between advantaged and disadvantaged pupils is a key priority for the Council. The performance of Wolverhampton's disadvantaged pupils is particularly strong. Performance in this area shows real improvement since 2019, and despite a small decrease in the current year attainment, Wolverhampton remains in the top quartile of national performance, ranked the 28th Local Authority overall in terms of the attainment of disadvantaged pupils. Decreases seen in Wolverhampton in 2022 (-1.1) are smaller than those seen regionally (-1.9) and nationally (-2.7).
- 3.28 As expected, the percentage of 16 and 17 year olds in Education, Employment or Training increased in the quarter. Current performance is at 96%, in line with year outturn 2021-2022. Data in quarter 4 is seen nationally as being the most accurate representation of this data with a higher rate of setting changes in previous quarters meaning a backlog in data quality.
- 3.29 Data in quarter shows Wolverhampton as having higher averages than our statistical and regional neighbours, ranked as the 20th highest Local Authority nationally
- 3.30 The percentage of 16 and 17 year olds in Education, Employment or Training with Special Educational Needs has also increased considerably in the quarter from 81.6% to 87.7%, in line with statistical averages. However there are less young people with unknown statues due to the relationships between those with an EHCP and the Connexions Careers Advisor.
- 3.31 Regarding financial performance, Children's Services and Education out-turned with an underspend of £2.3 million. This is due to strong financial management and an embedded transformation programme which has achieved significant and positive changes for children and young people living and learning in Wolverhampton, as detailed in paragraph 3.13. Further financial analysis is included at Appendix 2.
- 3.32 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. Schools that remain in the local authority control started the 2022-2023 financial year with accumulated reserves of £15.6 million. At the end of the year, revenue balances for these schools were £15.2 million. At the end of 2022-2023, 35 schools have balances above recognised thresholds detailed in the local scheme. In addition, there are three schools with anticipated deficits at the end of 2022-2023. Actual end of year balances for 2022-2023 are shown in Appendix 3, along with details of the processes in place to



review deficit and surplus balances. Officers will meet with schools to discuss plans for the use of excess surplus balances to ensure they are effectively used.

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

- 3.33 The Council continues its commitment to providing support to individuals facing hardship, collaborating with our partners to ensure the safety and resilience of our city, fostering an environment in which all communities can thrive.
- 3.34 The city's social care performance remains an area of strength. In October 2022, NHS England released the latest data on social care outcomes through the Adults Social Care Outcomes Framework, a statutory report. This data revealed that Wolverhampton has demonstrated improved or consistently strong performance across the majority of key indicators.
- 3.35 Wolverhampton's Adult Social Care adopts a strengths-based approach to social work, empowering residents to maintain control over their own lives to the greatest extent possible. Performance data indicates that 81.6% of residents receiving long-term care feel in control of their own lives. This enhanced performance, up from 73.8% in 2020, has resulted in Wolverhampton's rise in national rankings from 120th to 14th among local authorities.
- 3.36 A central focus of the Council's Adult Social Care services is ensuring that individuals receive timely and appropriate support to either maintain or regain their independence. The Council consistently consult individuals about what matters most to them in terms of feeling safe and secure.
- 3.37 Performance data reveals that 88.3% of residents receiving Adult Social Care services reported feeling safe and secure as a result of these services. This represents an improvement from 83.7% in 2020. Wolverhampton's enhanced performance has resulted in an improved ranking from 111th to 48th among local authorities in the country.
- 3.38 Both of these indicators are taken from statutory surveys of people receiving social care services from the Council. They show the strongest combined results that the Council has seen.
- 3.39 The Council has seen progress in terms of reablement performance, as indicated by 75% of residents aged 65 or over who remain at home 91 days after being discharged from the hospital, according to the most recently published data. While this indicator demonstrates improvement, Wolverhampton's performance is behind the published data for its statistical neighbours, the West Midlands, as well as the national averages. Collaborative efforts with healthcare partners continue to ensure upward momentum in performance, with the aim of achieving progress that exceeds comparator averages.
- 3.40 The percentage of adults with learning disabilities engaged in paid employment has experienced a slight decline in performance, dropping from 5.4% to 5.1%. However, this

figure remains favourable when compared to the most recently published data for the West Midlands and the national average.

- 3.41 Challenges posed by the Covid-19 pandemic have affected supported employment initiatives. Consequently, throughout 2022, a new Supported Employment Team was established to renew connections with schools, colleges, caregivers and employers, encouraging individuals to pursue opportunities and encouraging employers to create them. The new team commenced its support services and promotional activities in early 2023, with the goal of achieving improved performance in this area for the 2023-2024 period.
- 3.42 The risk associated with our responsibilities for Safeguarding Adults can be found in risk 3 of the Strategic Risk Register in Appendix 10
- 3.43 Regarding financial performance, as detailed in Appendix 2, Adult Services is within budget, after the use of one-off funding and contribution £1.8 million into reserves. During the 2022-2023 budget setting process, significant cost pressures were forecast for Adult Social Care and, as a result, growth of totalling £9.2 million was approved and incorporated into the budget. In addition to this, Adult Services received additional funding in year including £1.1 million to fund additional discharge services and funding related to the Charging Reform trailblazer project. The outturn for Adults Services is within this increased budget. However, there continues to be uncertainty of the forecast position of Adult Services over the medium term, as the service adjusts to the post-covid environment and also the recent increases in inflation. The re-design of Adult Services has commenced and with the aim of addressing any longer-term alignment of staffing resources, stabilising the care market as well as reducing demand by supporting people to be more independent.
- 3.44 It is proposed, that in line with the strategy included in the Performance and Budget Monitoring report to Cabinet in March, £548,000 be transferred into the Budget Contingency Reserve to support any future pressures going forward. Any use of this reserve will be subject to separate approval when required. In addition, it is proposed to transfer £1.3 million from Adult Services into the Future Years Budget Strategy reserve to support efficiency targets held corporately for 2023-2024 and / or the forecast budget deficit for 2024-2025.
- 3.45 Risks 5 of the Strategic Risk Register recognise the pressures in our provider market, details can be found in Appendix 10.

### **Healthy, Inclusive Communities**

- 3.46 During the course of the pandemic, Public Health England encountered limitations in producing updates to health indicators unrelated to the Covid-19 pandemic. As a consequence, there exists a reporting lag for numerous Public Health indicators. Consequently, this means for many key priorities in this area the authority is unable to view the influence of the many interventions in place against the national landscape.

- 3.47 It is of paramount importance to acknowledge that the indicators within this section necessitate the implementation of a whole city approach to ensure positive outcomes. As system level indicators, we recognise the Council's potential to influence improved performance but is not fully able or responsible to do so without the work and support of wider partners and stakeholders.
- 3.48 Although some national level indicators are now being updated on many of the indicators have been modified to different reporting periods, due to a lack of recorded information over the pandemic period.
- 3.49 To reflect the changing landscape, a new set of indicators has been designed to support performance management in this area for 2023-2024. These indicators are split between those higher-level city indicators that will be used to understand the broader public health problems facing the city and city indicators which will be used to performance manage our internal operational performance against key interventions.
- 3.50 The creation of these indicators will mean that the Council will be in control of the data it is using to performance manage the area, taking away the reliance on published NHS data. Embedded into this approach is a new range of equalities indicators, ensuring our public health services are inclusive and are working to break down health inequality in the city.
- 3.51 The Council has remained steadfast in its collaborative efforts with partners to facilitate the take up of the Covid-19 vaccination. As of the end of the reporting quarter, a total of 71.5% of Wolverhampton's population aged 12 and above had received the vaccination. This percentage is consistent with the regional and national trends, which have also experienced a slight decline owing to the inclusion of new individuals at the younger end of the over 12s cohort who have yet to receive the Covid vaccination.
- 3.52 The Council recognises the link between the uptake of health checks by individuals aged 40 and above and pivotal public health outcomes. This data is calculated based on a rolling five-year average. Presently, a relatively low uptake of health checks in the 2018-2019 period has resulted in a five-year average of 26.2%. However, recent quarterly data shows improvements in performance, with Wolverhampton's performance surpassing national averages for in year data in 2022-2023. In forthcoming quarters, the Wolverhampton five-year average is expected to demonstrate continued improvement as the inclusion of early years' data in the calculation ceases and improved performance continues.
- 3.53 The aspiration of the One Wolverhampton Living Well Group is to augment the level of NHS health check activity to pre-pandemic levels falling within the top quartile. Encouragingly, the latest quarterly activity demonstrates positive progress, with the current uptake exceeding the average for England.
- 3.54 Regarding the financial performance, Public Health and Wellbeing outturned with an overspend of £809,000 mainly as a result of overspends in Homelessness and New

Communities and Leisure Services. Of this overspend, £215,000 is due to inflationary pressures on the leisure PFI contract in relation to utility costs, along with increase costs of repair and maintenance and reduction in income across leisure services. £595,000 is due to costs associated with temporary housing accommodation which will be considered in paragraph 3.70. The 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 2025-2026 approved by Full Council on 1 March 2023, approved growth to support these pressures going forward.

3.55 Further financial analysis can be found in Appendix 2.

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

3.56 In Q4 2022-2023 an additional 30 new build homes had been completed within the city, this is less than Q3 which reported 50 new build homes. The number of completions will fluctuate across the period due to the nature of the construction sector, as there will be times when large new build projects are in development and will not contribute to each quarter's data. Many housing sites were closed for a period due to Covid, delaying completion of properties in this calendar year. It is predicted higher numbers of completions will be reported next financial year. The service remains on target to achieve the three year completion rate and are currently in the process of developing a solution to track their progress against the longer plan, rather than reporting the variations across the period.

3.57 Net additional dwellings within the city have reported an increase going from 614 in 2020-2021 to 1315 in 2021-2022. This puts Wolverhampton 44th of 309 LAs and in the highest quartile for this indicator. The next update of this data will be November 2023, lower numbers being reported for new build homes being completed compared to previous years may have an impact on the financial year 2022-2023 figure.

3.58 The indicator for housing affordability uses data on house prices and annual earnings to understand the affordability ratios for different areas. The higher the ratio, the less affordable the house prices were when compared to the earnings of residents. Wolverhampton's ratio has decreased from 6.26 to 6.96 in the March 2023 update indicating that housing has become slightly more affordable since the previous year. Wolverhampton is currently ranked 263rd out of 309 for this indicator (lower ranking = good), showing that comparatively housing is more affordable in the city.

3.59 The indicator for the energy efficiency of housing stock shows an increase of ten when compared to the previous year. The score for this indicator is generated based on data about a building's energy features, with 100 being the most efficient. Wolverhampton is currently at a rate of 65, lower than statistical neighbours. Continuing the same trajectory will see Wolverhampton reach the next quartile rate of 69. The energy performance of privately homes may have affected this increase as homeowners do not always have the means to invest in energy efficiency improvements to their homes, therefore affecting the energy performance of the property. The Council has secured funding from the

Department for Business, Energy and Industrial Strategy to support fuel poverty households with retrofit measures to increase the energy performance of the property.

- 3.60 The percentage of major planning applications completed within 13 weeks increased from 83% in Q3 to 100% in Q4. This indicator captures major planning applications so does not include minor applications where the target is 8 weeks, this has been added to 2023-2024 performance framework. There is a new internal performance tracking process in this area which will give officers quicker access to performance data. The service continues to work with officers to ensure improved performance in these areas and that they continue to recognise the importance of efficient service delivery in conjunction with ongoing dialogue with service users to enable good development.
- 3.61 The latest crime data shows that numbers of reported crimes per 1000 population have increased slightly from 132 to 134 over the past year. Wolverhampton's rate is higher than 12 out of 15 of its statistical neighbours. The Authority is focussed on reducing crime types with the highest risk and impact, for example serious youth violence which has seen increases regionally in the year to but a decrease in Wolverhampton.
- 3.62 The number of homeless families moved into secured housing has almost doubled through the year with homeless applicants currently make up 26% of the customers on the housing register. Work continues to ensure that properties are available to suit the needs of the specific customers and their wishes about where they live. This increase in families being moved into secured housing can be seen also in the increase in spend in this area.
- 3.63 There are an estimated 550,000 trees in Wolverhampton on Council land. 74% of these trees have been inspected by the Authority within the last two years. This is indicators has seen steady improvement through the year increasing from 69% in Q3.
- 3.64 There has been an increase in the percentage of fly tipping incidents resolved in five working days.
- 3.65 A joint project group with environmental health and public health based officers has been created to explore additional ways to reduce the levels of fly tipping across the City, whilst continuing to respond to reports from residents. The project monitors fly tipping hot spots across the city. The residents in the 21 streets where fly tipping is most prevalent across the city have been written to giving them information around how to dispose of their waste legally and reminding them that fly tipping is a crime. Some of these streets have had CCTV installed so we can gather evidence of who is fly tipping and use our enforcement powers accordingly.
- 3.66 The Shop a Tipper project went live in December 2022, targeting an alley where multiple fly tips are removed daily. We are using images captured from our CCTV cameras to display where fly tipping is most prevalent, asking residents to call us to 'Shop a Tipper' If their information leads to the payment of a Fixed Penalty Notice they get £100 reward.

- 3.67 The percentage of carriageways classed as high quality continues to increase. When a carriageway is assessed as high quality it is given a green rating with the percentage of carriageways in the city assessed as high quality improving across all road types. All road types have seen a consistent improvement over the year
- 3.68 Regarding financial performance, Resident Services overall are projecting a net overspend of £1.1 million. This is mainly as a result of cost pressures within Environmental Services, Fleet Services, Transportation, Street Lighting and Highways Maintenance. The overspend in Fleet services is mainly as a result of a large increase in Fleet hire charges and professional fees, partially offset by vacancy savings whilst a restructure of the service was undertaken. Cost pressures are being seen within Transportation mainly due to cost pressures of increased demand on passenger transport services for client transport and additional vehicle hire costs, plus inflationary pressures, offset in part by additional income from the travel unit. The cost pressures for Street Lighting results from significant increases in energy costs incurred. These have been mitigated in part by the continued lighting replacement programme providing more energy efficient lighting.
- 3.69 These costs pressures are being offset in part by underspends across a number of services within Resident Services including within Operations and Maintenance of Existing Network and Waste Services. The underspend within Operations and Maintenance of Existing Network was mainly as a result of result of increased income and delays in implementing the restructure. The underspend within Waste Services was as a result of additional income from commercial waste collection and disposal activity, as well as income from energy generation. As a result of increased income, it is proposed to transfer £800,000 into the Transformation Reserve to support future Transformation programme activity which will be subject to separate approval.
- 3.70 In addition, significant budget pressures are being seen in relation to temporary and supported accommodation. 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 numbers of families being asked to leave due to relationship breakdowns. An action plan has been developed that looks at increasing the amount of local authority stock utilised as temporary accommodation, increased preventative work and increased access to the private sector which will assist in mitigating the number of people requiring temporary accommodation as well as the increase in cost of this provision. The impact was specifically felt in relation to net Housing Benefit costs which are held under the Finance Directorate, reporting an overspend of £611,000 for 2022-2023 due to an increase in temporary, supported and exempt accommodation where full subsidy grant is not received. In addition to Housing Benefit costs, we are also seeing a cost pressure in temporary housing budgets (held under Public Health and Well Being) of £595,000.
- 3.71 Further financial analysis is included in Appendix 2.

- 3.72 The 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 2025-2026 report approved by Full Council on 1 March 2023, recognises that the pressures due to rising inflation around and increasing demand with temporary accommodation fleet services, transportation, street lighting and builds in growth to support these pressures going forward.
- 3.73 The Housing Revenue Account (HRA) is in a balanced position at the end of the year after making provision for debt redemption and capital financing of £15.4 million in line with the budget and transferring £247,000 to the HRA reserve. This is after a budget virement of £2.0 million was approved at Quarter 3 which reduced the debt redemption and capital financing provision by £2.0 million to increase the funding to Wolverhampton Homes. Further detail is included in section 7 and Appendix 4.

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

- 3.74 Historically Wolverhampton has had consistently higher unemployment claimant count rates than the national average. These rates were exacerbated by the pandemic and subsequent period.
- 3.75 Since March 2021, Wolverhampton has seen a reduction in the number of people claiming unemployment benefits (18-24) of 1010 young people. However, through the second half of 2022-2023 rates started to increase.
- 3.76 A whole city approach is needed to improve outcomes for our residents in this area. Whilst the Department of Work and Pensions are the lead agency in this area, the Council are working hard to influence improved processes and performance across the system. The Council has played a leading role in bringing together key stakeholders in this area including the Department for Work and Pension, education providers, schools, City of Wolverhampton College and local businesses and employers. The Council is designing a new Education and Skills Strategy to support work earlier intervention and partnership working, this will be published in 2023-2024. From this strategy, the Council will propose a new set of indicators to ensure Council engagement can be scrutinised in this area.
- 3.77 The Council continues to increase its numbers of apprentices and graduates with 72 employees currently in post. The latest cohort of graduates started in September and included the first 'Change 100' placements for graduates with special educational needs.
- 3.78 The Council wants to ensure that all staff have access to ongoing training and development through the apprentice levy. Last year the Council were able to spend 84% of its levy. In the year to date, 72% of this year's levy has been spent. The apprenticeship levy can only be spent on qualifications and not employment, funding the continuous development and the upskilling of staff. The Council has also run many dedicated programmes to aid the progression of minority groups within the local authority.
- 3.79 The Strategic Risk Register details the risk of high unemployment in the City and the work in place to mitigate this, Risk 9 can be found in Appendix 10.

3.80 Regarding financial performance, the Regeneration Directorate, outturned with an overspend of £220,000 mainly due to variations in planning application fee income and forecast non achievement of a savings target. The 2023-2024 budget has been adjusted to reflect non-delivery of this savings target going forward.

3.81 Further financial analysis is shown at Appendix 2.

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

3.82 Post-pandemic, it is more important than ever to deliver against our ambitious plans to transform and reimagine our city, conscious of the changes in how we work, live, travel and spend our leisure time. We continue to deliver our plans to be an events city building on our strong cultural offer and drive investment into our communities, particularly focussed on our council's climate change commitment to be next carbon neutral by 2028.

3.83 Recently published data shows that Wolverhampton is in the second highest quartile of performance for businesses that survive over one year. Latest data shows that 94.6% of businesses in Wolverhampton survive over one year and Wolverhampton is very close to being in the highest quartile of performance. This performance is slightly higher than our statutory neighbour averages which is 93.9%. A recent study by the School of Marketing named Wolverhampton as one of the top three places in the country to launch a new business.

3.84 The city has continued to support new business start-up in the city and the Council's support for this includes the launch of Ignite, a free to use business and enterprise hub, and a commission with Access 2 Business who support people some of whom have previously been unemployed and struggling to find a route to start their businesses.

3.85 In the last quarter the Council supported 130 businesses through a combination of business support, tailored programmes and business reviews. Intelligence around how we support businesses and which businesses are offered varying types of support is being gathered and will be analysed so that the business support offer provided by City of Wolverhampton Council can be tailored to specific needs of businesses. Current business support is undergoing significant transformation as EU funded programmes come to a close. The council is working with key partners and stakeholders including the West Midlands Combined Authority (WMCA) to establish a new business support programme, which will meet the needs of the businesses in the city.

3.86 The in-year decrease in businesses supported is linked to the winding down of interventions to support businesses through the pandemic. A creation of a new offer from the Council to business through the Employer Support Programme started from April 2023. This should lead to increased targeted engagement through 2023-2024.

3.87 There has been a continued increase in the numbers of electric charging points in the city. Further to this there has been the introduction of the first 150kw rapid charge points offering quicker levels of charge. Plans are also being finalised to procure an operator to



deliver 80 charge points to cover the infrastructure requirements up to 2025 as defined in the Black Country Ultra Low Emission Vehicle Strategy.

- 3.88 Wolverhampton's full fibre coverage has increased considerably since January 2022 as a result of initiatives such as Local Full Fibre Network and barrier busting activity. At the end of March 2023, over 54.1% of premises had full fibre, which is 35.9 percentage points higher than January 2022 and better than the average of its nearest statistical neighbours. Wolverhampton is now ranked in the second quartile nationally, and the State of Fibre 2023 identified Wolverhampton as a rising star seeing the second biggest increase in the UK in terms of premises.
- 3.89 Regarding financial performance, as mentioned above, the Regeneration Directorate which includes Enterprise, is projecting a net overspend of £220,000 mainly due to variation in planning application fee income and also forecast non achievement of a savings. Further analysis is shown at Appendix 2.

### **Our Council**

- 3.90 To deliver against our key city priorities, the Council continues to become more efficient and effective through ongoing improvements in relation to assets, use of data, technology and digital, our people and money.
- 3.91 The Sickness absence rate - non Covid 2022-2023 Q4 has decreased by 0.10 percentage points when compared to the previous quarter. When compared to the same quarter last year, the sickness absence rate has marginally increased by 0.33 percentage points. When compared to the previous quarter, the total number of days lost, and the average number of days lost per employee has decreased in 2022-2023 Q4.
- 3.92 Mental health issues, musculoskeletal and operations were recorded as the top three sickness absence reasons. Preventative support is offered through a wide range of methods such as practical, emotional, and mental wellbeing support, including financial wellbeing via our employee assistance programme, confidential counselling, and access to our 60 Mental Health First Aid practitioners. Other training and support include manual handling, Toolbox talks, Workstation and Homeworking risk assessments supported with reasonable adjustments to working arrangements and the provision of specialist equipment. Access to Occupational Health practitioners and Physiotherapists is available quickly and health benefits such as subsidised gym membership and cycle to work schemes are also promoted
- 3.93 The Employee Turnover rate for 2022-2023 Q4 was 2.77%, an increase of 0.08 percentage points when compared to the previous quarter. The latest published employee turnover data available for other local authorities across England is not yet available for 2022-2023 Q4. In 2022-2023 Q3 Wolverhampton had a lower rate than the average reported by other English authorities (3.3%).
- 3.94 Work is underway to understand the reasons for employee turnover using an exit interview process. Data gathered will be used to deliver targeted actions to ensure

turnover is suitable. Some turnover is needed to ensure development opportunities are available within the council and value added through new and varied skills and experience.

- 3.95 The service continues to take proactive measures to address the national issues associated with recruitment and retention with the creation of a HR jobs site that showcases the careers, rewards, benefits, people offer and culture of the Council, engaging with the workforce to review our people offer including different ways of working, continuously reviewing the health and wellbeing offer and continuing to embed a culture of fairness and inclusivity.
- 3.96 The Mean Gender Pay Gap for Council Employees as of March 2021 decreased by 0.20 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 2021 remains below that of some other local authorities in the region.
- 3.97 The Mean Ethnicity Pay Gap for Council Employees as of March 2021 decreased by 0.42 percentage points from the previous year, with employees from ethnic minority groups earning on average 76p less per hour than white employees. The pay gap between employees from ethnic minority groups and white employees continues to be more prominent for female employees than for male employees. There is no direct comparison to other local authorities at this time as there is currently no statutory requirement to publish this.
- 3.98 Equality, Diversity and Inclusion is at the heart of everything the Council does. HR monitor workforce equalities across all areas of employment on a continuous basis and will continue to work in partnership with the Equality, Diversity and Inclusion team, the appointed equalities officer, and in consultation with our people and the employee forum for Race, Religion and Belief to develop future actions to address inequalities.
- 3.99 The average customer services wait time decreased by five seconds between Quarter 3 and Quarter 4 2022-2023, but over two minutes in the year. During this period Customer Services reopened face to face services, including surgeries for Schools and Blue Badges. At the same time extra resources were allocated to Taxi Licensing calls, one of Wolverhampton's highest call volume lines, which has had a direct impact in lower waiting times.
- 3.100 The Council is due to launch its own ongoing survey based upon the regional Local Government Association (LGA) Resident Satisfaction Polling so that the satisfaction of residents can be assessed and analysed against regional and national averages.
- 3.101 In line with our commitment to the Wolverhampton Pound, the number of local businesses the Council spent with increased to 483 Wolverhampton based companies in the last 12 months from 451 in 2021-2022.

#### **4.0 Revenue Budget Outturn – General Fund Summary**

- 4.1 On 2 March 2022, the Council approved the net budget requirement for 2022-2023 of £267.2 million for General Fund services.
- 4.2 Once again, the Council has managed its finances well, and overall, the General Fund outturn for 2022-2023 out-turned within budget, after meeting the net costs of redundancy and pension strain and contributions to essential earmarked reserves.
- 4.3 The Reserves and Provisions 2022-2023 report on this same agenda provides an update on the reserves position as at the end of 2022-2023 and seeks approval to transfer efficiencies to a number of reserves. This includes a transfer of £4.5 million from efficiencies held within Corporate Accounts to the Future Years Budget Strategy Reserve to support the delivery of in-year corporately held efficiency targets for 2023-2024 and / or the forecast budget deficit for 2024-2025. This is in line with the Budget Strategy approved in the Performance and Budget Report to Cabinet in March 2023.
- 4.4 In addition, in line with the 2022-2023 Budget Strategy, the Council has not to use the £3.0 million of capital receipts to fund revenue transformation. Capital receipts have been used to finance capital expenditure, and thereby mitigating the need for borrowing.

#### **Pay Award**

- 4.5 Throughout the year, in the Performance and Budget Monitoring reports, updates have been provided to Cabinet in respect of the ongoing negotiations of the 2022-2023 pay award and forecast cost implications. It was announced on 1 November 2022, the pay award had been accepted, and it was reported at that time the forecast cost implication could be in the region of £9.0 million. The 2022-2023 approved budget included a provision of 2% amounting to £2.8 million.
- 4.6 In reports to Cabinet, it was reported that a number of services are experiencing difficulties in recruiting to some positions, resulting in a forecast underspend and as a result the forecast impact of the pay award for 2022-2023 can be met from existing budgets.
- 4.7 The Council has been able to meet the cost of pay awards for 2022-2023 financial year. However, national negotiations for 2023-2024 pay award are still ongoing. A provision of 5% has been built in 2023-2024. In the event that the pay award is above 5% and in-year efficiencies cannot be identified in 2023-2024, the budget contingency / budget strategy reserves will be called upon to fund the shortfall and the recurrent will be built into the MTFs and reported back to Councillors in future reports.
- 4.8 Risk 19 of the Strategic Risk Register identifies the specific risks associated with employee recruitment and retention.

## **Inflation**

- 4.9 Inflation in the UK is at the highest it has been for four decades, which means the country is facing an increase with the cost of living, with food, petrol and energy bills all increasing. The outturn position reflects some significant inflationary costs, including but not limited to, increasing energy costs which mainly impacted Leisure PFI, street lighting and our own assets, and increasing food prices and consumables within catering and cleaning.
- 4.10 Inflation is a significant risk and as such is included in the Strategic Risk Register at Appendix 10. However, it should be noted, that is not yet known what the full extent this will have on direct costs of the Council over the medium term and the impact this will have on our contracts, as well as our residents and businesses.
- 4.11 The 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 2025-2026 approved by Full Council on 1 March 2023, incorporated growth to support the projected inflationary and demand pressures where known for 2023-2024 and over the medium term.

## **Budget Reduction and Income Generation Targets 2022-2023**

- 4.12 The 2022-2023 approved budget also incorporated a number of approved budget reduction and income generation targets. Recurrent savings targets total £4.6 million, progress against these targets, where appropriate is detailed in Appendix 2.
- 4.13 Table 1 below summarises the delivery of these targets against the original delivery plan. Further detail on the most significant variances against the budget are reported on a service-by-service basis in Appendix 2.

**Table 1 – Delivery of saving targets against the original delivery plan**

<b>Directorate</b>	<b>Description</b>	<b>2022-2023 Target</b> <b>£000</b>	<b>Progress Update</b>
Children's Services and Education	Transforming Children's Services	200	Savings have been delivered in full.
Children's Services and Education	Adult Education – Target to break even	30	These savings have been partially delivered within 2022-2023. The 2023-2024 budget has been adjusted to reflect the non-delivery of this savings target.
Children's Services and Education	Alternative funding proposal for Skills Service	237	These savings have been delivered in full in 2022-2023.
Regeneration	Alternative funding proposal for Enterprise Service	163	These savings have been delivered in full in 2022-2023.
Regeneration	Allocation of efficiency target for Regeneration Service Review.	197	In total £152,000 have not been achieved within Regeneration. The 2023-2024 budget has been adjusted to reflect this and builds £150,000 back into the budget
Communications and Visitor Economy	Allocation of efficiency target for Regeneration Services Review to Visitor Economy*	19	These savings have been partially delivered.
Children's Services and Education	Allocation of efficiency target for Regeneration Services Review to Skills*.	19	These savings have been delivered in full in 2022-2023.
Public Health	Allocation of efficiency target for Regeneration Services Review to Library services*	15	These savings have been delivered in full.
Governance	Governance Efficiencies	100	These savings have been delivered in full in 2022-2023.

Directorate	Description	2022-2023 Target £000	Progress Update
Finance	Finance Efficiencies	150	These savings have been delivered in full in 2022-2023.
Resident Services	Allocations of Environmental Services Efficiencies target*	234	Currently savings totalling £90,000 have not been delivered. Appendix 2 provides further details on services which were not able to meet the saving targets.
Strategy		13	These savings have been delivered in full in 2022-2023.
Communications and Visitor Economy		3	These savings have not been delivered in 2022-2023. The 2023-2024 budget has been adjusted to reflect this and the budget has been built back in for 2023-2024.
Resident Services	Delivering Independent Transport	315	These savings have been delivered in full in 2022-2023 by efficiencies to service delivery.
Strategy	Insight and Performance review	50	These savings have been delivered in full in 2022-2023.
Strategy	ICT Review	150	These savings have been partially delivered
Communications and Visitor Economy	Communications Service Review	50	These savings have been partially delivered in 2022-2023. The 223-2024 budget has been adjusted to reflect this and the budget has been built back in for 2023-2024.
Corporate Accounts	Vacancy Factor and underlying underspends in year 2022-2023 across services	2,700	These targets have been delivered in full from efficiencies across the council in 2022-2023
<b>Total</b>		<b>4,645</b>	

\*These savings targets were allocated at the beginning of the financial year across services within the directorate at the time. Since this, some services moved to other directorates.

- 4.14 During the year from the original delivery plan of £4.6 million, a total of £489,000 savings target were either partially delivered or not delivered at all.

### **Corporate Resources**

- 4.15 The Council is part of the West Midlands pilot for 100% business rates retention and will therefore continue to no longer receive Revenue Support Grant but receive an amended Top Up Grant to reflect the business rates retention model. Top up Grants were expected to be in the region of £27.4 million. However, Top Up grants received during the year included a further grant of £418,000 paid as a Tariff Top Up adjustment to compensate local authorities for the freeze on the multiplier, which protected businesses from inflation increases.
- 4.16 The 2022-2023 budget includes section 31 grants totalling £21.2 million. Local authorities are reimbursed through a Section 31 grant for any Business Rates policies implemented by Government, such as mandatory business rates reliefs. The budget was set based on information known at a point of time and based on the forecast level of businesses which would be awarded the relief. At year end the Council is required to complete a NNDR 3 return which confirms the amount of section 31 grants the council should receive, based on the level of reliefs awarded. Based on this return, the level overall level section 31 grant has reduced by £1.7 million. This reduction in grant will be offset in part by an increase in the amount of business rates paid by businesses.
- 4.17 An analysis of the Council's outturn position against General Fund revenue budgets for 2022-2023 is detailed in the table below. Further detailed analysis for each directorate can be found in Appendix 2.

**Table 2 – 2022-2023 General Fund Revenue Budget Outturn**

	Net Controllable Budget 2022-2023	Outturn 2022-2023	Variation Over/(Under)	
	£000	£000	£000	%
Commissioning and Transformation	3,320	3,258	(62)	(1.87%)
Adult Services	79,627	79,627	-	-
Children's Services and Education	51,442	49,130	(2,312)	(4.49%)
Public Health and Wellbeing	5,465	6,274	809	14.80%
Resident Services	31,217	32,348	1,131	3.62%
City Assets	11,123	11,114	(9)	(0.08%)
Regeneration	2,481	2,701	220	8.87%
Finance	15,496	14,915	(581)	(3.75%)
Governance	14,107	14,152	45	0.32%
Strategy	11,864	11,494	(370)	(3.12%)
Communications and Visitor Experience	2,316	2,464	148	6.39%
Corporate Budgets	38,701	38,466	(235)	(0.61%)
<b>Net Budget Requirement</b>	<b>267,159</b>	<b>265,943</b>	<b>(1,216)</b>	<b>(0.46%)</b>
Council Tax (including Adult Social Care Precept)	(118,072)	(118,072)	-	-
Business Rates (net of WMCA growth payment and Collection Fund deficit)	(64,000)	(64,000)	-	-
Enterprise Zone Business Rates	(1,422)	(1,561)	(139)	(9.77%)
Top Up Grant	(27,399)	(27,817)	(418)	(1.53%)
New Homes Bonus	(1,632)	(1,632)	-	-
Section 31 Grant - Business Rates Support	(21,170)	(19,490)	1,680	7.94%
Corporate Resources - Surplus/Deficit	1,781	1,874	93	5.22%
Lower Tier Grant	(487)	(487)	-	-
Social Care Grants	(16,305)	(16,305)	-	-
Improved Better Care Fund	(14,761)	(14,761)	-	-
Contributions To/From Reserves	1,800	1,800	-	-
Services Grant	(5,492)	(5,492)	-	-
<b>Total Resources</b>	<b>(267,159)</b>	<b>(265,943)</b>	<b>1,216</b>	<b>0.45%</b>
<b>Net Budget (Surplus) / Deficit</b>	-	-	-	-



## **5.0 Risk Management**

- 5.1 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.
- 5.2 The Strategic Risk Register has been reviewed in conjunction with risk owners, reviewed by SEB and updated. The new Strategic Risk Register is presented to Cabinet for approval and is shown in Appendix 10. This will then go on to be presented to the Audit and Risk Committee on 24 July 2023.

## **6.0 Reserves and Provisions 2022-2023**

- 6.1 A report detailing the Council's reserves and provisions as at 31 March 2023 will be received at this meeting. The report, titled 'Reserves and Provisions 2022-2023', will seek approval for transfers to and from reserves and provisions.
- 6.2 Full Council on 1 March 2023, approved the Council's Reserve Strategy, which details the purposes of which reserves are held. In addition, it considers the Council's General Fund Balance which is the Director of Finance recommendation that it is maintained at 5% of the net budget for the next financial year. Cabinet on 22 February 2023, approved the transfer of £1.7 million from the Budget Strategy Reserve to the General Fund Reserve, taking this up to £15.3 million as at 31 March 2023.
- 6.3 Earmarked reserves that have been set aside by the Council to fund future estimated liabilities and planned expenditure have decreased overall by £10.1 million. Further details can be found in the Reserves and Provisions 2022-2023 report.
- 6.4 Whilst the Council does not have a high level of reserves the outturn position has enabled the Council to protect the current level of reserves. This will help to support the Council's short-term financial position but, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying further projected budget reductions which were estimated at £16.4 million in 2024-2025, rising to £23.1 million by 2025-2026 when reported to Full Council in March 2023. The Director of Finance considers that the overall level of all reserves and provisions are sufficient to meet the likely level of obligations to be met from reserves and provisions in the short term.

## **7.0 Housing Revenue Budget Monitoring**

- 7.1 Table 3 below detail the revenue outturn against budget for the Housing Revenue Account (HRA). The HRA is in a balanced position at the end of the year after making provision for dept redemption and capital financing of £15.4 million in line with the budget and transferring £247,000 to the HRA reserve. This is after a budget virement of £2.0 million was approved at Quarter 3 which reduced the debt redemption and capital financing provision by £2.0 million to increase the funding to Wolverhampton Homes. The outturn is close to budget but does include variances to individual budget lines as

detailed in table 3 below. Further detail on the contribution to reserves can be found in the Reserves and Provisions report on the same agenda.

**Table 3 – Housing Revenue Account Outturn 2022-2023**

	<b>Budget</b>	<b>Projected</b>	<b>Projected</b>
	<b>£000</b>	<b>Outturn</b>	<b>Variation</b>
		<b>£000</b>	<b>£000</b>
Total income	(99,833)	(99,674)	159
Total expenditure	74,219	73,138	(1,081)
Net cost of HRA services	(25,614)	(26,536)	(922)
Interest payments etc	10,233	10,930	697
Contribution to capital financing, provision for redemption of debt and HRA reserve	15,381	15,606	225
<b>Balance for the year</b>	-	-	-

- 7.2 Income from rents and service charges for the year was £159,000 lower than budgeted. When setting the budget, assumptions were made about the number of properties and the level of empty properties. The number of empty properties that are earmarked for demolition at New Park Village has resulted in reduced income.
- 7.3 There is an underspend against Supervision and Management of £443,000 due to a reduction in the cost of Service Level Agreements for a number of services. There is also an underspend against Rents, Rates and Taxes of £100,000, due to a reduction in the number of empty properties held which we are required to pay council tax on.
- 7.4 There is also an underspend on the budget for the provision for credit losses of £1.5 million. This provision takes into account rent arrears at year end and these remain consistent with prior years, despite cost of living pressures. However, Household Support Grant has been utilised to assist tenants with cost of living pressures which has helped to maintain rent collection performance.
- 7.5 Expenditure on depreciation was £993,000 above budget, this is as a result of reviewing the provision for the impact of inflation on component replacement costs. Interest charges for the year are £697,000 higher than the budget due to higher interest payable costs.
- 7.6 Further detail is shown at Appendix 4.

## 8.0 Collection Fund

- 8.1 The Collection Fund income comes from receipts of Council Tax and Business Rates, also referred to as Non-Domestic Rates (NDR), collected from taxpayers during the year and any balances from previous years.
- 8.2 The Collection Fund is administered by the Council as billing authority and the overall balance is then shared between the Council, West Midlands Police and Crime Commissioner and West Midlands Fire and Rescue Authority. Each organisation accounts for only their share of the Collection Fund.
- 8.3 As billing authority, the Council continues to see the impact of the Covid-19 pandemic during 2022-2023. Whilst the Council has seen some improvement of the collection rate with a gradual increase in the level of Council Tax collections towards pre-pandemic level, Business Rates are increasing at a slower pace and have still not returned back to pre-pandemic levels.
- 8.4 The closing Collection Fund outturn position for 2022-2023 is a surplus of £6.7 million. The table below provides a summary of this position.

**Table 4**

	City of Wolverhampton Council retained share		
	Council Tax	Business Rates	Total
	£000	£000	£000
Closing Collection Fund deficit / (surplus)	(1,020)	(5,649)	(6,669)

- 8.5 This improved position is primarily due to a lower in year charge to the bad debt provision as a result of improved collection rates than that originally forecast, however, as noted above, whilst collection rates have improved in 2022-2023, they are still below pre-pandemic levels.
- 8.6 The overall surplus to be carried forward is £6.7 million, however, due to Collection Fund accounting treatment, the surplus will not be passed to the Council's General Fund until 2023-2024 and later years.
- 8.7 It is important to note, that although there has been an improvement in collection rates in relation to Business Rates, the Council has seen a net reduction of £1.7 million in Section 31 grant entitlement. This grant is to compensate for the loss of income due to awarding reliefs and was based on information available at a point in time, providing a forecast of the level of businesses which would be awarded the relief. Following a review of whether businesses met the conditions of the relief the number entitled to relief has reduced and hence resulted in a reduction of the Section 31 grant. This is reflected in this report under section 4.16.
- 8.8 The MTFs will be updated to reflect this updated position, along with any impact on Section 31 grant, and reported to Cabinet in future reports.

## **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 This report seeks approval to a number of debt write offs in relation to Council Tax, Business Rates, Housing Benefits and Sundry Debts. The detail of these write-offs is provided in Appendix 6, Appendix 7, Appendix 8 and Appendix 9.

## **10.0 Evaluation of alternative options**

- 10.1 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.

## **11.0 Reasons for decisions**

- 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. 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 Cabinet Member for Resources and Digital City and the Director of Finance.

## **12.0 Financial implications**

- 12.1 The financial implications are discussed in the body of the report.  
[MH/04072023/A]

## **13.0 Legal implications**

- 13.1 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/04072023/C]

## **14.0 Equalities implications**

- 14.1 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.

- 14.2 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.

### **15.0 All other implications**

- 15.1 There are no other implications.

### **16.0 Schedule of background papers**

- 16.1 [2022-2023 Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026](#), report to Cabinet on 23 February 2022 and Full Council on 2 March 2022
- 16.2 [Our City: Our Plan](#), report to Cabinet on 23 February 2022 and Full Council on 2 March 2022
- 16.3 [Performance and Budget Monitoring 2022-2023](#), report to Cabinet on 7 September 2022
- 16.4 [Performance and Budget Monitoring 2022-2023](#) report to Cabinet on 16 November 2022
- 16.5 [Performance and Budget Monitoring 2022-2023](#) report to Cabinet on 22 March 2023
- 16.6 [2023-2024 Budget and Medium Term Financial Strategy 2023-2024 to 2025-2026](#), report to Cabinet on 22 February 2023 and Full Council on 1 March 2023.
- 16.7 [Reserves and Provisions 2022-2023](#), report to Cabinet on 12 July 2023.

### **17.0 Appendices**

- 17.1 Appendix 1 - Performance Update 2022-2023
- 17.2 Appendix 2 - Budget Monitoring 2022-2023
- 17.3 Appendix 3 – Outturn on School’s Budget 2022-2023
- 17.4 Appendix 4 - Housing Revenue Account
- 17.5 Appendix 5 - Debt Write Offs
- 17.6 Appendix 6 - Sundry Debt Write Offs
- 17.7 Appendix 7 - Council Tax Write Offs
- 17.8 Appendix 8 – Non Domestic Rates Write Offs

17.9 Appendix 9 – Housing Benefits Write Offs

17.10 Appendix 10 – Strategic Risk Register