

Report to Cabinet

15 November 2023

Subject:	Medium-Term Financial Strategy – Autumn 2023 Update
Cabinet Member:	Cabinet Member for Finance & Resources Cllr Bob Piper
Director:	Interim Director of Finance & Section 151 Officer Brendan Arnold
Key Decision:	Yes
Contact Officer:	Interim Assistant Director – Finance, Claire Spencer Claire_spencer@sandwell.gov.uk Strategic Lead – Service Improvement, Kate Ashley, kate1_ashley@sandwell.gov.uk

1. Recommendations

- 1.1 That approval be given to the Medium-Term Financial Strategy and embedded Medium-Term Financial Plan as an estimate of the Council's current financial position as at October 2023 noting that the figures will change as further updating takes place.
- 1.2 That the Director of Finance be authorised to commence a period of consultation regarding the savings opportunities referred to in Annex 6.
- 1.3 That the Guiding Principles be approved as a framework for financial planning for the period of the Medium-Term Financial Strategy.
- 1.4 That the Capital Planning Principles be approved to guide the preparation of the Capital Programme in the years ahead.









- 1.5 That the planned development of the Transformation Programme to date and through 2024/25 be noted and approval be given to endorse the extension of the transformational approach to other services of the Council.
- 1.6 That the Budget Timetable be noted.
- 1.7 That approval be given to submit to the Department for Levelling Up and Homes and Communities a proposal for the flexible use of capital receipts in financial year 2023/24 to support transformation and to delegate the approval of this proposal to the Portfolio Holder for Finance and Interim Director of Finance together with the Assistant Chief Executive and the Monitoring Officer.
- 1.8 That the Council be recommended to approve the Autumn 2023 update of the Medium-Term Financial Strategy at its next meeting.

2. Reasons for Recommendations

- 2.1 The Local Government Finance Act 1992 requires the Council to set a balanced, risk assessed budget each year and approve a Council Tax precept by 11 March.
- 2.2 The Council has a duty to consult with those who are liable to pay council tax or non-domestic rates, as well as those who use or are likely to use services provided by the authority. A public engagement exercise on the Council's budget was conducted in Summer 2023 seeking residents' views on how the Council should reduce spend in order to deliver a balanced budget. In order to set a balanced budget for 2024/25, the Council has developed a long list of savings options which, if adopted for 2024/25, will impact residents and businesses in the Borough.
- 2.3 This report presents the current position of the medium-term financial strategy and seeks approval to commence consultation on a range of potential savings options to support the Council in setting a balanced budget in February 2024.



3. How does this deliver objectives of the Corporate Plan?

     	<p>Under the One Council, One Team strategic outcome, the Council's aim is to make the most of our resources. The Council has stated that we will:</p> <ol style="list-style-type: none">update the Medium-Term Financial Strategy at least annually;set a sustainable and balanced budget each year; andensure that the Medium-Term Financial Strategy is underpinned by a realistic savings plan. <p>This report sets out an updated Medium-Term Financial Strategy as at Autumn 2023 and details proposed actions required to work towards a sustainable and balanced budget in 2024/25.</p>
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4. Key Points of Briefing

Medium-Term Financial Strategy – Update Autumn 2023

- 4.1 The MTFs and accompanying Medium Term Finance Plan (MTFP) - following a detailed and extensive review - suggests that there is an estimated Budget shortfall of £13m in 2024/25 at the date of this report. This figure has changed in the course of financial year 2023/24, reflecting the expected refinement and testing of initial planning assumptions. Accordingly, the fact that the figures have changed is not a surprise given (a) the financial position of the Local Government sector in general and (b) given that the financial estimates inevitably change as fresh information becomes available and is taken into the budget forecasts.
- 4.2 The reasons for the increases in forecast net expenditure are shown in Annex 9 of the MTFs and include the net effect of:
 - a. Additional savings identified.



- b. Downward adjustment of anticipated savings following a review of the underlying assumptions.
 - c. The challenging and adjustment of cost pressures previously admitted to the MTFP.
- 4.3 From the analysis presented it is clear that the Council must select savings amounting to £13m to balance the 2024/25 Budget and that the overwhelming proportion of these must be recurring in nature to remove the relevant costs in years following and to prevent the avoidable growth of future budget shortfalls.
- 4.4 In any local authority the overall suite of savings selected to ensure that the MTFP is balanced in the medium term will reflect a blend of (a) savings gathered from efficiencies and adoption of best practice (b) the adjustment of service levels (sometimes suspension or cessation of previous service levels) and (c) transformational savings. The Council will need to explore all of these dimensions as it considers the means of setting a balanced Budget for 2024/25.
- 4.5 As part of this process the Council is keen to further develop a *transformational* approach to delivering savings and has already taken steps in this direction. To this end a transformation programme to implement *Oracle Fusion* - a corporate Enterprise Resource Planning (ERP) system - is already underway and set to go live in April and July 2024. In addition, a Transformation Strategy has been prepared, and a Corporate Transformation Board has been established to guide and control the use of transformational approaches in the years ahead. These materials are attached to the MTFP at Annex 11. It should be clear that the benefits of the transformational endeavours described are to develop better value for service users and to enhance the customer journey.
- 4.6 As part of these ambitions the Council acknowledges the need to organise many of its activities along more commercial lines including adopting the Corporate Landlord Model (itself a transformational programme) for management of its property estate. As part of this emergent Property Transformation programme the Council acknowledges a need to further develop its proposals for significant asset disposals and to bring these to



decision at pace. Equipping these approaches with policies around flexible working, team building and to develop a One Team approach to service delivery are already underway and will be further developed.

- 4.7 Additional opportunities in the application of transformational approaches exist with regard to the delivery of transactional services generally; significant work has been undertaken to inform development of a clear business case in this area during 2024/25 and 2025/26. Further transformational approaches are expected in the operation of the Housing Revenue Account to assure its future financial sustainability. In addition to significant programmes that are service focussed, a range of other projects has been assembled that have transformational characteristics.
- 4.8 The Council has commenced a resident engagement exercise through the summer of 2023 and this - together with the Consultation and Engagement Plan (See Annexes 4 & 5 to the MTFS) - forms the Council's proposed approach to meeting its responsibilities in this area as part of setting the Budget for 2024/25. Accordingly, the MTFS includes proposals to launch the Consultation and Engagement Plan for savings amounting to £18m in response to the gross budget shortfall of £13m currently identified. The savings for which Cabinet is asked to launch consultation are included at Annex 6 to the MTFS.
- 4.9 A Budget Timetable for the 2024/25 Budget process is also presented and appears at Annex 3. In line with the highest standards of transparent governance this timetable includes opportunity for specific challenge and review by the Council's Overview & Scrutiny Boards.
- 4.10 The MTFS (and MTFP) will be further updated for the meetings of the Executive, Budget Scrutiny and Full Council in January and February 2024 based on receipt of the Provisional Finance Settlement from Government which is expected in late December 2023 and other adjustments to assumptions.



Savings Options

- 4.11 Over summer 2023, Cabinet and Leadership Team undertook a 'Star Chamber' exercise for the second year running to challenge existing budgets and identify savings options. The Council has also continued to make use of benchmarking costs against our nearest neighbours.
- 4.12 This exercise has resulted in a basket of savings options being put forward to Cabinet for approval to consult on further, prior to making formal decisions to adopt in February 2024. These initial savings options amounting to £18m in 2024/25 are attached at Annex 6 of the MTFS.

Consultation Approach

- 4.13 The Council's proposed approach to consultation is set out in paragraph 49 and Annex 5 in the attached report.
- 4.14 Equality Impact Assessments will be conducted for all savings options, with outcomes also being built into the decision-making process.

Scrutiny of Budget

- 4.15 Effective scrutiny of the Council's financial position and strategy is integral to the Council's ability to deliver a sustainable MTFS that is aligned to its strategic priorities. Scrutiny Boards will be engaged throughout the 2024/25 budget setting process and have ample opportunity to review and challenge the Council's MTFS and proposed savings to achieve a balanced budget. This will take place between November 2023 and January 2024 in advance of the Cabinet meeting in February 2024.



Next steps

4.16 The assumptions and estimates currently being used in the draft budget will be constantly monitored and the funding position will be revised, if needed, once the Local Government Finance Settlement has been announced. Separate reporting arrangements are in place with regard to the general Fund Capital Programme and also the Housing Revenue Account and Capital programme.

5. Alternative Options

5.1 The Council is legally required to set a balanced budget during March 2024. There are no alternative options.

6. Implications

Resources:	This report sets out the Autumn 2023 update of the Council's Medium Term Financial Strategy.
Legal and Governance:	<p>This report forms a preparatory part of the process under the Council's obligation to set a balanced budget for 2024/25.</p> <p>As identified within the report, various options require consultation with the public and/ or recognised trade unions and authority is sought through this report to commence relevant consultation exercises. Such consultation must take place in the formative stages of decision-making, as is proposed in this report.</p> <p>In turn and under the provisions of the Local Government Finance Act 1992, the Council must consult with persons or persons representative of bodies subject to non-domestic rates each financial year and before the rates become due for payment. Any consultation activity must engage those directly affected by any proposed decision by providing sufficient information to allow for intelligent response and with adequate time to do so.</p>



	<p>The Local Government Act 1999 requires that the Council must consult with representatives of persons:</p> <ul style="list-style-type: none"> • liable to pay council tax, precepts or levies in respect of the authority; • liable to pay non-domestic rates in the authority area; • use or likely to use services provided by the authority; and • who have an interest in the area within which the authority carries out its functions. <p>The consultation outcomes must then be conscientiously considered by decision-makers. The process set out in this report provides clear and structured arrangements for consultation to take place in advance of 2024/25 and will allow for decisions to be made after the budget is set taking account of individual consultation outcomes. It must in turn be open to Cabinet not to proceed with an individual savings option as proposed in this report following consultation but, if so, compensatory savings will need to be made to balance the Council's budget.</p>
Risk:	<p>The Medium-Term Financial Plan and Resource Allocation is identified as a risk on the Strategic Risk Register (SRR 27) in that if the council is unable to identify sufficient savings and put in place necessary policies, processes and actions to manage pressures, inflation and manage its plans, then this will impact on the council's financial resilience and its ability to effectively discharge its statutory responsibilities including the setting of a balanced budget for future years.</p>
Equality:	<p>The Equality Act 2010 obliges the Council to have due regard to its equality duties in the budget setting process. To achieve this, Equality Impact Assessments (EIAs) will be conducted on all savings options where required ahead of the final options being put forward to Cabinet for approval.</p>



Health and Wellbeing:	The Medium-Term Financial Strategy and draft Budget for 2024/25 sets out how the council will allocate its resources to deliver its statutory functions and the priorities within the Corporate Plan. These priorities focus on improving the health and wellbeing of our residents and tackling health inequalities in a multi-faceted way.
Social Value:	No specific implications arising from this report.
Climate Change:	Certain budget options may have beneficial environmental and climate change impacts.
Corporate Parenting:	No specific implications arising from this report.

7. Appendices

1: The Medium Term Financial Strategy

8. Background Papers

None



Medium Term Financial Strategy 2024/25 to 2026/27

Sandwell Metropolitan Borough Council



Finance Directorate

Autumn 2023

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Introduction

The Medium-Term Financial Strategy (MTFS) is a key document in the Council's financial planning cycle. This document sets out the strategic financial approach that the Council will adopt in supporting delivery and completion of the Improvement Plan and the portfolio of other strategies and plans that support delivery of the services in the Borough. The MTFS will explain - when fully developed for Full Council in February 2024 - how the Council will distribute its resources in this endeavour over the next five years. In order to deliver the Corporate Plan the Council will need to operate carefully within specific quantitative financial targets. These targets manifest themselves as budget limits, within which the Council must deliver its services over the period of the MTFS. There will be no room for overspends on the future journey and the Council needs to refresh its approach to operate with highly disciplined financial management arrangements. By doing so, the Council will be able to minimise the risk of the financial perils which have engulfed some local authorities in the recent past and demonstrate a level of financial stability and good management that the community in Sandwell is entitled to expect.

Brendan Arnold FCPFA
Interim Director of Finance & Section 151 Officer

29 October 2023

The MTFS - Form and Purpose

1. The purpose of the Medium Term Financial Strategy (MTFS) is to set down the approaches that will be used by the Council in assembling, organising and deploying its financial resources to (i) deliver the objectives set down in the Improvement Plan presented to Full Council on 7 June 2022, and updated in December 2022 and June 2023.
2. The MTFS contains a Medium Term Financial Plan (MTFP) which sets out the planning assumptions and financial limits formed by the relevant funding constraints presently assumed. These will be updated quarterly moving forward. This is the first presentation of a quarterly update to frame the development of the 2024/25 Budget at Full Council on 20 February 2024. The updated MTFP appears at Annex 8. Further updates will be required as further insight is gained regarding the Local Government Finance Settlement generally (expected to be released by Government in late December 2023) and as savings options within the Council are more fully developed.
3. It should be noted that development of the Council's MTFS is a key recommendation of the VFM Governance Review undertaken by Grant Thornton in 2021 and forms a notable action within the Council's Improvement Plan. Accordingly, the suitable development and use of the MTFS has been identified by Commissioners as one of the key considerations in advising the Secretary of State of progress made by the Council on its journey to improvement. More generally, it is important to note that like all Councils, the Council is *required under statute* to set a balanced Budget for 2024/25 during March 2024.
4. The MTFS sets out (i) a set of Guiding Principles which are presented for agreement by Cabinet and Council in seeking to obtain sustainable financial balance in the medium term and (ii) the design and operation of specific programmes and other initiatives that will - when fully developed - contribute to savings and cost reductions which are able to be considered in balancing the 2024/25 Budget on 20 February 2024.
5. This being so, the MTFS (incorporating the MTFP) provides a framework within which the annual Budget can be considered, and eventually set, by Council. Accordingly, this document is to be seen as a dynamic part of the Council's financial operations in the future and is of critical importance on the Council's improvement journey.

Background & Context

6. On 22 March 2022 a process of Intervention was initiated by the Secretary of State in response to the issuance by the External Auditor of their report following the Value for Money Governance Review containing statutory recommendations.

7. In seeking to address the recommendations from the External Auditor's report as well as those resulting from the CIPFA Financial Management Review and a Local Government Association Peer Challenge, the Council has – with the oversight of the Commissioners – adopted an Improvement Plan which is closely monitored by the Leadership Team, the Cabinet, Scrutiny function and Full Council. Although Intervention was not driven from a financial perspective as part of this process the Council needs to be able to assure that its financial affairs can be managed in a sustainable way.

Strategic Goals

8. The MTFs has the following strategic goals:
 - a. To provide a framework within which the Council is able to achieve a series of balanced budgets in the medium term to support the delivery of the Corporate Plan and Improvement Plan, demonstrating sustainable improvement.
 - b. By so doing to reach for and assure both financial stability and sustainability and to deliver these in the short, medium and long terms.
 - c. To enable successive budgets to be balanced using a set of Guiding Principles that are commonly adopted across the Local Government Sector and to apply these rigorously; and
 - d. To provide a budget and risk structure within which the Corporate Plan and Improvement Plan can be completed to meet the needs of stakeholders.

Key Points of Briefing

9. The MTFs and accompanying MTFP - following a detailed and extensive review - is suggesting that there is an estimated Budget shortfall of £13m in 2024/25 at the date of this report. This figure has changed in the course of financial year 2023/24, reflecting the expected refinement and testing of initial planning assumptions. Accordingly, the fact that the figures have changed is not a surprise given (a) the financial position of the Local Government sector in general and (b) given that the financial estimates inevitably change as fresh information becomes available and is taken into the budget forecasts.
10. The reasons for the increases in forecast net expenditure are shown in Annex 9 and include the net effect of:
 - a. Additional savings identified.
 - b. Downward adjustment of anticipated savings following a review of the underlying assumptions.
 - c. The challenging and adjustment of cost pressures previously admitted to the MTFP.

11. From the analysis presented it is clear that the Council must select savings amounting to £13m to balance 2024/25 Budget and that the overwhelming proportion of these must be recurring in nature to remove the relevant costs in years following and to prevent the avoidable growth of future budget shortfalls.
12. In any local authority the overall suite of savings selected to ensure that the MTFP is balanced in the medium term will reflect a blend of (a) savings gathered from efficiencies and adoption of best practice (b) the adjustment of service levels (sometimes suspension or cessation of previous service levels) and (c) transformational savings. The Council will need to explore all of these dimensions as it considers the means of setting a balanced Budget for 2024/25.
13. As part of this process the Council is keen to further develop a *transformational* approach to delivering savings and has already taken steps in this direction. To this end a transformation programme to implement *Oracle Fusion* - a corporate Enterprise Resource Planning (ERP) system - is already underway and set to go live in late Spring and Summer 2024. In addition, a Transformation Strategy has been prepared, and a Corporate Transformation Board has been established to guide and control the use of transformational approaches in the years ahead. These materials are attached to this report at Annex 11. It should be clear that the benefits of the transformational endeavours described are to develop better value for service users and to enhance the customer journey.
14. As part of these ambitions the Council acknowledges the need to organise many of its activities along more commercial lines including adopting the Corporate Landlord Model (itself a transformational programme) for management of its property estate. As part of this emergent Property Transformation programme the Council acknowledges a need to further develop its proposals for significant asset disposals and to bring these to decision at pace. Equipping these approaches with policies around flexible working, team building and to develop a One Team approach to service delivery are already underway and will be further developed.
15. Additional opportunities in the application of transformational approaches exist with regard to the delivery of transactional services generally; significant work has been undertaken to inform development of a clear business case in this area during 2024/25 and 2025/26. Further transformational approaches are expected in the operation of the Housing Revenue Account to assure its future financial sustainability. In addition to significant programmes that are service focussed, a range of other projects has been assembled. The Transformation Strategy appears at Annex 11.
16. The Council has commenced a resident engagement exercise through the summer of 2023 and this - together with the Consultation and Engagement Plan (See Annexes 4 & 5) - forms the Council's proposed approach to meeting its responsibilities in this area as part of setting the Budget for 2024/25. Accordingly the MTFP includes proposals to launch the Consultation and Engagement Plan for savings amounting to £18m in response to the gross budget shortfall of £13m currently identified. The potential savings of £18m for which Cabinet is asked to launch consultation are included at Annex 6.

17. A Budget Timetable for the 2024/25 Budget process is also presented and appears at Annex 3. In line with the highest standards of transparent governance this timetable includes specific challenge and review by the Council's Overview & Scrutiny function through the Budget & Corporate Scrutiny Management Board as part of the consultation process.
18. The MTFS (and MTFP) will be further updated for the meetings of the Executive, Budget Scrutiny and Full Council in January and February 2024 based on receipt of the Provisional Finance Settlement from Government which is expected in late December 2023 and other adjustments to assumptions..

The Guiding Principles

19. In undertaking its financial operations over the period of the MTFS the Council is asked to adopt the following Guiding Principles ('The Principles'). The Principles are based on sound management and professional practice. They are presented as *Guiding* Principles because there may be occasions where – after careful consideration - the exigencies of strategic or operational management may necessitate from time to time a departure from the Principles.

No.	Guiding Principles
1	Fees & Charges will be reviewed annually and adjusted for inflation, comparability and competitiveness.
2	As a compassionate Council, in setting charges, the impact on vulnerable groups will be considered carefully and equalities impact assessments prepared where needed.
3	Service level spend will be benchmarked regularly with a suitable peer group and proposals to align with the benchmark will be brought forward.
4	The Council will seek to adopt incrementally a policy of Digital First in service delivery generally but as a compassionate Council will be mindful of the risks of <i>digital exclusion</i> in doing so.
5	A rolling programme of Service Reviews launched as part of the Star Chamber process will continue from time to time within the timeframe of the MTFS and will be used to ensure that operating models, organisational design and cost footprints are subject to regular review and adjustment across the Council.
6	Service developments, savings and investment will be brought forward on the basis of business cases that must demonstrate feasibility, deliverability, and appropriate financial pay back and other investment appraisal techniques.
7	The Council will consult with residents and other stakeholders in the Borough in forming budget options.

8	Where business cases are prepared for decision a proactive approach will operate encompassing review in depth prior to such presentation; this will include rigorous application of investment appraisal techniques, peer review and use of the Scrutiny function to achieve searching review and challenge before business cases are adopted.
9	The Council will welcome approaches from regional and other partners for joint working and joint management initiatives.
10	The Council will seek to reach and maintain Unearmarked Reserves at a level of at least 5% of Net Expenditure (i.e. £16m based on current net expenditure of in 2023/24 of £317m).
11	Given the financial position of the Council and the need to maintain key statutory services the Council will seek to maximise receipts from Council Tax and optimise receipts from fees and charges and other income over the period of the MTFs.
12	Growth in service budgets must be funded from (a) grants or other contributions, (b) realistic estimates of commercial income and fees and charges or (c) revenue savings. Following the setting of the 2024/25 Budget there will be a general planning assumption that no other growth will be adopted into the Budget within the period of the MTFs unless under the most pressing circumstances.
13	Council will develop moving forward enhanced means of assessing and managing risks at both strategic and operational levels and these will be used to inform the annual Budget process.
14	The Council will seek to make Value for Money decisions and be mindful of its obligations to obtain best value for the 'public purse' generally.
15	The Council will consider invest to save proposals in preparing the MTFs generally.
16	In making decisions to buy goods and services the Council will be mindful of powers to seek social value in procurement and reduce the carbon impact of decisions to assist with Net Zero.

Financial Challenges: Governance & Decision Making

20. A full Budget Timetable appears at Annex 3 to this report. It must be noted that - following the Intervention already referred to - the Commissioners will in support of Cabinet - consider and receive the materials referred to below and will guide and advise the Council in fulfilment of their supporting role as part of the overall Improvement journey.
21. In summary, the following arrangements are envisaged for Budget decision making in the period to the setting of the 2024/25 Budget on 20 February 2024.
- a. The Budget & Corporate Scrutiny Management Board will hold a Budget Enquiry and Review meeting during January 2024 to consider the Draft Budget options and consultation responses. The recommendations by Scrutiny will be incorporated into overall

consultation feedback and submitted to Cabinet for consideration in the formulation of the final budget proposals. The meeting of Cabinet at which this information will be received is 7 February 2024.

- b. That the Medium-Term Financial Strategy is further updated for the meeting of Full Council on 20 February 2024; this to enable (i) the capture of any further savings (ii) the impact of the Provisional Finance Settlement from Government and (ii) updated corporate assumptions to be incorporated within the Draft Budget.
- c. Full Council to consider the setting of the 2024/25 Budget on 20 February 2024 following a decision of Cabinet to recommend the Draft Budget to Full Council.

Consultation & Engagement

22. The views of Sandwell's residents, businesses and communities are integral to the development of a MTFs that reflects the priorities of the Borough. A two phased approach to engagement and consultation has been devised to support the development of the 2024/25 Budget and the MTFP. This has been designed to align to the Council's Consultation Principles:
- a. Consultation lies at the heart of effective public policy development and service to the public. It should be a first thought and not an afterthought.
 - b. Consultation should never be used to communicate decisions already taken, and the outcome of consultation should never be pre-determined.
 - c. Consultation should be inclusive. Whenever possible, it should involve all parties/groups, including our children and young people, who can contribute to or are affected by the outcome of the consultation.
23. Phase One consisted of a face-to-face public engagement exercise with a representative sample of residents in Summer 2023. Building on the budget consultation activity conducted in 2022, this survey offered the opportunity for residents to provide input on their local priorities and preferences for delivering further council savings going into the budget setting process for 2024/25. The results of this helped inform the development of options for future savings. Details on the methodology used and responses are included at Annex 4. At the same time, the Council also conducted the SHAPE survey with primary and secondary school age children across the Borough. This survey captured the experiences of children and young people in Sandwell and what matters to them. The final results of this survey are expected in mid-November, and will be included in the outcome of Phase Two.
24. Phase Two will commence from 15 November 2023 and will involve further consultation with residents, businesses and communities. The approach will be to seek views on the whole basket of possible savings options which will feed into the Cabinet decision making process. Where savings options impact on groups of staff, engagement and formal consultation with affected staff and Trade Unions will be conducted as appropriate.

25. The timing of this consultation period is scheduled to feed into the meetings of Cabinet and Full Council in February 2024 that will be asked to take decisions on the Budget for 2024/25.
26. The Council will comply with its obligations under statute in all respects in undertaking these activities.

Scrutiny of Budget Options

27. The role of Scrutiny in this budget process is key to providing assurance that the council's budget and MTFs is sustainable and aligned to priority areas over the short, medium and longer term. It is important that sufficient time is given to this process to allow for effective scrutiny and review of budget options prior to decisions being made.
28. The budget generally will be scrutinised as follows:
 - a. A consideration of this MTFs (Autumn 2023) by the Budget & Corporate Scrutiny Management Board on 22 November 2023.
 - b. An in-depth consideration of the 2024/25 Budget and the basket of savings options; this to take place in January 2024 prior to the meeting of Cabinet on 7 February to consider the Draft Budget and the meeting of Full Council on 20 February 2024.

The National Financial Background

29. The National economy is being driven by international economic events not least the impact of the war in Ukraine, ongoing issues with international supply chains and the ongoing impact of the Pandemic. One of the key issues that has emerged is the emergence of high levels of inflation in energy, food and other products and commodities which has caused very significant inflationary pressures in wholesale and retail markets across a range of goods and services; naturally these pressures have also related to increases in labour costs. The resulting inflationary pressure has not been seen in the UK economy since the very high levels experienced during the late 1970's and early 1980's.
30. In recent years Local Government has received a much higher proportion of funding from local rather than national sources as has historically been the case. It follows that Government has inherited a position where it no longer has the appropriate levers or – following the support afforded to communities and businesses through and following the Pandemic and energy crisis – the resources to meet the inflationary pressure in the cost of service delivery.
31. The result is that much of the financial pressure has been left for local councils to manage and this has resulted and will continue to entail a need for largescale savings across the Local Government sector. That said, the savings currently required in this Council are currently forecast to be at the lower end of the savings envelope faced by some other local authorities.

32. On the back of these developments a ‘cost of living’ crisis has been described. This is something of which the Council is keenly aware. Accordingly, the Council will be invited subsequently in this budget approval process to maintain the Council Tax Support Scheme in Sandwell for 2024/25 without any downward adjustment to the level of support provided. There also needs to be an awareness that in the UK economy where inflation is forecast to continue rising at beyond 6% per annum in the foreseeable future, levels of Council Tax are set to become less costly in real terms given the expected thresholds set by Government for the level of potential increase to the Council Tax.

The Pandemic and ongoing Societal Changes

33. The ongoing impact of the Pandemic has resulted in a number of behavioural changes at a societal level which result in additional costs for local authority budgets. Examples nationally have included - but are not confined to - higher waste collection costs, pressure on the collection of commercial rents, changes in the demand for office accommodation associated with the emergence of ‘working from home’ as a ‘new normal’ and a consequential adverse impact on car parking income..
34. Although some of these effects are estimated to recover towards former levels in the medium term (particularly commercial rental income and car parking revenues) the evident financial pressures are expected to continue into the medium term. This is the case in Sandwell as for other councils.

General Budget Planning Assumptions

35. The following paragraphs set out a suite of headline planning assumptions which inform the construction of the MTFP; greater detail is presented in Annex 7. These will be reviewed on an ongoing basis for the next quarterly update of the MTFP to be prepared for the meeting of Full Council on 20 February 2024.

Council Tax

36. As a response to the inflationary pressures in the economy the Government at the last Finance Settlement (2023/24) set the referendum threshold for Council Tax increases to an overall total of 2.99% and an additional ‘Adult Social Care Precept’ of 2% for upper tier councils such as Sandwell. The level of the council tax cap for 2024/25 is presently unknown but for planning purposes - in expectation that inflationary pressures will continue to be significant in the economy – it is assumed that an annual increase of 2.99% will continue to apply in future years. Even at this level, the Council’s spending power will decrease in real terms if - as seems likely - inflation continues to erode the value of money in the short and early medium term. This is why the development of a *transformational* approach to service delivery is so important to the Borough in the period ahead.
37. The increase in Council Tax will be a decision of Council in each year moving forward but to do other than maximise potential increases would imperil the Council’s ability to sustain statutory services at a reasonable level.

National Non-Domestic Rates (NNDR)

38. The Government has for some years been considering reform of the NNDR system amid concerns from the business sector that the Rate imposes an unwarranted burden on the commercial sector. To this point no firm proposals have been brought forward by Government and so the MTFP uses the existing methodology to forecast the yield in the forward period of the Plan. In addition, for Sandwell, the proposed Devolution Deal negotiated between the West Midlands Combined Authority and Government envisages maintenance of the existing NNDR pooling arrangements in the West Midlands to which the Council presently belongs for a further 10 years.

The Capital Programme

39. Services have been provided with a list of provisional capital programme budgets based on information included within the February 2023 budget report, taking into account any potential slippage in the current programme. They are in the process of re-affirming these estimates taking into consideration any potential changes in pricing or rephrasing or to request removal if sums previously earmarked for particular schemes are no longer required.
40. Where a new scheme is put forward Services have been asked to complete an outline bid for capital funding which will be assessed against corporate priorities. Final proposals will be presented as part of the Draft Budget which is presented to the Budget & Corporate Scrutiny Management Board and then to Cabinet on 7 February and to Full Council on 20 February 2024. In the future it is envisaged that the Capital Programme will be prioritised and managed using a refreshed approach which is described below.

The Capital Planning Principles

41. For financial year 2024/25 and within the period of this MTFP the following *Capital Planning Principles* are proposed for use in forming the Capital Programme which will be presented to and approved by Full Council. Proposals that do not fall within these 'Capital Principles' will not – except in conditions of compelling exigency - be included within the Draft Capital Programme for the General Fund or the Housing Revenue Account.
- a. Items of programming that relate to essential health and safety works and deliver compliance to the regulations within in the Council's property estate.
 - b. Items of programming that have a measurable beneficial impact on the carbon footprint of the Council and the Borough and which have affordable cost implications.
 - c. Essential investment in Information & Communications Technology (both hardware and software) to ensure that the Council has fit for purpose and secure tools and infrastructure to support operations generally and transformational programmes where there are suitable business cases to support such investment.

- d. Items where - following provision of external grant support (principally from Government, Government Agencies or the West Midlands Combined Authority) - specific resources are provided to the Council by to complete or partially complete certain specified schemes that support the Council's objectives or wider regional ambitions such that match funding is required. Such match funding must be affordable to the Council and decisions made must demonstrate the Council's duty to achieve VFM in the decisions made.
 - e. Any schemes that can be shown to be wholly funded from external resources (e.g. Government Grants, external contributions) without implying additional cost burdens for the Council.
 - f. Where proposals are estimated to return a measurable revenue saving; for example, leasing of the Council's commercial property portfolio which may require modest upfront capital investment and which then return a beneficial income stream to the revenue budget.
 - g. Schemes for which there may be a perception of compelling need but where such schemes are wholly dependent on Council funding. In these cases, a rigorous business case must be prepared which demonstrates that additional cost pressures can be assuaged by alternative savings or removal of capital programming. This approach will ensure that the Council seeks to enhance the approaches already in play in forming the Council's Capital Programme in the years ahead.
42. For the avoidance of doubt, on grounds of affordability there will be no other new borrowing for capital purposes in the General Fund during the period of the MTFS.

Reserves

43. In previous years the Council has sometimes used significant contributions from Reserves to support service delivery. The Council – as has happened in other local authorities – may face the future prospect of compromising its ability to manage strategic risks at some future point. Accordingly, unless in case of grave exigency, or in respect of use of reserves that has been previously planned, The Draft Budget presented to Council in February 2024 is not expected to contain proposals to subsidise the budget shortfall of £13m currently estimated by drawing on reserves.

Debt Service

44. The Council's General Fund holds a current debt portfolio of £146m for which the annual debt service costs are estimated at c. £15m per annum which represents less than 5% of the Net Budget. The fact that this percentage is relatively modest compared with similar authorities is a significant factor in the budget shortfall in Sandwell being lower compared with such authorities. The position with regard to the Housing Revenue Account will be discussed within the separate HRA Budget report which will be presented later in the Autumn of 2023.

The Finance Settlement 2024/25: Forecast and Key Points

45. The Provisional Local Government Finance Settlement for 2024/25 is to be published in late December 2023 and will become Final in late January or early February 2024. Accordingly, at this stage in the planning process an assessment is made of the forecast position with regard to the content of the Finance Settlement at that future date. These assumptions will be improved and revised as information becomes available, particularly on the 22 November when the Chancellor of the Exchequer is expected to release their Autumn Statement.
46. Currently, the key points of briefing in relation to the Forecast are:
- a. New Homes Bonus – The Government has been considering reform or phasing out of New Homes Bonus and currently the grant is calculated on a one-off annual basis. In the absence of detailed consultation by Government it is assumed that the Council will continue to receive a benefit similar in value to prior years.
 - b. Controls on use of packaging and waste volumes – the Government is planning to establish a system where the producers of packaging waste are charged a levy related to the waste volumes that result such that the proceeds - net of regulatory costs - are passed on to local Councils. The assumption made generally in the MTFP is that the incoming monies will need to be reinvested in waste services and that, accordingly, there will not be a net benefit to the Council from this scheme. This assumption will be reviewed for the next update of the MTFP; in addition Government has deferred implementation until 2025/26.
 - c. Planning Fees – in the period ahead Government is expected to re-set planning fees that are significantly higher than is presently the case. The results of this decision – if received by February 2024 – will be built into the Final Budget proposals.
 - d. Collection Fund – the working assumption is that Council Tax will increase by 2.99% throughout each year of the MTFP, the maximum permitted under current Government guidance. The Collection Fund in respect of Council Tax is currently estimated to be in deficit at end of 2023/24 and a charge to the General Fund of £0.5m has been included

in the current MTFP to account for this. The situation will be reviewed in depth for the next update of the MTFP. The setting of Council Tax at this level is for the purposes of modelling; the decision on the level of Council Tax increase is a matter for the meeting of Full Council on 20 February 2024.

- e. The NNDR Pool - it is assumed that the Council will continue to be a member of the West Midlands Business Rates Pool in 2024/25 and future years and it is also assumed that the Government will continue to permit the operation of such pools as a matter of policy within the Devolution Deal.

Other Planning Assumptions

- 47. Further planning assumptions made in the Medium Term Financial Plan appear at Annex 7.

Savings for Consultation

- 48. The Council has assembled a list of opportunities that could be led to generate savings in the region of £18m in 2024/25. The opportunities have been grouped into themed areas to align with the existing transformational savings in place for financial year 2023/24. It must be remembered that the forecast shortfall for Budget 2024/25 is £13m and so the savings opportunities highlighted in the table are designed to deliver a level of choice to Cabinet in drawing up final options following the end of consultation and when the Provisional Finance Settlement has been received in late December 2023. The List of Savings Opportunities appears at Annex 6.

Delivery of Savings in 2023/24

- 49. A review of savings has been undertaken to assess whether the targeted savings were delivered in 2022/23 and 2023/24 as planned. Should this not be the case, the additional cost this implies remains within the forward years of the MTFP as a pressure. At the present time there is evidence to suggest that – with minor exceptions – the savings for 2023/24 are set to be delivered by the end of the year or are capable of delivery in the near future. This position will be reviewed throughout out the Autumn of 2023 to inform the preparation of the Draft Budget for Cabinet, Scrutiny and Full Council by February 2024.

Flexible Use of Capital Receipts

- 50. The Council will wish to make use of the facility to use capital receipts to fund revenue expenditure used to fund business change and transformation. For this reason, a plan will be produced and included in the Budget Report for Council on 20 February 2024 following which the plan will be shared with the Government Department (DLUHC) as required in recent guidance from Government. Further, the Council wishes to submit a proposal for flexible use of capital receipts in financial year 2023/24.

Property

51. The holding and management of property assets is a significant activity for the Council and as previously described in this report work is proceeding on a number of strands to form a transformation programme in this service area. The principal components are considered to be:
- a. Operation of the Corporate Landlord model which is expected to drive efficiency by unified management of all property assets within the Council; this to release revenue savings in the cost of management of these assets and also to reduce significantly the property holding costs in the revenue budget.
 - b. The Council holds some 4,000 property assets including buildings and parcels of land of various kinds. This includes a number of properties for which the Council has no economic use and which drive a cost stream including maintenance, security, business rates and others which can only be assuaged through the disposal of the surplus property. The next update of the MTFs will contain a listing of surplus property for disposal and this will form part and parcel of the proposals set down in the Draft Budget.

The Medium Term Financial Plan (MTFP)

52. The Council's MTFP (MTFS Autumn 2023/24), is shown in Table 1. The MTFP is the product of (i) detailed technical analysis (ii) detailed discussion with the Directorates and their respective management teams regarding the pressures identified and (iii) further engagement to assist the Directorates to identify savings to bridge the Budget shortfall identified.
53. In preparing to balance the 2024/25 Budget the Council produced an initial forecast shortfall of £8.9m for 2024/25 which has been revised to £13m following a process of review which led to the acceptance of additional net pressures. These arose from stress testing a number of key variables used to form the previous version of the MTFP. The full detail of the MTFP is shown in Annex 8 and the movements between the original figures and those now presented are shown in Annex 9.

Table 1: Medium Term Financial Plan 2024/25 to 2026/27

	2024/25	2025/26	2026/27
	£m	£m	£m
Current Net Budget	317.103	317.103	317.103
Budget pressures and technical adjustments	28.272	49.723	66.727
Revised Net Budget	345.375	366.826	383.830
Funding	(332.412)	(338.158)	(344.476)
Net Deficit before savings options	12.963	28.668	39.354

The MTFS & MTFP: Governance & Reporting

54. The MTFP will continue to be updated on a rolling basis from this point forward and will be reported quarterly to Cabinet, Scrutiny Management Boards, Full Council, and the Commissioners moving forward. This will enable stakeholders to receive regular briefing on observed changes to the forecasts that are from time to time observed.

Risk Assessment & Management

55. The Council has a need to develop structured arrangements to manage risk with regard to strategic and operational dimensions of its operations. The principal risks associated with maintenance of the Council's services within the financial constraints identified in the MTFS and associated MTFP together with headline mitigations are set out in Annex 10.

Summary

56. This document has set out the MTFS and the embedded MTFP and the acceptance and application of these documents can be summarised as follows:
- a. The Council has identified a set of Guiding Principles which will assist in shaping responses to future revenue budget shortfalls.
 - b. The Council is aware of the challenging financial pressures that bear on the 2024/25 Budget and beyond and has understood the issues that this presents.
 - c. The Council has taken effective action to identify a portfolio of potential savings opportunities in the order of £18m which may be considered in order to balance the 2024/25 Budget shortfall of £13m currently forecast and wishes to consult the Borough on these options.
 - d. It will be key across the years of the MTFS for the Council to maximise funding streams including Council Tax and this should continue – as in previous years – to inform planning assumptions in the MTFS and MTFP.
 - e. MTFP Planning assumptions will continue to be refined and reviewed on an ongoing basis; accordingly, the figures contained in this report will continue to change, moving forward.
 - f. The Council has also identified *Capital Planning Principles* to inform capital planning moving forward and has acknowledged a need to review its capital programme methodology in the period ahead.

Recommendations

57. It is recommended that Cabinet.

- a. Approve the MTFS and embedded MTFP as an estimate of the Council's current financial position at October 2023 noting that the figures will change as further updating takes place.
- b. Give approval for the commencement of a period of consultation regarding the savings opportunities referred to in Annex 6.
- c. Approve the Guiding Principles as framework for financial planning for the period of the MTFS.
- d. Approve the Capital Planning Principles to guide the preparation of the Capital Programme in the years ahead.
- e. Note the planned development of the Transformation Programme to date and through 2024/25 and endorses the extension of the transformational approach to other services of the Council.
- f. Note the Budget Timetable set out in this report.
- g. Approve the submission to DLUHC of a proposal for the flexible use of capital receipts in financial year 2023/24 to support transformation and to delegate the approval of this proposal to the Portfolio Holder for Finance and Interim Director of Finance together with the Assistant Chief Executive and the Monitoring Officer.
- h. Approve the onward submission of the Autumn 2023 update of the MTFS to the next meeting of Full Council.



Sandwell Council's Corporate Plan ([refreshed June 2023](#)) sets out six outward facing strategic priorities for the council to deliver on, underpinned by 'One Council One Team' – our seventh strategic priority to be a modern, outstanding council. Underpinning these strategic priorities, the council has established [145 'we will' statements](#) which indicate key actions the Council will work towards to help achieve delivery of the strategic outcomes. Performance in delivery of these 'we will' statements and the impact of our activity on the strategic priorities is monitored through the council's corporate performance management framework. This is reported to Cabinet and Budget & Corporate Scrutiny Management Board on a quarterly basis.

The Role of Commissioners

On 22 March 2022 the Secretary of State for Levelling Up, Housing and Communities announced an [intervention package](#) and a set of [Directions](#) to ensure Sandwell Council was able to comply with its best value duty under Part 1 of the Local Government Act 1999. These Directions were in-part influenced by the Grant Thornton report following their [Value for Money Governance Review of December 2021](#). The Directions remain in force until 22 March 2024 unless amended by the Secretary of State.

In response to the Directions, the council developed a single [Improvement Plan](#) that combined the actions to address not only the Grant Thornton Review, but also the findings of the [CIPFA Financial Management Review \(January 2022\)](#) and the [LGA Corporate Peer Challenge \(February 2022\)](#). Robust programme management and assurance arrangements are in place to manage the delivery of the Improvement Plan and ensure that it remains a live document. A [revised Improvement Plan](#) was approved by Cabinet in March 2023 to incorporate recommendations from follow-up reviews by [Grant Thornton](#) and the [LGA](#). An [Annual Report](#) was approved by Cabinet in June 2023, setting out the council's improvement journey over the preceding 12 months and the priorities for further improvement during the intervention period.

The Directions of the Secretary of State (March 2022) enable the Commissioners to exercise the following functions:

1. All functions associated with the governance and scrutiny of strategic decision making by the Authority.
2. All functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers, to include:
 - a. The functions of designating a person as a statutory officer and removing a person from a statutory office.
 - b. The functions under section 112 of the Local Government Act 1972 of –
 - i. appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and
 - ii. dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority

The Commissioners submit a report to the Secretary of State every six months on Sandwell Council's progress in addressing the issues that led to government intervention. In their [letter of June 2023](#), the Commissioners noted that they had seen "*significant progress on the single improvement plan*" since their last report, and that "*substantial progress has also been achieved on nearly all*" of the priorities highlighted in their previous report. In the same letter, the Commissioners stated that they believed the council needed to give particular focus to the following four areas:

1. Developing the strategic capacity of the organisation.
2. Further work on implementation of the culture and values work.
3. A comprehensive transformation programme linked to delivering the Council's MTFS.
4. The 2020/21 accounts approved by auditors and a clear timetable for the approval of the 2021/22 accounts.

Annex 3

The Budget Timetable for 2024/25 Budget

Timeline	Activity	Status
August '23	Budget Consultation feedback received; Star Chambers conducted	Completed
Early October '23	Business case development and review	Completed
15 November '23	Autumn 2023 MTFS report to Cabinet and commencement of next phase consultation	<i>In Progress</i>
Nov '23 –Jan '24	Consultation period on savings opportunities to include residents, businesses and communities. Completion of Equality Impact Assessments	<i>Decision at Cabinet 15 November</i>
22 November '23	Budget & Corporate Scrutiny Management Board to consider Autumn 2023 MTFS	<i>Scheduled</i>
21 December '23	Finance settlement receipt expected 21 December 2023;	-
January '24	Budget & Corporate Scrutiny Management Board Sessions	<i>16-18 January</i>
February '24	Draft Budget 2024/25 and to Cabinet (7 Feb 2024) and Council (20 Feb 2024)	<i>Scheduled</i>

Sandwell Council Budget Survey report

Key Findings Report July 2023



Research objectives and method



In June and early July 2023 M·E·L Research interviewed a randomly selected sample of 1,100 Sandwell residents.

Following last year's budget consultation, in which residents stated that rationalising buildings and assets would be the preferred method to achieve required savings, Sandwell Council set itself savings targets and examined ways to reduce running costs.

This survey offered the opportunity for residents to provide input on their local priorities, and preferences for delivering further council savings going into the budget setting process for 2024/25.



A stratified random locational sampling approach was used. In each ward, Census Output Areas (COAs) were ranked by the Index of Multiple Deprivation (IMD). COAs were then selected at random as sampling points. The number of sampling points selected was proportional to the interviewing target for each ward. All addresses for each COA sampling point were made available to interviewers, with a target of 10 interviews set per sampling point.

At ward level quotas were set by age and gender to ensure that the sample reflected the characteristics of the borough's population. Quotas were set using Census 2021 data.

Spatial Analysis

The sample size of this research does not allow robust analysis at ward level. In order to analyse the data at a more statistically robust geographies, wards have been grouped into towns. These towns, as defined by the table on the right, will be used throughout the analysis.

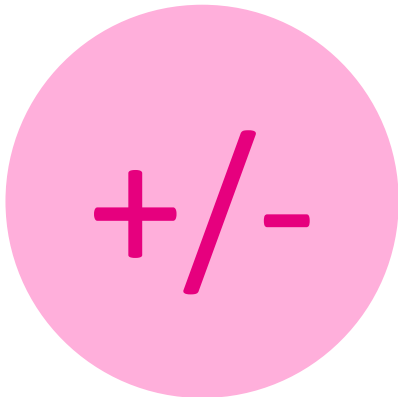


Town	Ward
Oldbury	Bristnall
	Langley
	Old Warley
	Oldbury
Rowley Regis	Blackheath
	Cradley Heath and Old Hill
	Tividale
Smethwick	Rowley
	Abbey
	Smethwick
	Soho and Victoria
Tipton	St Pauls
	Great Bridge
	Tipton Green
Wednesbury	Princes End
	Friar Park
	Wednesbury North
West Bromwich	Wednesbury South
	West Bromwich Central
	Hateley Heath
	Greets Green and Lyng
	Newton
	Great Barr with Yew Tree
Charlemont with Grove Vale	

Data weighting and confidence level



In total 1100 interviews were completed. While the application of quotas at ward level ensured a diverse mix of residents were interviewed, the final dataset was weighted. This weighting eliminated the effect of differential response rates by geography and between demographic groups so that the resulting data is fully representative of the borough. The final data has been weighted by ward, age and gender, using 2021 Census population data.



The sample size of 1,100 means that this dataset has a maximum confidence level of +/- 2.95 at the borough level (at a 95% level of confidence). This means that we can say with 95% confidence that the responses reported will be no more than 2.95 percentage-points different than if all residents of the borough were interviewed.

Sub-group analysis i.e., comparing responses from particular resident groups or from specific locations within the borough will have higher confidence intervals.

Note on analysis of priorities





Contextual information given to respondents



In last year's budget consultation residents said their preferred way for us to achieve the required savings was to rationalise our buildings and assets, we have taken this on board and set a target saving in 2023/24 to look at ways we can reduce the running costs of the buildings that we currently operate from. This includes sharing our space with partners to generate more income and looking at running services from fewer buildings, especially where we have multiple buildings close together.

The Council is facing similar pressure to residents from inflation and rising costs. The cost of living crisis is also creating more demand for some council services. This means that difficult decisions need to be made when the Council sets its budget.

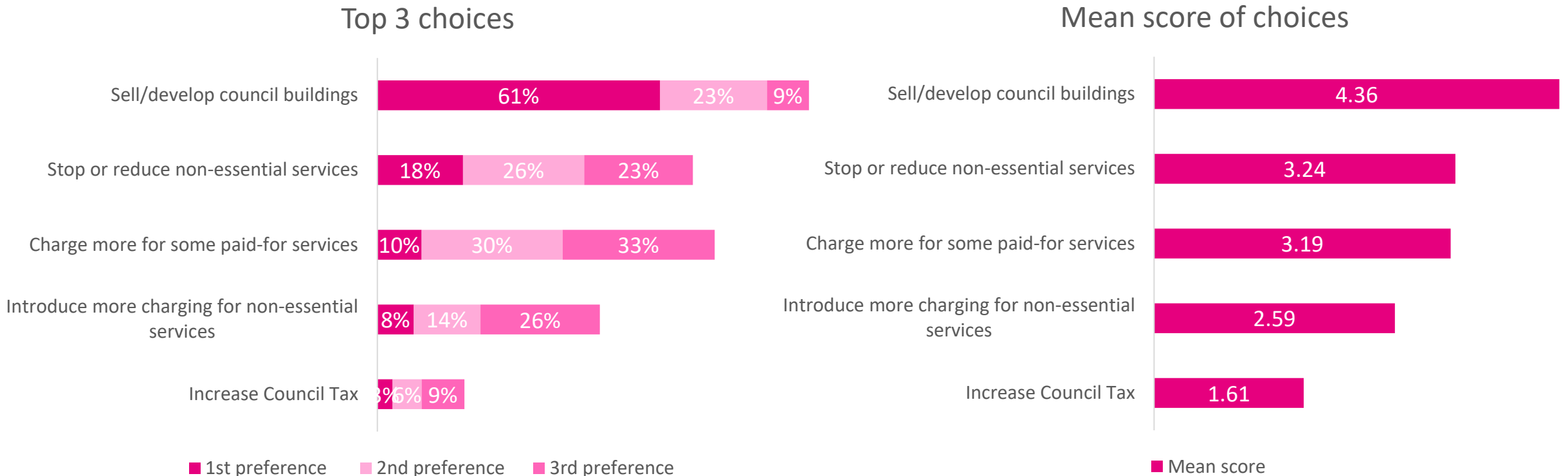
We have identified and delivering savings of over £30m in the last two years and our current Medium Term Financial Plan shows that further savings of around £8m will be needed for next year.

The Council spends around £318m on our day-to-day services, such as refuse collections, street cleansing, providing libraries and leisure centres and our adult and children's social care services. We must meet all our legal requirements but can make choices in how we deliver some of these services.



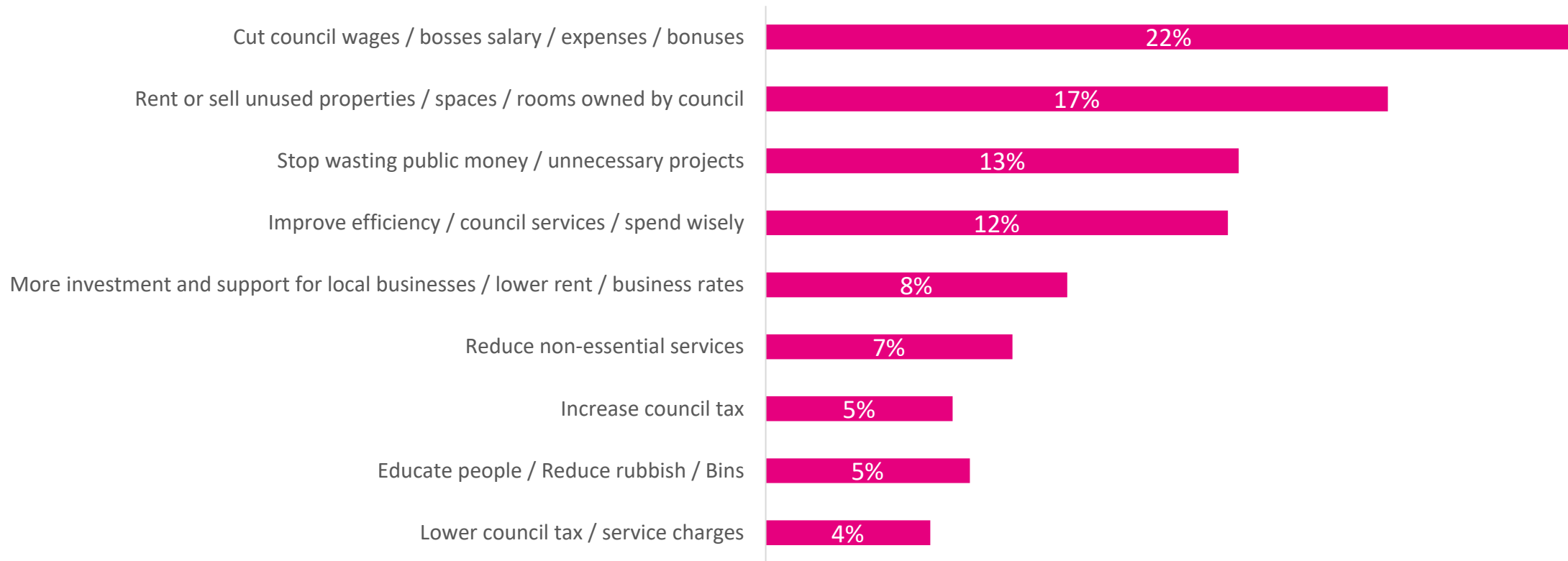
Preferred approach for delivering the Council savings needed

Selling or developing council buildings is the most preferred method of achieving Council savings goals rather than making changes to services or their cost at point of use. Increasing Council Tax, the option that would most directly affect residents financially is the least commonly favoured option.



Suggested approaches for delivering the Council savings needed

Of the 120 residents who provided alternative suggestions as to how budget savings can be achieved, 22% suggested cutting wages of council workers, including reducing bonuses and expenses. 17% proposed renting or selling unused properties and spaces which go unused by the council and 13% suggested the council should be more stringent when deciding which projects to fund.



All residents were presented with the Council's six strategic outcomes and were asked to consider how important these are to them...

Our Strategic Outcomes



THE BEST START IN LIFE FOR CHILDREN AND YOUNG PEOPLE



PEOPLE LIVE WELL AND AGE WELL



STRONG RESILIENT COMMUNITIES



QUALITY HOMES IN THRIVING NEIGHBOURHOODS



A STRONG AND INCLUSIVE ECONOMY



A CONNECTED AND ACCESSIBLE SANDWELL



ONE COUNCIL ONE TEAM

Priorities when considering strategic outcomes

The best start in life for Children and Young People (Theme 1) is the strategic priority most commonly selected as important by residents (34%), followed by strong, resilient communities. Theme 1 is significantly more likely to be chosen by those aged 18 – 34 (44%), those who are struggling financially (35%) and women (38%). The best start in life is however less likely to be a top priority for those 55 -74 (26%) and 75+ (12%). These older age groups are significantly more likely to select Theme 2, People Living and Aging well as a top priority (26% and 48% respectively).



Residents' priorities for Sandwell: detailed analysis

- **Theme 1: The Best Start in Life for Children and Young People** – this theme is most likely to be selected by those aged 18-34 (44%), females (38%), and residents who are economically active (38%) This could be a reflection of these demographics being the most likely to be those who have young families. There is evidence of this within the explanations residents gave for their choices (examples in the next slide). Residents living in Tipton are significant less likely to prioritise Theme 1 (25% cf. 34%), along with older residents (55-74: 26%; 75+: 12%).
- **Theme 2: People Living Well and Aging Well** – This theme appears to be a more prominent priority in Wednesbury (26%) and among those who are economically inactive (perhaps as a result of being retired – 24%) and understandably, those aged 55-74 (26%) and 75+ (48%). Young people (18-34: 11%; 35-54: 12%) are less likely to prioritise spending in this area, along with those who are financially struggling (14%). Those who prioritised this theme, cited relevance to them as an ageing person as their primary reason for doing so, along with there being an ageing population in their area.

“I'm from that age group”

Theme 2

“I HAVE A CHILD AND SUPPORT SHOULD BE PROVIDED TO HELP GET A GOOD START IN LIFE”

Theme 1

“I have children my own and it's good for our area”

Theme 1

“They should look after the younger generation and for this community too”

Theme 1

“Older generation needs some help and support”

Theme 2

“A lot of cut backs older people need company and somewhere to go and beat loneliness for their own mental health”

Theme 2

“It's good for the health of this community”

Theme 2

“They need a good start especially if they are coming from a different background”

Theme 1

“Young people are the future of this country”

Theme 1

“People are not living well because of the cost of living crisis”

Theme 2

“We have some safety issues, so they should concentrate more for safety and security in this area”

Theme 3

“All are important but safety is more I don't want to be scared in my area”

Theme 3

“There are poor condition of homes currently and need new improved homes”

Theme 4

“Affordable housing is important for this borough”

Theme 4

“The streets were clean and safe years ago they are not anymore and people get mugged”

Theme 3

“They need to spend on the safety and security of this area”

Theme 3

“Safe place leads to safe place for kids, infrastructures will follow”

Theme 3

“We never have had quality homes”

Theme 4

“We need affordable and quality housing services”

Theme 4

“Everything starts at home and having a good home”

Theme 4

“Safe and clean living environment is very important for everyone”

Theme 3

“It's important to feel happy safe and comfortable where we live”

Theme 3

Residents' priorities for Sandwell: detailed analysis

- **Theme 3: Strong, Resilient Communities – A safe, clean and green place to live** – This theme is significantly more likely to be selected as a priority by residents in Tipton (31%) and Smethwick (29%), more so than the overall and the other towns. Those in Rowley Regis are significantly less likely to prioritise Theme 3, (16%). Amongst tenure types, there is little significant variation in the priority given to this theme. The theme is also prioritised by a similar proportion of each age cohort.
- **Theme 4: Quality Homes in Thriving Neighbourhoods** – Theme 4 is the lowest priority theme for residents of Sandwell (7% selected this). Residents in Wednesbury are more likely to consider Quality Homes and Neighbourhoods a priority than residents of other areas (9%), though not significantly so. Residents in Oldbury are the least likely to indicate that Theme 4 is the most important to them.

Residents' priorities for Sandwell: detailed analysis

- **Theme 5: A Connected and Accessible Sandwell – good quality public transport and road networks. Good internet connectivity for residents and businesses** – There is no significant variation between towns in the proportion of residents who prioritise this theme, with between 6% and 8% selecting it as the most important to them. Selection of this theme was done consistently by age.
- **Theme 6: A strong and Inclusive Economy– spending money locally to grow the local economy -** Residents aged 35 -54 are significantly more likely than the survey average (16% cf. 11%) to value a strong and inclusive economy. Male residents are significantly more likely than women (14% cf. 9%) to rate a strong and inclusive as important to them. Perhaps surprisingly, those who are concerned about the cost of living crisis are significantly less likely to consider the economy as the most important theme, as mentioned, prioritising instead giving children and young people the best start in life.

“We need a good network routes”

Theme 5

“Good quality public transport will enable people to get around without congestion and associated air pollution”

Theme 5

“The way the economy is at the moment something needs to be done”

Theme 6

“Continuous growth if we haven't got that how are we going to live”

Theme 6

“It will benefit everyone locally”

Theme 6

“Good road network is very important for a better economy”

Theme 5

“It means we are able to our of Sandwell for work and education more easily”

Theme 5

“Mainly because the community will be a better place”

Theme 5

“We can build a strong economy it's going to help children”

Theme 6

“Money will stay in this area and can use for the local community”

Theme 6

“Encourages people to invest and look after property”

Theme 6

“We need a better condition of roads and a bigger network of buses”

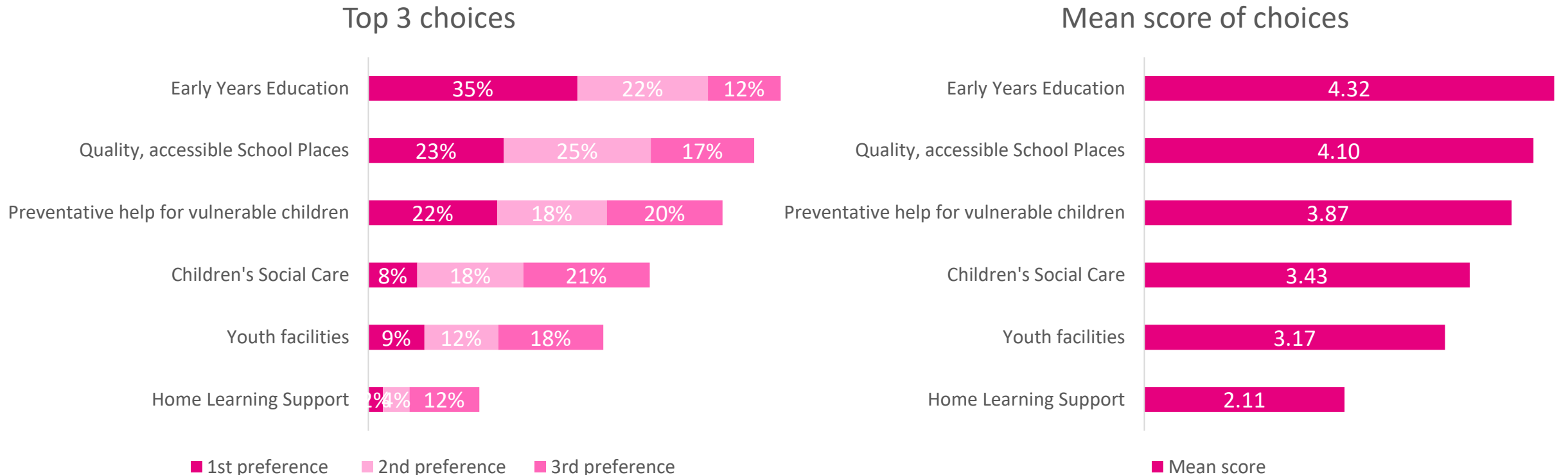
Theme 5

Theme 1: The best start in life for children and young people



Priorities within Theme 1: the best start in life for children and young people

All residents were asked for their top priorities within each strategic theme, regardless of which theme they considered to be most important. Within Theme 1, early years education (4.32), quality and accessible school places (4.10) and preventative help for vulnerable children (3.87) are the service areas most commonly favoured. Home learning support was least commonly chosen as a priority by residents.



Theme 1: The best start in life for children and young people – notable variations in opinion



Looking specifically at those who earlier selected Theme 1 as most important, this group are even more likely than the total sample to rank early years education as their 1st priority (41% cf. 35%). Otherwise, the Theme 1 priorities among this sub-group of residents is similar to the overall sample, with home learning support least commonly prioritised along with youth facilities.



Those aged **18 to 34** are significantly more likely than the total sample to select early years education as their top priority (44% cf. 35%). This age group are also more likely than the overall to prioritise home learning support, though this is still their lowest priority.



Early years education is consistently the first choice in residents living in all five towns. However, beneath this there is slightly stronger support for quality and accessible school places being the top priority within Smethwick and Tipton.

Theme 2: people live well and age well

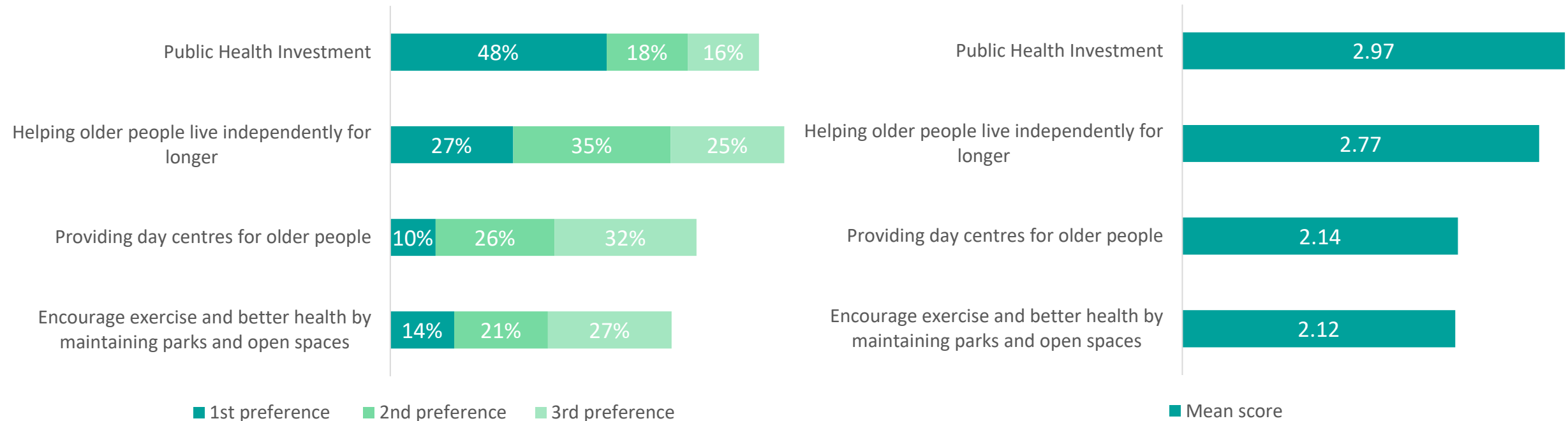


Priorities within Theme 2: people live well and age well

When asked for their priorities within Theme 2, residents most commonly chose Public Health Investment in their top 3, followed by helping older people to live independently for longer and providing day centres for elderly people. Public Health Investment is almost twice as likely to be chosen as a top priority than helping older people live independently for longer (48% and 27% respectively). Encouraging exercise and better health via parks and open spaces is the lowest priority for residents, with only 14% considering this the top priority.

Top 3 choices

Mean score of choices



Theme 2: People Live Well and Age Well – notable variations in opinion



While public health investment has the most support overall within this Theme, among residents who consider **helping residents to live and age well as the most important theme**, the top priority based on mean is 'helping older people to live independently' (2.95). 35% of this group consider this as the top priority, significantly higher than the overall population (27%).



Younger residents are significantly more likely than older residents to prioritise public health investment (18 – 34: 3.27; 75+: 2.57). Older residents are more likely to support budget spending on helping older people to live independently ahead of public health investment. Men and women prioritise the options similarly, with the exception of men being significantly less likely than women to prioritise providing day centres for elderly people (men: 2.09, women: 2.20).



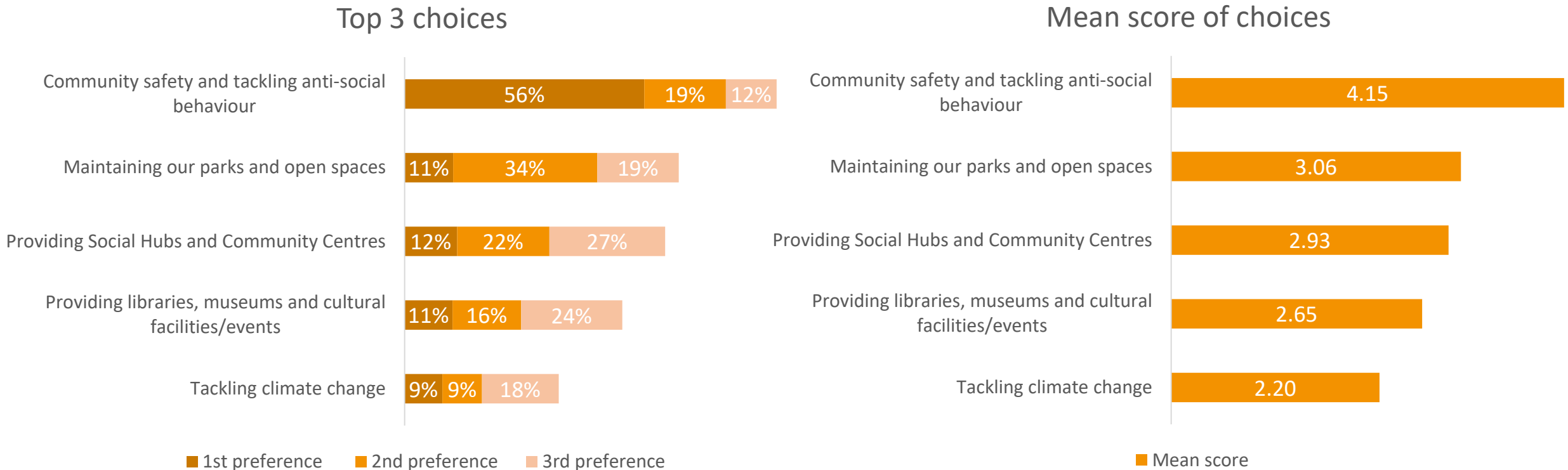
Residents in **Smethwick** have slightly different priorities to the overall, considering encouraging exercise as a higher priority than providing day centres (2.39 compared to 2.12 in the overall).

Theme 3: strong, resilient communities



Priorities within Theme 3: strong, resilient communities

When considering detailed choices within Theme 3, community safety and tackling anti-social behaviour is most likely to be considered a top priority by residents (4.15). Over half chose (56%) this as their first choice, providing a clear message that this is a priority issue. In the context of this Theme, maintenance of parks and open spaces is a priority, whereas this did not seem to be the case in the context of improving public health (see slide 22).



Theme 3: Strong, Resilient Communities – notable variations in opinion



Theme 3

Among residents who **selected Theme 3 as most important to them** community safety is the key priority, with 69% of this group selecting this as their top priority compared to 56% of all residents. Residents who consider Theme 3 as most important rank the options in the same order as the total sample.



Ranking of priorities is largely consistent across different demographic groups, mirroring the overall results, with community safety and tackling ASB the top priority and tackling climate change the lowest priority. **Residents aged 35 and above** are likely to feel more strongly that community safety should be a priority with approximately 60% of each of these cohorts selecting this as the top priority compared with 49% of those **aged 18 – 35**.



Whilst community safety is consistently the top priority across towns in Sandwell, there is some spatial variation in the lower order priorities. **Oldbury, Wednesbury and Tipton** residents consider Providing Social Hubs and Community Centres as a higher priority than the survey average (with this the second highest scoring priority by mean for these areas, above maintaining parks). Whilst **Smethwick** residents chose a ranking of priorities that was consistent with those chosen by all residents, they are more likely to consider community hubs the lowest priority (23% cf. 14%).

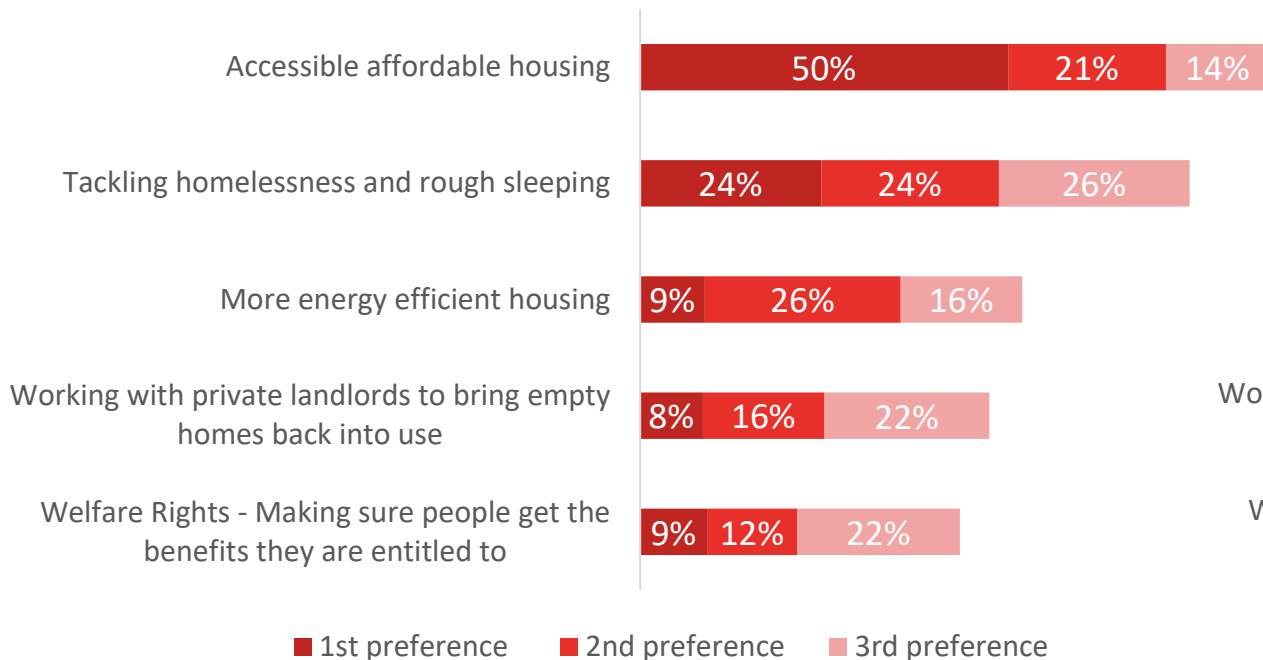
Theme 4: quality homes in thriving neighbourhoods



Priorities within Theme 4: quality homes in thriving neighbourhoods

Within Theme 4 accessible affordable housing is the top priority for Sandwell residents, with approximately 85% considering this a top 3 choice, and 50% considering this the ultimate priority. Tackling homelessness and rough sleeping is also important to residents, though to a lesser extent than affordable housing. Welfare rights are much less of a priority. More energy efficient housing and working with private landlords on empty homes are considered to be of relatively similar importance to residents.

Top 3 choices



Mean score of choices



Theme 4: Quality Homes in Thriving Neighbourhoods - – notable variations in opinion



The priorities of residents who earlier **selected Theme 4 as the most important** mirror those chosen among the overall population. Among this group affordable housing is the top priority, even more so than among all residents (64% selected this as their first choice cf. 50%).



The ranking of priorities within Theme 4 is largely consistent across demographic groups, with accessible affording housing a priority for all. **Those aged 18 to 34** are likely to feel more strongly that accessible affordable housing is the ultimate priority (57% cf. 50%).



Residents in **Oldbury** are less likely to rank more energy efficient housing as a priority, with this being considered a priority by a lower proportion of residents in this area than working with private landlords and welfare rights. Residents in **Rowley Regis** are more likely to consider homelessness and rough sleeping a top priority compared to the total sample (31% cf. 24%).

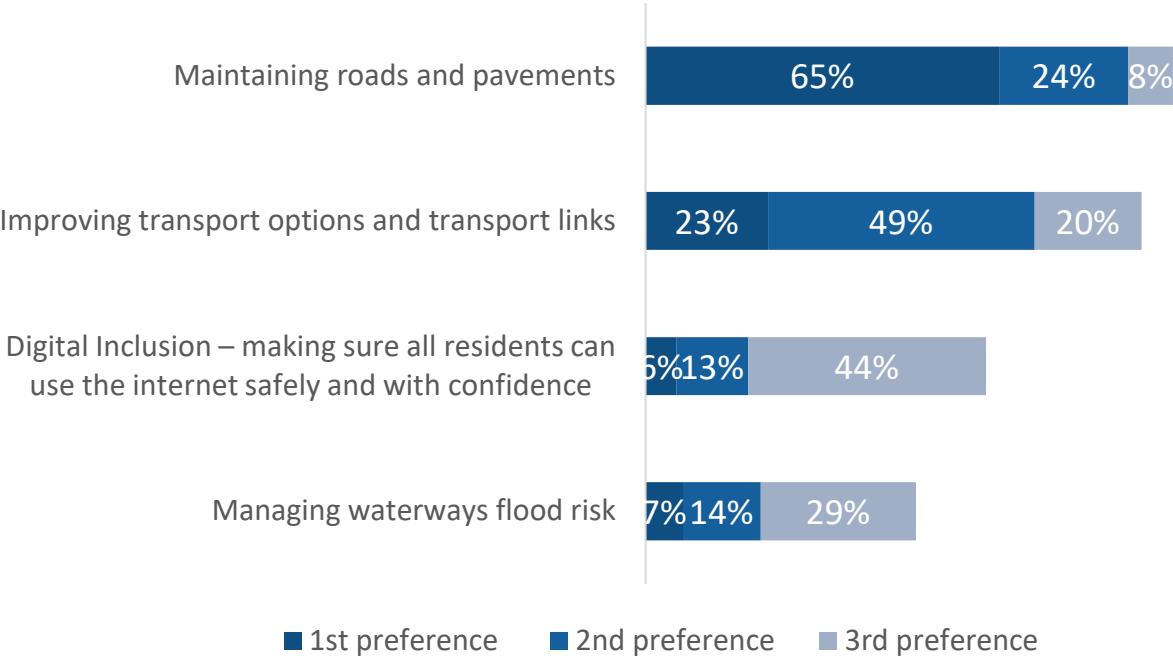
Theme 5: A connected and accessible Sandwell



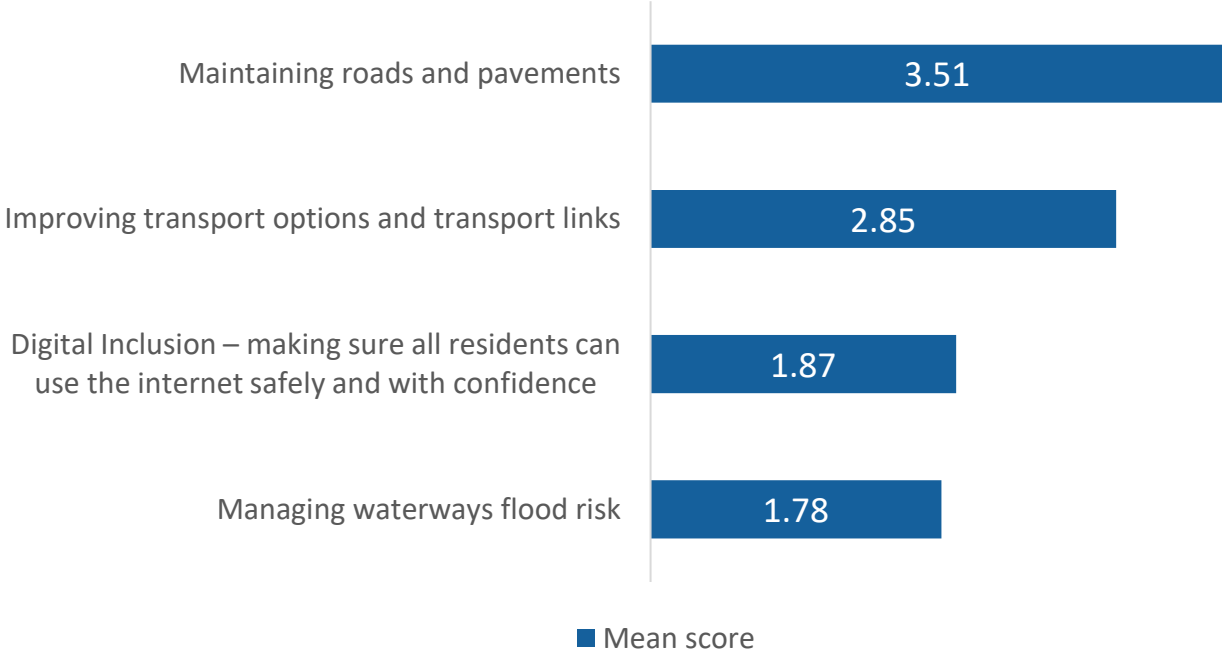
Priorities within Theme 5: a connected and accessible Sandwell

Within Theme 5 maintenance of roads and pavements is the dominant priority, with nearly two-thirds (65%) choosing this as their highest priority. Improving transport links is the second highest priority, with nearly half of residents (49%) choosing this as their second priority. Managing waterways flood risk is least commonly considered a priority within this Theme.

Top 3 choices



Mean score of choices



Q8. Theme 5: A Connected and Accessible Sandwell: Please select your highest priority from this list and then put the others in order of priority from high to low.
 52 Unweighted sample base: 1100

Theme 5: A Connected and Accessible Sandwell – notable variations in opinion



Residents who earlier **selected Theme 5 as the most important** chose maintaining roads and pavements as the top priority (43%), albeit to a significantly lesser extent than the all residents (65%). Those suggesting a connected and accessible Sandwell is the key strategic priority for them, are equally likely to consider improvement of transport options and links as their ultimate priority (44%) alongside the maintenance of roads and pavements.



Residents' **aged 75+** are less likely to consider digital inclusion a priority, with 51% of these residents ranking it as the lowest priority, the highest proportion of any age cohort to do so.



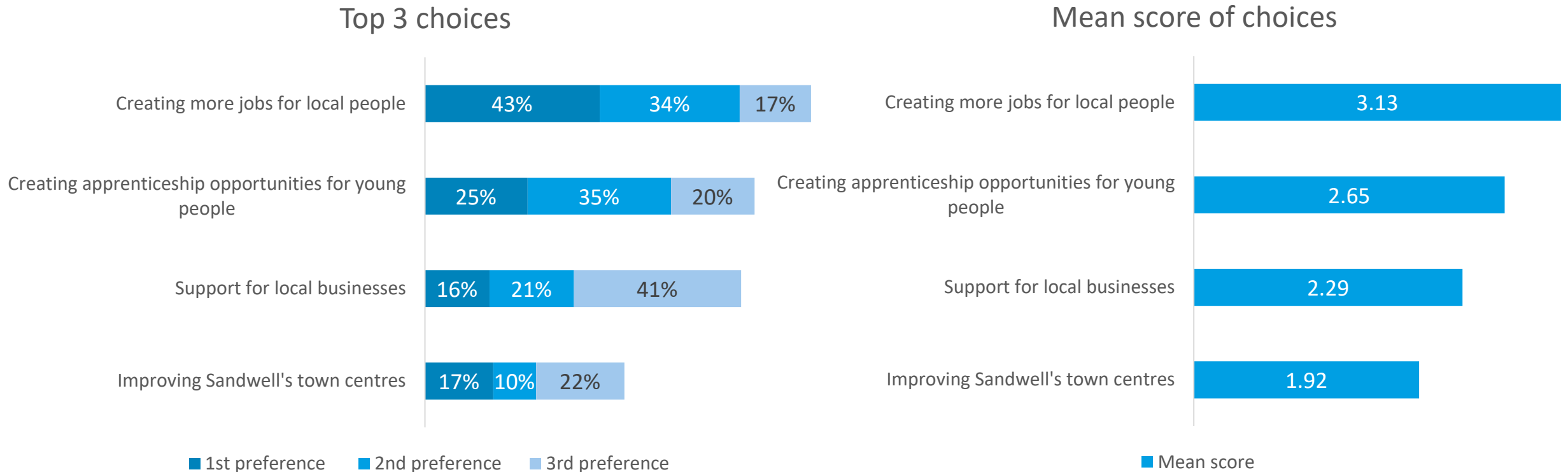
Improved transport options are most commonly chosen as a top priority by residents of **Wednesbury** (57%) and **Smethwick** (54%). Residents in **Tipton**, consider managing waterway flood risk as a top priority more often than those in other areas (15% cf. 7%), suggesting that this may need to be considered more in relation to this town, despite being the lowest ranked priority overall.

Theme 6: A strong and inclusive economy



Priorities within Theme 6: a strong and inclusive economy

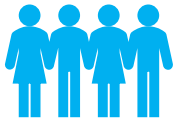
Within this Theme creating jobs for local people is the highest priority for Sandwell residents, with two in five (43%) selecting this as their top priority and a further third ranking this second. Improving Sandwell's town centre is the lowest priority in this question context of improving the local economy.



Theme 6: A strong and inclusive economy – notable variations in opinion



Residents who earlier said that **Theme 6 was the most important to them** most commonly prioritise job creation followed by creating apprenticeship opportunities.



Residents aged between 55 -74 are significantly more likely to prioritise the improvement of Sandwell’s town centres with 24% considering this their top priority (cf. 17%). This age group are significantly less likely to consider creating jobs as their top priority (34% cf. 43%). This pattern is reversed amongst **those aged 18 – 34** who are significantly more likely to prioritise job creation (47%) at the expense of improving town centres (12%).

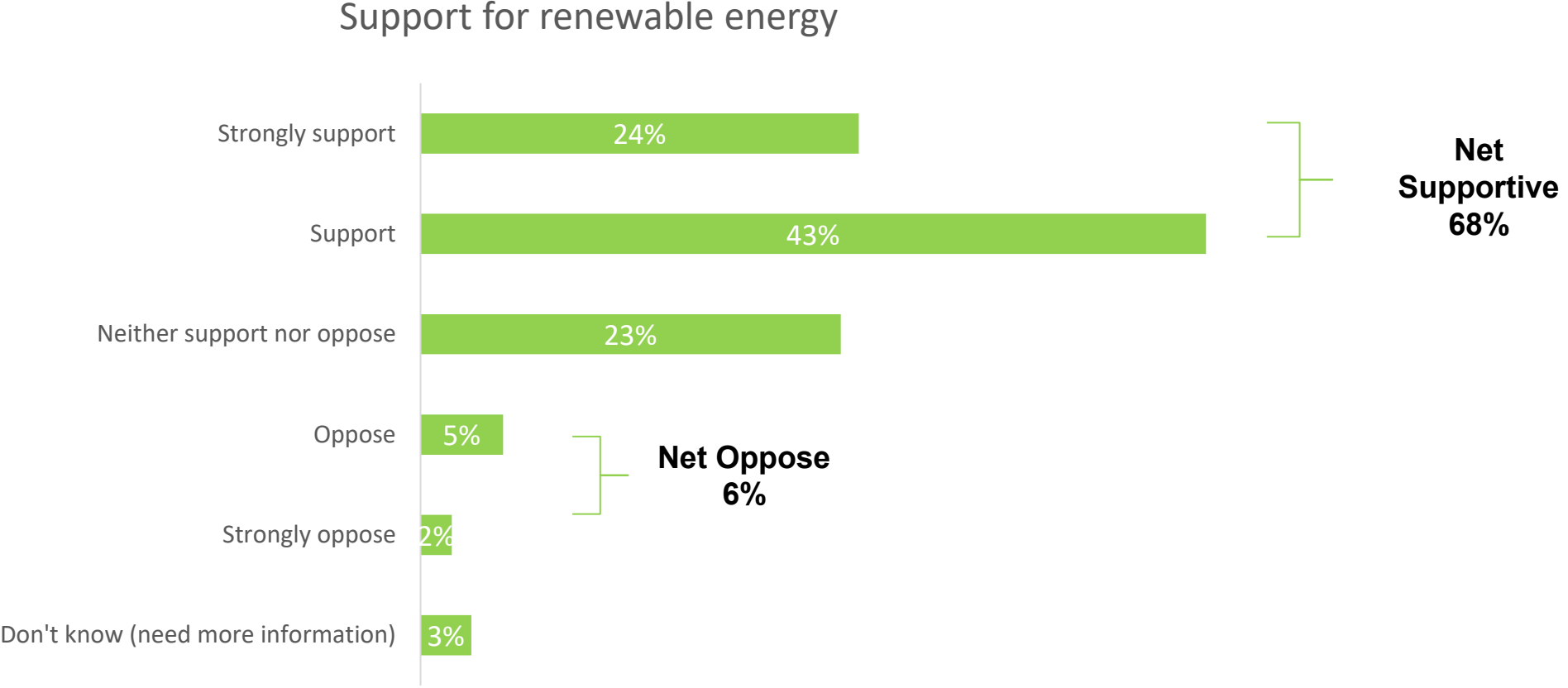


By area, **Tipton** is most likely to advocate for supporting local businesses (2.38), significantly more so than the average and **Wednesbury** (1.87) and **Oldbury** (1.62). Across all areas, creating more jobs is consistently a top priority, indicating a desire for this to be area of focus.



Support for renewable energy generation...

Two-thirds (68%) of residents actively support Sandwell Council exploring renewable energy generation opportunities, with a quarter (24%), strongly supporting such measures. Opposition is low with only 6% stating they are opposed. Please note that the question wording mentioned both energy security and tackling climate change as the rationale for this approach.

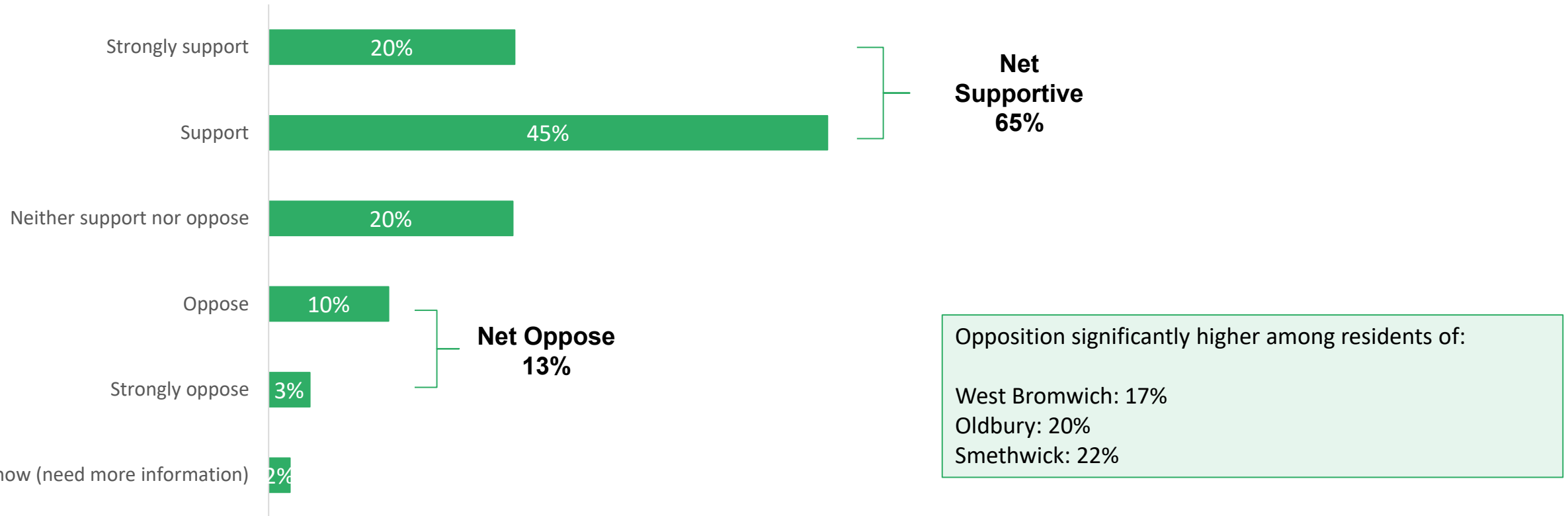


Q10. How supportive are you of the Council looking at opportunities to generate more renewable energy i.e. solar, to help tackle climate change and build greater energy security for its communities?
Unweighted sample base: 1100



Residents' support for rewilding

Support for rewilding some areas of Sandwell's parks and open spaces is expressed by two-thirds of residents (65%), including one in five (20%) who strongly supporting this approach. In total 13% oppose rewilding in Sandwell's parks and open spaces.

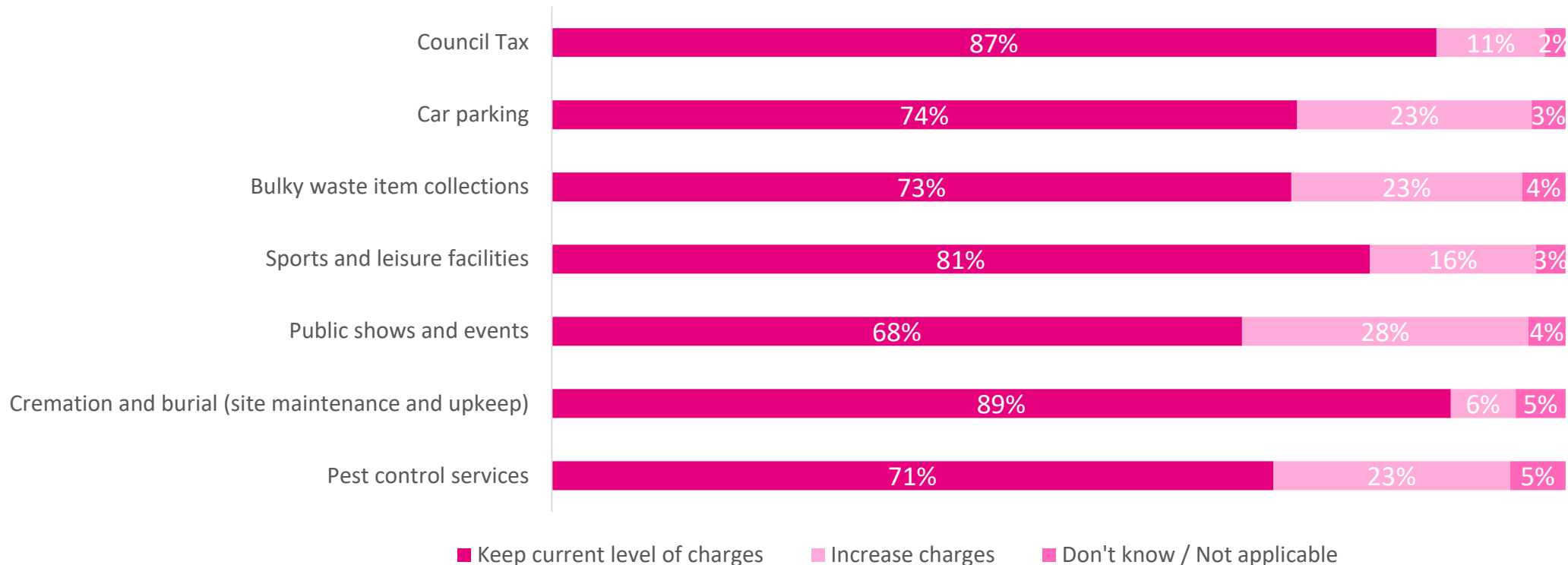


Service Changes



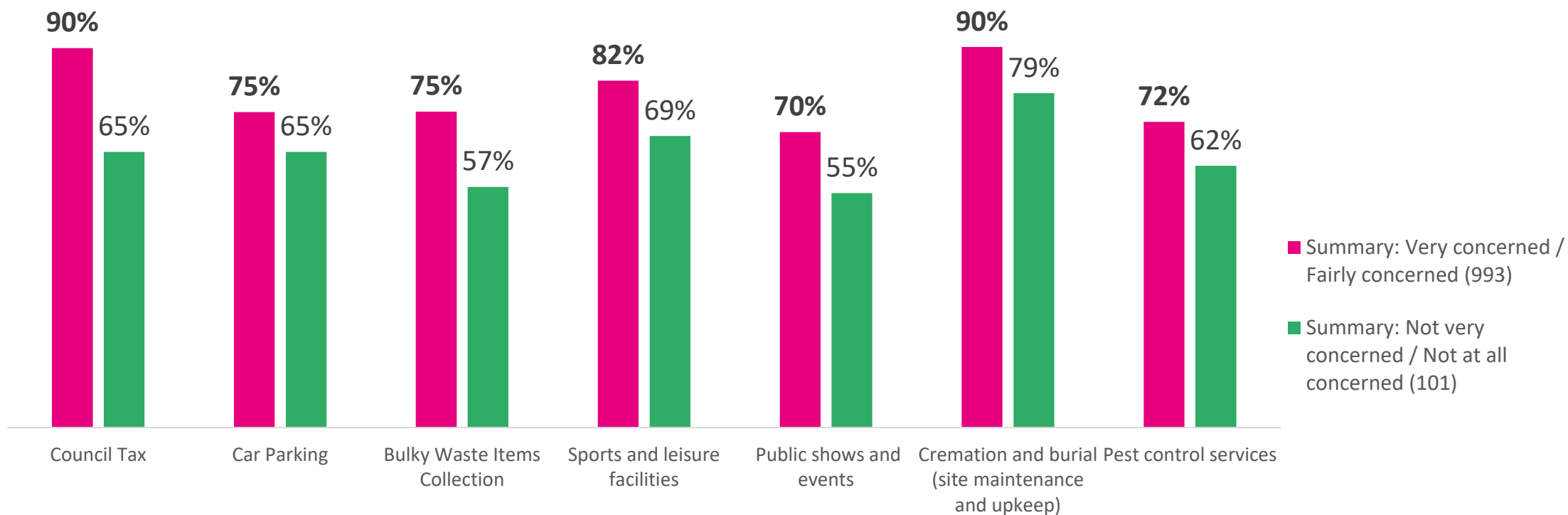
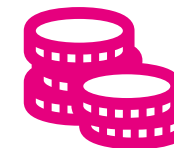
Paying more for Council services

Generally speaking, the majority of residents would prefer not to see changes to service related charges, with more than two-thirds stating that current charges should stay the same for each service. The most acceptable increases to service charges would be for public shows and events (28%) and for use of pest control services (23%), although even for these a majority remain opposed.



Views on charging for services based on current financial circumstances

Perhaps unsurprisingly, given the current cost of living crisis, those who are **fairly or very concerned about their financial situation are more likely to oppose the increase of service charges.**



Summary: Q12. Taking into consideration the financial challenge the Council is facing, and in order to set a balanced budget and limit any reductions to ⁶³services, which of the below would you be prepared to pay more for?
Base Sizes in Chart Legend

Views on Council Tax increases

87%
Keep the Same

11%
Increase Charges

2%
Don't Know / Not
Applicable

Support for keeping the same higher among:

- Social Renters – 93%
- Private Renters – 91%
- Females – 90%
- Fairly / very concerned about cost of Living – 90%

Support for an increase is higher among:

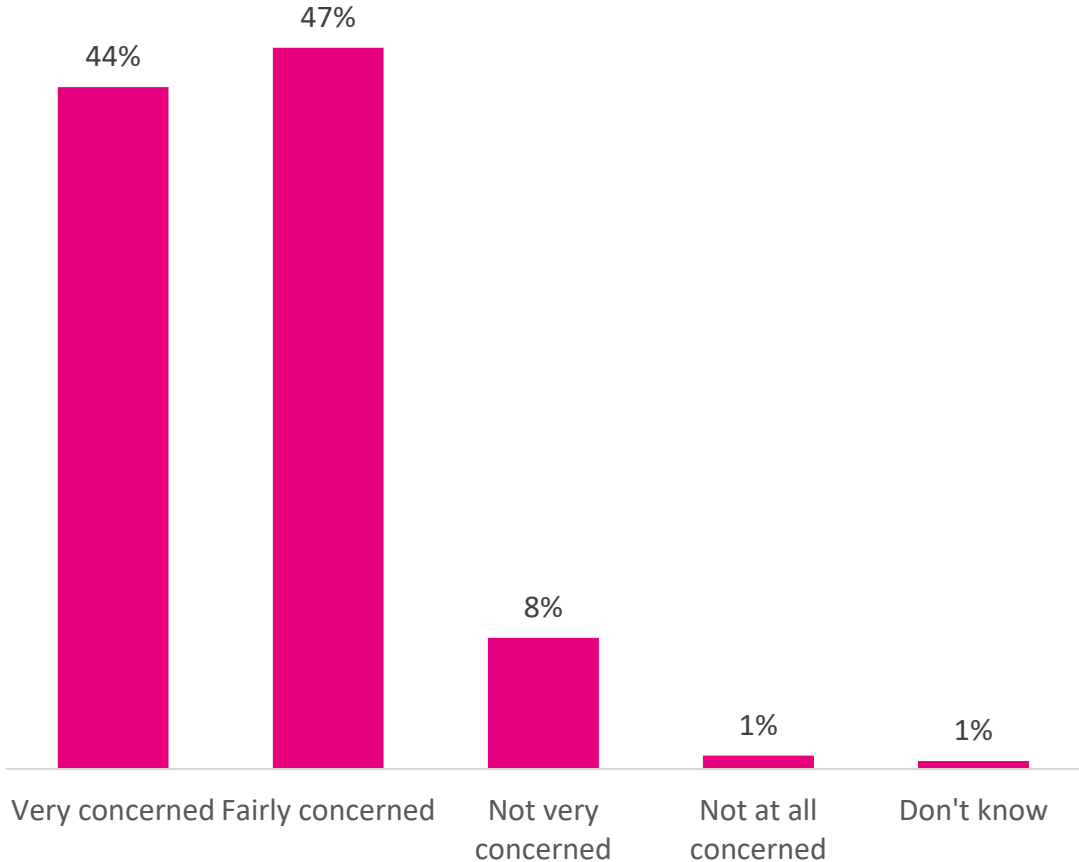
- Those not very concerned about the cost-of-living crisis – 33%
- Those aged 75+ - 19%
- Homeowner - 17%
- Male – 15%

- Council Tax is the thing that residents most emphatically want to stay the same (87%).
- Younger cohorts are less supportive of increases in Council Tax charges than those aged 75+. Residents who are aged 75 and over are significantly more likely than the average to be willing to accept council tax increases (17%).

Financial Security



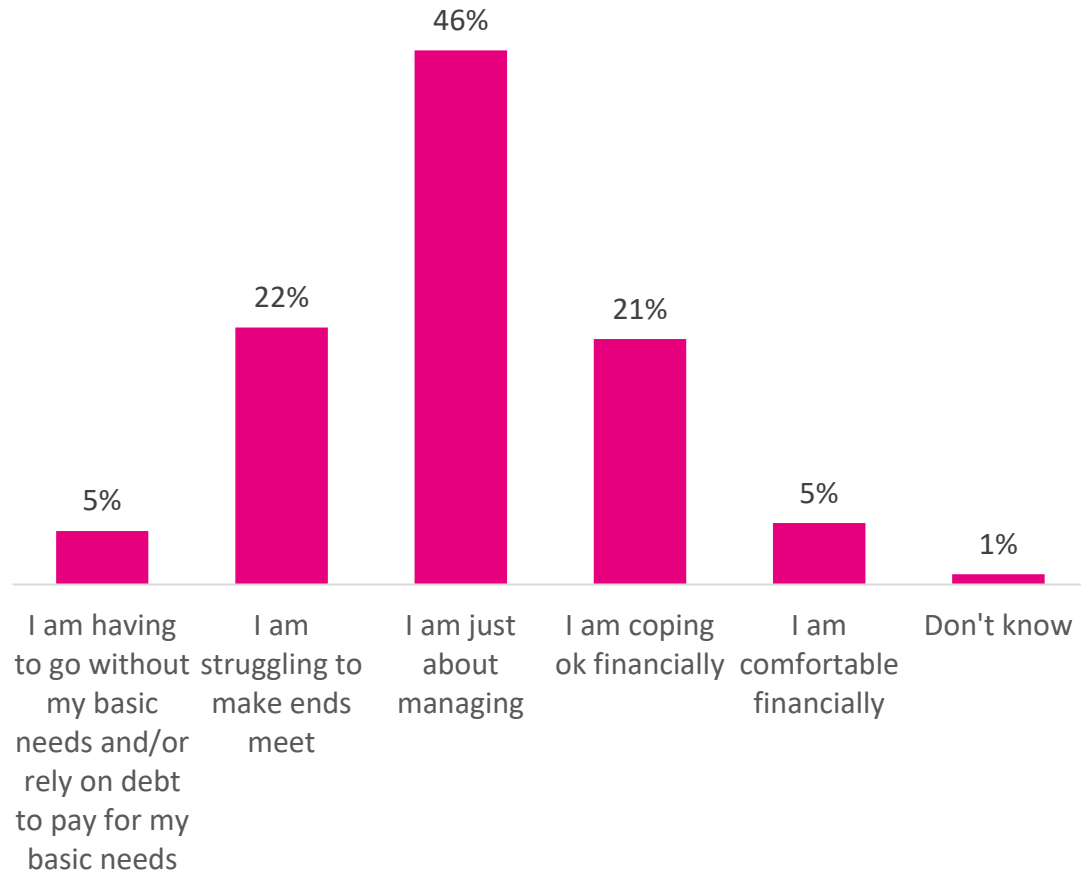
Concerns about the cost of living



- To put residents' views on how Sandwell Council sets its budget in 2024/25 into context, two questions were asked regarding personal financial circumstances.
- Nine in ten residents in Sandwell are at least fairly concerned about the current cost of living. Within this, two in five residents (44%) give the most extreme response of 'very concerned'. This demonstrates that the council's choices will have to be made when there is a heightened sensitivity to impacts upon household budgets.
- Concern about the cost of living is prevalent in all age groups, although older residents more commonly state that they are not very or not at all concerned about the current cost of living (75+: 18%; 55 -74: 13%).



Residents' financial security



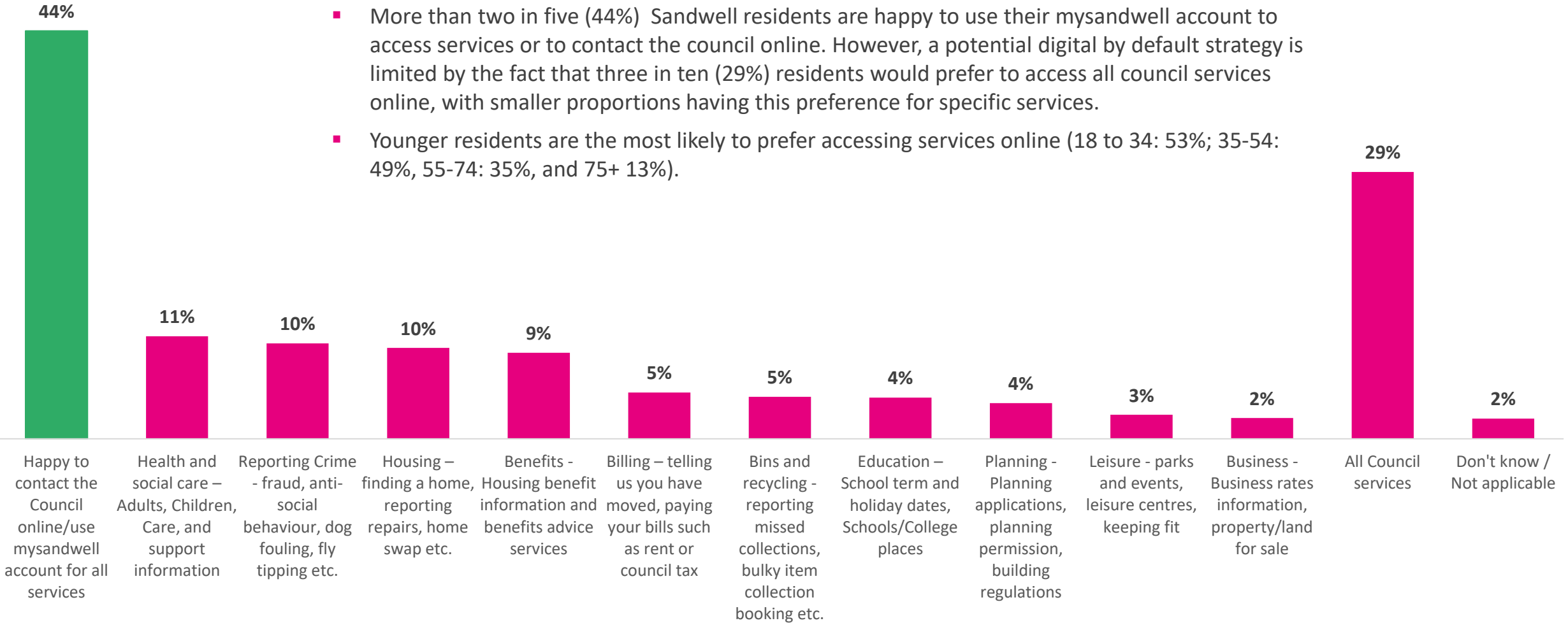
- Approximately one quarter of Sandwell residents say that they are currently struggling to make ends meet (22%) or are having to go without basic needs (5%).
- This level of financial vulnerability has potential implications not only for the potential of the council to leverage extra revenue from Council Tax and service related charges, but also on future service demand.
- Regarding the strategic themes discussed in this report, residents who are going without or struggling are significantly more likely to prioritise Theme 1 – providing the best start in life for children and young people (42% chose this).

Contact Preferences



Preferred methods for accessing services

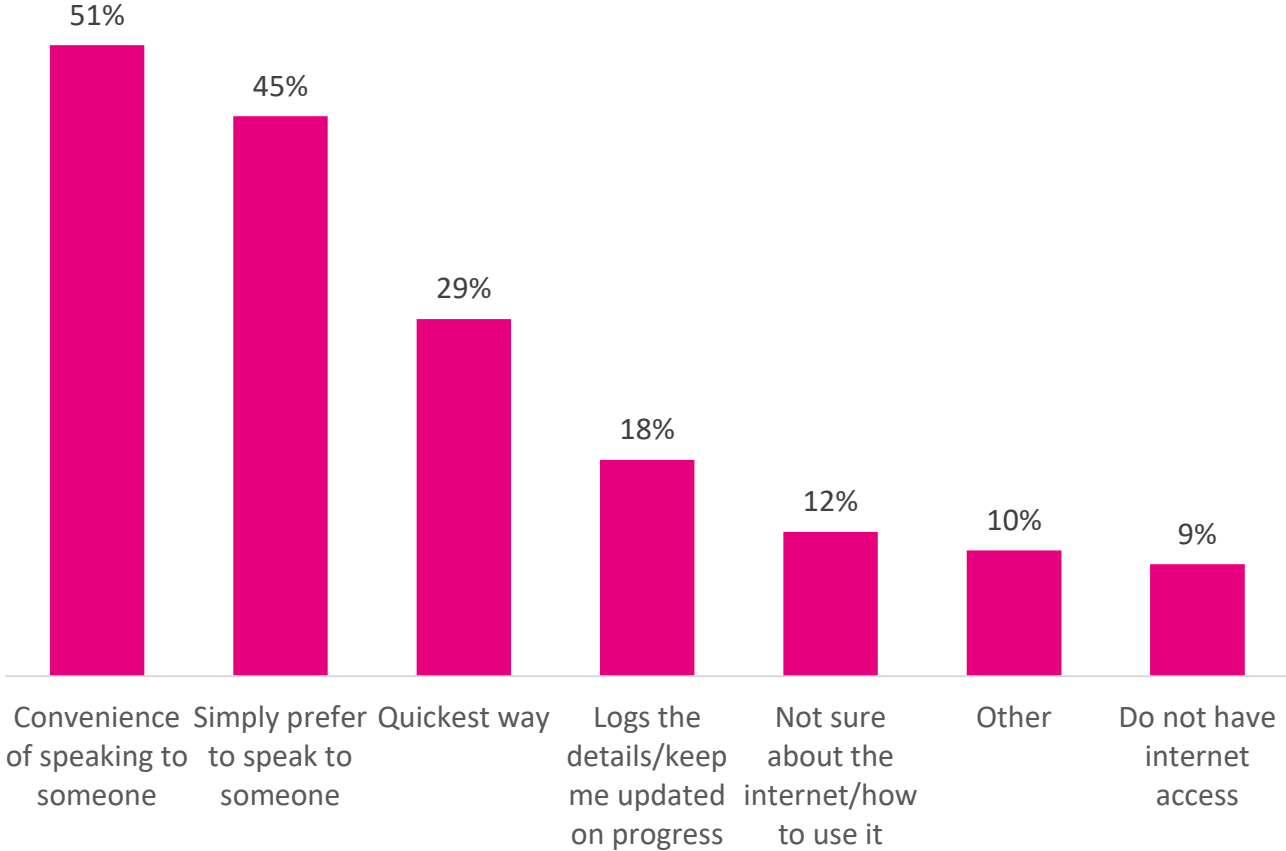
Are there any services that you would prefer to access in-person or on the telephone, rather than online/using mysandwell account?



- More than two in five (44%) Sandwell residents are happy to use their mysandwell account to access services or to contact the council online. However, a potential digital by default strategy is limited by the fact that three in ten (29%) residents would prefer to access all council services online, with smaller proportions having this preference for specific services.
- Younger residents are the most likely to prefer accessing services online (18 to 34: 53%; 35-54: 49%, 55-74: 35%, and 75+ 13%).

For those who would prefer to contact by telephone or in-person...

Why would you prefer to contact the Council in-person or by telephone?



- Residents who prefer to contact by telephone or speak to someone face to face, most frequently cite the convenience of speaking to someone (51%) and simply preferring to speak to someone as the reason why they prefer to do so (45%). On the basis of these responses, it is service quality, ease and speed that drive these preferences much more so than a lack of digital skills (12%) or internet access (9%).



Diversity and inclusion issues



Variations in response by ethnic origin

- Within the budget survey residents were asked to state their ethnic origin. Looking at the responses given by those who are White, those who have a Mixed ethnic origin, those who are Asian/Asian British and those who are Black/Black British there is no consistent variation in the responses given/the priorities chosen.
- The order of strategic properties chosen is largely consistent among each ethnic group. Whilst Theme 1 remains the top priority for Asian/Asian British residents, this group are significantly more likely to prioritise Theme 3: Strong, Resilient Communities – A safe, clean and green place to live (34% cf. 23%), and as a result significantly less likely to prioritise Theme 2: People Living Well and Aging Well (9% cf. 18%).
- Black/Black British residents are significantly more likely to prioritise Theme 4: Quality Homes in Thriving Neighbourhoods (15% cf. 7%). This shows that there is some variation in priorities in different communities, which the council must be sensitive to when making budgeting choices.
- Non-white residents are significantly more likely to oppose Council Tax increases. This may be related to their higher concern about the current cost of living crisis. That 95% of Asian / Asian British and 94% of Black British residents' feel fairly or very concerned about the cost-of-living crisis suggest that financial resilience may be lower among these communities.

Formal Consultation for Potential Changes to Discretionary Services

Background

1. The council's Consultation Principles sets out that:
 - a. Consultation lies at the heart of effective public policy development and service to the public. It should be a first thought and not an afterthought.
 - b. Consultation should never be used to communicate decisions already taken, and the outcome of consultation should never be pre-determined.
 - c. Consultation should be inclusive. Whenever possible, it should involve all parties/groups, including our children and young people, who can contribute to or are affected by the outcome of the consultation.
2. The views of our residents, businesses and communities are integral to the development of a MTFs that reflects the priorities of the borough. So that views could be captured in a timely manner to support the developed of the MTFs and savings options, a two phased approach to consultation and engagement has been devised for the 2024/25 Budget.

Consultation Process - Phase One

3. Phase One consisted of a face-to-face consultation exercise with a representative sample of residents in Summer 2023. Building on the budget consultation activity conducted in 2022, this face-to-face survey offered the opportunity for a representative sample of residents to provide input on their local priorities and preferences for delivering further council savings going into the budget setting process for 2024/25. The survey sought views on:
 - a. Preferred approach for delivering the Council savings needed
 - b. Suggested approaches for delivering the Council savings needed
 - c. Priorities when considering strategic outcomes
 - d. Paying more for Council services
 - e. Council Tax increases
4. The results of this helped inform options for future savings. The full report of the results of this survey are included at Annex 4.
5. Over the summer period, the council conducted the SHAPE survey with primary and secondary school age children across the borough. This survey captured the experiences of children and young people in Sandwell and what matters to them. At the same time, the council also conducted a Resident Wellbeing and Perception Survey with a representative sample of residents to gain insight into their experiences and views of living in Sandwell. The final results of both of these surveys are expected in mid-November, and will be reported with the results of Phase Two.

Consultation Process - Phase Two

6. Phase Two of the consultation process will commence following Cabinet approval on 15 November 2023 and will be scheduled to feed into the meetings of Cabinet and Full Council in February 2024 that will be asked to take decisions on the Budget for 2024/25. The council will comply with its obligations under statute in all respects in undertaking these activities
7. The form of the consultation will be to seek the views of residents, businesses and communities on the whole basket of savings options that have been developed for consideration by Cabinet and Council in order to meet the financial gap in 2024/25. These interests will be contacted using the following methods:
 - a. Focus groups with residents who participated in the summer budget consultation;
 - b. Focus groups with representatives of children and young people, businesses and the voluntary & community sector; and
 - c. Online survey hosted on the council's consultation hub open to all residents, businesses and communities, promoted through multiple avenues to ensure as wide participation as possible.
8. Where savings options impact on groups of staff, engagement and formal consultation with affected staff and Trade Unions will be conducted as appropriate.

Equality Impact Assessments

9. Service Leads will complete Equality Impact Assessments for each saving proposal to fully understand the risks and implications of removal, reduction, or a change in delivery. This will be undertaken in parallel to the consultation process.
10. The outcome of the Equality Impact Assessment, alongside the findings of the consultation process, will be assessed and used to prepare final recommendations that will be presented to Cabinet in February for approval.

Timeline for Public Consultation

11. Work will commence to prepare the consultations will commence once approval of the savings options has been received. The timing of this consultation period is scheduled to feed into the decision-making process for Cabinet in February.
12. The online survey will be launched from 20 November 2023 and run for a period of six weeks. Focus groups will be conducted during this time, with analysis built up over the period as feedback is received.

Savings Opportunities for Consultation

Savings Options	2024/25 £'000	2025/26 £'000	2026/27 £'000
<p>Maximising Budget Efficiencies and Making the Best Use of External Grants and Contributions Reducing our service budgets where projects have ended, or activities are no longer required, as well as making the best use of external grants and contributions to service costs with no direct impact on the public.</p>	5,200	5,300	5,300
<p>Making Best Use of Assets Implementing the Asset Rationalisation Strategy to sell assets that are no longer needed and making the best use of the assets we retain</p>	0	800	800
<p>Maximising Income & Commercial Opportunities Reviewing the fees and charges for services where we have discretion to set the value of changes to increase by 5%, and increasing the following by more than 5%:</p> <ul style="list-style-type: none"> • Meals on Wheels • Registration Services • Green Waste Subscription • Pre-application Planning and Planning Fees • Building Regulation Fees • Private Rented Sector Fees • Streetworks Permit Charges • Development and Commercial Property Rates <p>Exploring Commercial Opportunities to generate income through reviewing our:</p> <ul style="list-style-type: none"> • Pest Control Delivery Models • Visitor Services and Events • Sandwell Residential Education Services • Data Services to Schools/Academies 	1,900	3,400	4,800

<p>Prevention & Promoting Independence Adult Social Care Transformation Programme, including:</p> <ul style="list-style-type: none"> • assistive technology and reablement to support people to live independently for as long as possible • expansion of our Shared Lives offer to increase the opportunity for people to live as independently as possible • reviewing the transition between Children's Services and Adult Social Care to make sure people are supported as they grow into 	2,200	3,500	3,500
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Savings Options	2024/25 £'000	2025/26 £'000	2026/27 £'000
adulthood and that services are better able to meet their changing needs			
<p>Reducing the Cost of Discretionary Services through reviewing how we deliver:</p> <ul style="list-style-type: none"> • Green Spaces Services (including Parks, Ground Maintenance, Events and Sandwell Valley) • Christmas Lights programme • Arts Café • Shop Mobility service in West Bromwich 	900	900	1,000
<p>Reducing the Cost of High Cost Services Reviewing the way we deliver waste management service and leisure facilities to ensure they are meeting the broad aims of the council and needs of residents and are fit for future delivery models while delivering value for money</p>	800	4,500	4,500
<p>Smarter Support Services Reviewing how we deliver our support services:</p> <ul style="list-style-type: none"> • Streamlining internal HR and Business Management processes to get the best out of the technology available • Being smarter with how we procure ICT contracts • Making our cash handling activities more efficient to reduce costs 	1,300	1,900	2,100

<p>Sustainable Delivery Models</p> <p>Reviewing the range, extent and way we deliver services to ensure they are meeting the broad aims of the council and needs of residents while delivering value for money. Service areas include:</p> <ul style="list-style-type: none"> • The Appointeeship Service. • Customer Contact Centres. • Community Sports Plans. • School Crossing Patrols. • Investment in the Voluntary and Community Sector. • Enhancing Temporary Accommodation Provision. • The Climate Change Programme. • Introducing Part Night Street Lighting where safe to do so. • Exploring different options to provide home to school transport for children and young people with Special Educational Needs or Disabilities. • Making better use of the Council's vehicle fleet. • Improving support to individuals and families who have 'No Recourse to Public Funds' to reduce cost to public services. 	5,700	6,600	6,600
Savings Options	2024/25 £'000	2025/26 £'000	2026/27 £'000
<ul style="list-style-type: none"> • Reviewing Children's Services to optimize the number of children looked after and the cost of residential care. 			
Total	18,000	26,900	28,600

General Budget Planning Assumptions

The key points of briefing in relation to the Forecast are:

- a. New Homes Bonus – The Government has been considering reform or phasing out of New Homes Bonus and currently the grant is calculated on a one-off annual basis. It is assumed that the Council will receive a commensurate sum in 2024/25 and in future years.
- b. Controls on use of packaging and waste volumes – the Government is planning to establish a system where the producers of packaging waste are charged a levy related to the waste volumes that result such that the proceeds - net of regulatory costs - are passed on to local Councils. The assumption made in this version of the MTFP is that the incoming monies will need to be reinvested in waste services and that, accordingly, there will not be a net benefit to the Council from this scheme. This assumption will be reviewed for the next update of the MTFP. Government has confirmed that implementation will be deferred until 2025/26.
- c. Collection Fund – the working assumption is that Council Tax is assumed to increase by 2.99% throughout each year of the MTFP, the maximum permitted under current Government guidance for core tax increases. The Collection Fund is currently estimated to be in deficit at the end of the current financial year and therefore £0.5m has been included in the MTFP as a charge to account for the Council's share of that deficit. The situation will be reviewed and final values will be included in the February budget report.
- d. NNDR Income – the assumption is that Sandwell will continue to retain 99% of its business rates (with 1% being provided for West Midlands Fire). From 2024/25 it is likely that the Council will be part of the new Devolution Deal which is effectively a continuation of the current retention arrangements. At this time it is considered unlikely that there will be a reset of the business rates baseline and therefore future income in the MTFP is a continuation of current baseline levels with no growth assumptions due to the current economic climate.
- e. Inflation is only provided on key contracts (e.g. SERCO waste management, Sandwell Children's Trust and utilities). Other inflationary pressures are to be managed within existing service budgets.
- f. Pay inflation is provided for at an estimated level, with year 1 of the MTFP taking into account an adjustment for the difference between budgeted and actual pay awards in the current year (i.e. 2023/24). Future estimated pay awards are currently calculated on a 4% increase in 2024/25 and 4% thereafter as core CPI inflation is brought back to target levels.

Medium Term Financial Plan 2023/24 to 2026/27 - Autumn 2023/24

	2024/25	2025/26	2026/27	Notes
	£m	£m	£m	
Current Net Budget	317.103	317.103	317.103	
Pay inflation	9.601	16.171	23.006	Includes impact of increased offer for 23/24 plus 5% 2024/25 then 4% pa
Technical Adjustments: debt financing and investment income	0.300	2.550	3.850	Increased interest rates when refinancing debt maturities
Other Technical Adjustments	(12.023)	(12.023)	(12.023)	Earmarked reserves and contingency budget adjustments
Total Pay and Technical Adjustments	(2.122)	6.698	14.833	
Other Service Pressures:				
Growth	2.725	3.286	3.296	
Demographic Changes	8.662	10.924	13.186	
Inflationary Increases	12.801	23.353	29.950	
Loss of funding	0.189	-	-	
Changes in recharges	2.000	2.000	2.000	Revision to charges to/ from Housing Revenue Account
Budget correction	4.017	3.462	3.462	Re-basing of budgets
Total Service Pressures	30.394	43.025	51.894	
Total Budget Adjustments	28.272	49.723	66.727	
Revised Net Expenditure	345.375	366.826	383.830	
Funded by:				
Non Ringfenced Government Grants	(4.225)	(4.225)	(4.225)	Includes new homes bonus and services grant

Retained Business Rates (including Section 31 + topup grant)	(195.406)	(194.607)	(194.607)	Assumes no reset in business rates and nil growth in base
Council Tax Income	(133.281)	(139.326)	(145.644)	Assumes 2.99% pa
Collection Fund (Surplus)/ Deficit	0.500	-	-	Estimate as at end Sept 2023
Total Funding	(332.412)	(338.158)	(344.476)	
Net Shortfall	12.963	28.668	39.354	

The MTFP Change Log**Movement of Savings Target from June 2023 MTFP Report**

	2024/25 £m
Shortfall reported in June 2023	8.859
Changes in Council Net Expenditure:	
Reduction in Pressures:	(5.892)
Removal of assumed increase in ASC Service Grant pending autumn statement announcements and provisional local government finance settlement	10.009
Total Changes in net expenditure	4.117
Changes in Funding:	
Revised council tax base generating additional council tax income	(0.513)
Estimated Council Tax Deficit to be charged to the General Fund	0.500
Total Changes in Funding	(0.013)
Total Changes	4.104
Revised Shortfall	12.963

Annex 10

Risks: Principal Risks to the MTFS & Headline Mitigation

Risks	Headline Mitigation
Failure to constrain expenditures within relevant budget targets.	The Council's financial reporting arrangements including the chart of accounts, budget management approaches, and forecasting are under review. This will be completed in financial years 2023/24 & 2024/25.
Failure to prepare for balancing the 2024/25 Budget shortfall.	The preparation of this MTFS at this point in the financial year, the generation of savings options, the planned launch of consultation and engagement and the promulgation of the Budget Timetable incorporating two meetings of Full Council to take decisions on savings.
Failure to increase Reserves.	The Council has a medium term intention to maintain essential reserves at a level to maximise assurance that strategic exigencies can be met within the term of the MTFS. Accordingly, there are presently no plans to employ significant reserves to balance the 2024/25 Budget shortfall.
Failure to assure Commissioners that sufficient progress has been made in building a robust MTFS	The preparation and endorsement of this MTFS and MTFP by the Statutory Officers, Leadership Team and Cabinet, together with the development of a robust approach to consultation and review by the Scrutiny function is relevant here.
Failure to deliver savings.	The Council has reviewed savings delivery in 2023/24 and is enhancing monitoring for the Leadership Team, Cabinet and the Scrutiny function.

<p>Failure to arrange cover for expected cost increases</p>	<p>The Council has set in place a process whereby the MTFP is updated quarterly and the thoroughness of review and analysis will be enhanced on each occasion as additional information becomes available and insight gained. In addition the Council will adjust its fees and charges annually in the future to ensure that the net cost of services is moderated where it is equitable to do.</p>
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<p>Inability to Fund the Capital Programme arising from continued rises in interest rates and higher cost of borrowing.</p>	<p>Capital Principles to set down a clear and affordable framework for capital planning have been recommended to Cabinet. Further work to develop an affordable Capital Programme will be undertaken for inclusion in the Draft Budget to be received by Full Council in February 2024.</p>
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CREATING A COUNCIL FOR THE **FUTURE**



Purpose and Vision

We are fortunate to work in a Council that has an ambitious and determined vision to create a modern and agile organisation, that is laid out in clear terms in the Strategic Outcomes of our plan. At the heart of the Plan, and front and centre of everything we do is to ensure we improve our Borough by investing in what matters for the positive benefit of the residents of Sandwell.

In such uncertain and turbulent times, we should be proud of the enormous amount that has already been achieved in the last two years. The Council now feels stable, safe and has a clearer appreciation of what it needs to achieve, building on the foundations of our Improvement Plan. And with that clarity also comes an understanding that there is still much more to be done, not only to invest in the vital services that our residents need, but to also make the Council sustainable and relevant for the future. We must challenge ourselves to ensure everything we do has real measurable impact, because to deliver everything we want to do affordably and effectively we will need to have a clear focus on how and why we do things and how we work together with each other and in partnership with the community to codesign services for the future. We will need to do more of the things that matter and reduce or stop the things that do not.

We must not forget that these are not easy times for our residents and thousands of them are living with poverty and hardship, but together we have a real opportunity to address these challenges and deliver the outcomes that will make a real difference.



Where We Are Now

To achieve the impact that we want needs a step change in how we do business. We face critical funding and growth pressures and the way that our budgets are currently constructed means that our planned level of future expenditure leaves significant challenges to deliver savings in the later years of the MTFs that can only be met through transformation. It should be clear that whilst the Council was not put into statutory intervention because of its financial position at the time, it is likely that without a plan for transformation and a steadying of the finances it is highly likely that we would have been.

We cannot afford to reduce the pace of the change needed as delivery of some savings will take time to embed. We also cannot meet this challenge through incremental and marginal savings – often described as ‘salami slicing’ - to all areas of expenditure. Instead, there needs to be a clear focus on the services we provide now and want to provide in the future, taking a standard approach to managing our projects and programmes of change. We need a fresh look at the contribution that everything we do has to the outcomes that we want to achieve as part of our vision. Rather than a threat or a burden, we need to treat this as an opportunity to ‘reset’ ourselves and re-imagine our Council for the future.

The transformation needs to be challenging but achievable and capable of being delivered in the timescales we say it can. Without this level of commitment and focus on evidence to show impact, we cannot be certain of moving out of intervention.

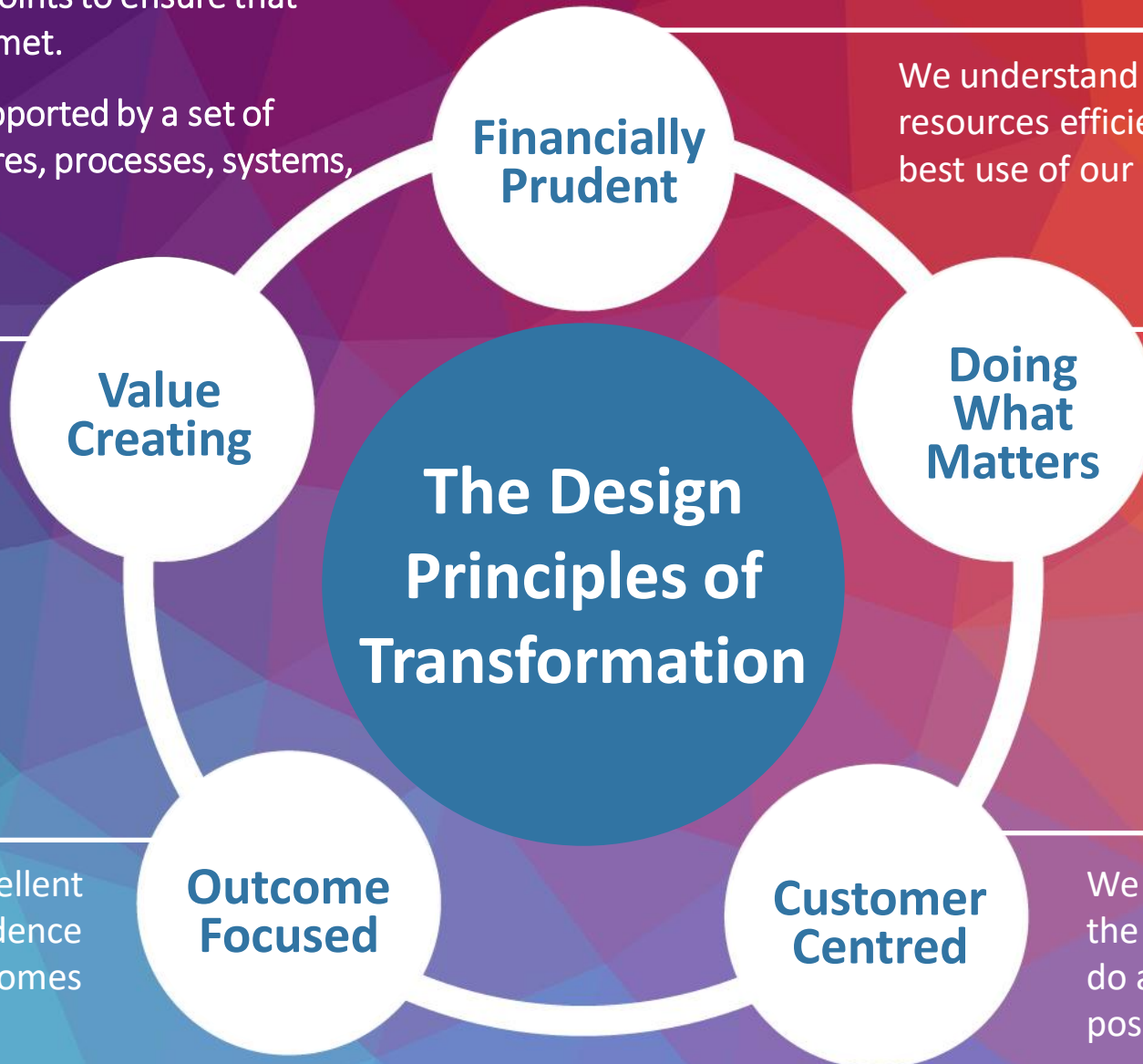


The Design Principles for Transformation are the guiding tenets that will be used as checkpoints to ensure that the 'rules' for transformation are met.

The standard approach will be supported by a set of standard enablers around structures, processes, systems, people, culture and behaviours.

Everything we do adds value to the Council or our customers, through our understanding and insight, allowing people to help themselves and each other

We deliver timely and excellent results focusing on evidence based outcomes



We understand costs and manage finances and resources efficiently and effectively, making best use of our assets and capital

We are accountable for delivering what's important and think creatively about how to best achieve it

We put our customers at the heart of everything we do and make it as easy as possible for them

Transformation Fundamentals – The Brilliant Basics

The starting point for our transformation is a blend of key Directorate projects prioritised to deliver in the next year and some critical cross cutting projects.

Key Directorate projects include...

SEND Service Transformation
SEN Transport

Transitions

Community Hubs, Enforcement
Leisure Review, Waste Review

Housing Repairs Transformation
Housing Asset Mgt System

Major contracts & commissioning review

Asset & Estate Rationalisation Strategy,
Neighbourhood Working

Governance & Decision Making

Key Corporate projects include...

A **business support** project is underway which aims to provide a single professional service with consistent standards, staff training and career prospects; gaining greater efficiencies by utilising new technology and applying lean business processes across the organisation.

Ensuring the best customer experience is a critical element of our improvement journey and our **customer journey** programme will ensure we deliver on this so we add maximum value to our customer in everything we do, making it as easy as possible for them to interact with us.

Developing a comprehensive **digital strategy** means embedding the new tools currently under development, such as Oracle Fusion, which will allow for improved processes and more self-service. It also means ensuring all our other systems are optimised to allow us to work intelligently and seamlessly across the organisation for the benefit of our customers.

Ongoing Transformation – Sustainability

The key to the delivery of a sustainable transformation programme to ensure that we can link everything we do to the outcomes we want to achieve. As part of this we will have a Framework that ensures a clear link between...

Purpose

Inputs

Outputs

Outcomes

Impact

It is a way to show the direct relationship between *what we do* and the *difference we make*.

Projects that are considered to form part of the programme will be tested against the design principles and then assessed to ensure they have positive impact, either on our customers, or our finances, or both. They will also be looked at in terms of risk – and issues such as capacity to deliver addressed.



What it will mean for staff

To deliver this kind of transformation there will need to be positive leadership at all levels of the Council. This means having a mindset that is open to the possibilities of thinking what the Council can be in the future. They will uphold the agreements of the transformation and help their staff to deliver the change, providing the opportunities, the moral conviction and the learning.

The transformation cannot be seen as a distraction from current priority programme of delivery. On the contrary, it must be recognised as the critical enabler for our future success. We will continue to invest in and develop our people as we know they are our greatest asset and continue to work hard to embed Equality, Diversity and Inclusion in our workforce, so they represent our community.

We value our people and want to see them thrive. Whilst this transformation means we will see a change in what people do and how they do it and this may mean that we stop, reduce or re-think how we do many things, equally there will be new things to do and new opportunities. We will also look at how we are structured in terms of our hierarchies and spans of control, and how each person contributes to our outcomes, ensuring synergies with performance management.



As we change, grow and develop, we will invest in staff – in their learning and development - to help them achieve new things for the maximum impact of Sandwell and for themselves.

THE TIMELINE FOR CHANGE

2023/2024

**Brilliant
Basics**

2024/2028

**Sustainable
Transformation**

Beyond

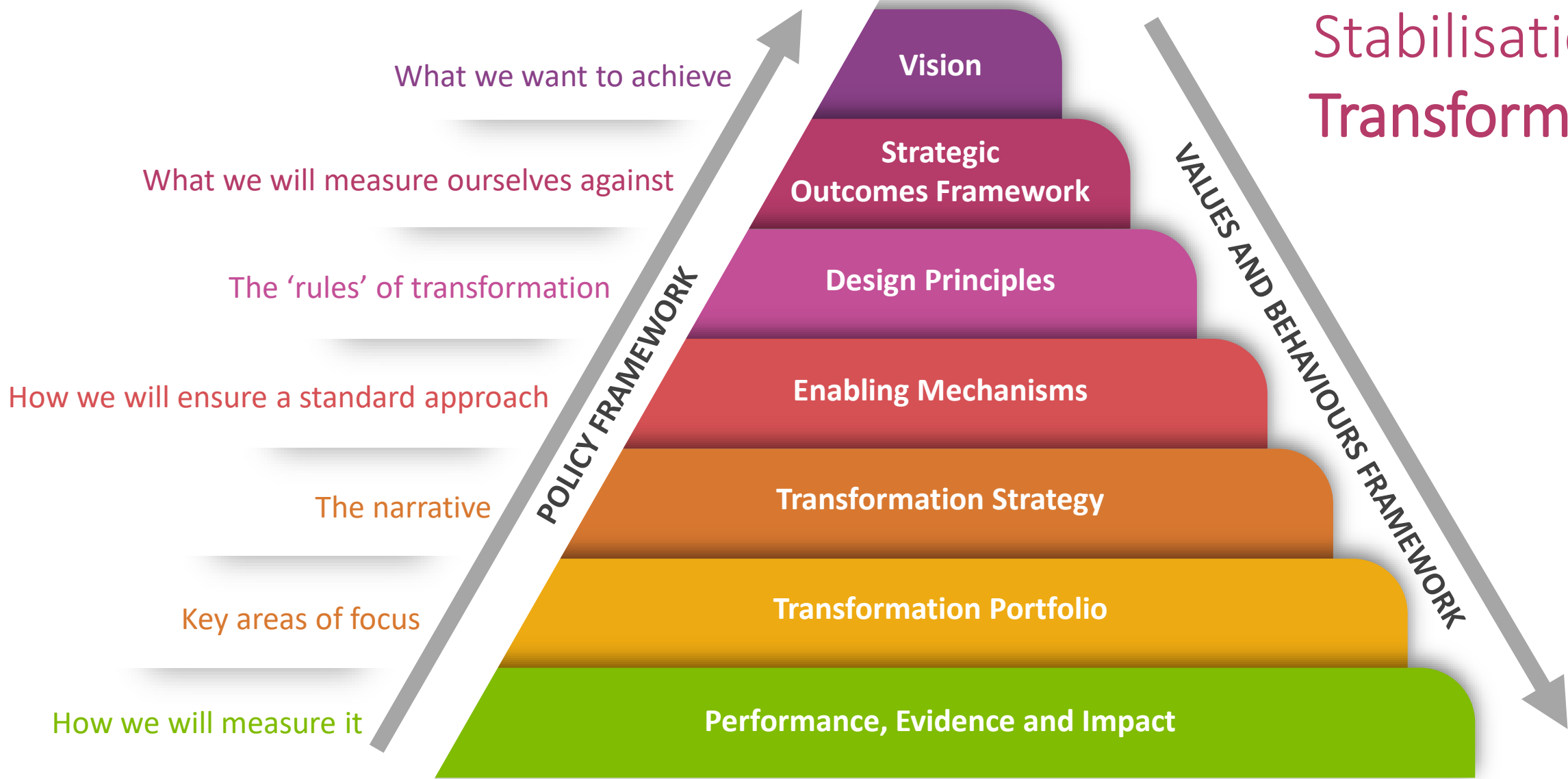
**Continuous
Improvement**

To make such a fundamental shift in how we do business is a long-term commitment, not an overnight fix, with a new model that may emerge from the work that will not only be around process and structure, but also culture and behaviours. That is not to say there will not be short- and medium-term changes in how we do business, focused around our Brilliant Basics programme - and we will take every opportunity that arises, as long as it aligns to our long-term vision and strategic outcomes.

Our Brilliant Basics programme will commence immediately – in fact the majority of projects are already in hand. So, this is our focus for 2023/24. And whilst work will also commence on the longer-term sustainable transformation programme, this will be our focus from 2024 onwards. As we move forward, there will of course be new challenges and opportunities and our programme will adjust to reflect that, as well as continuing to improve everything else we do. We will ensure we measure, manage, test and learn from all projects as we go along, ensuring we focus our efforts on what works.

How will this be delivered in practice

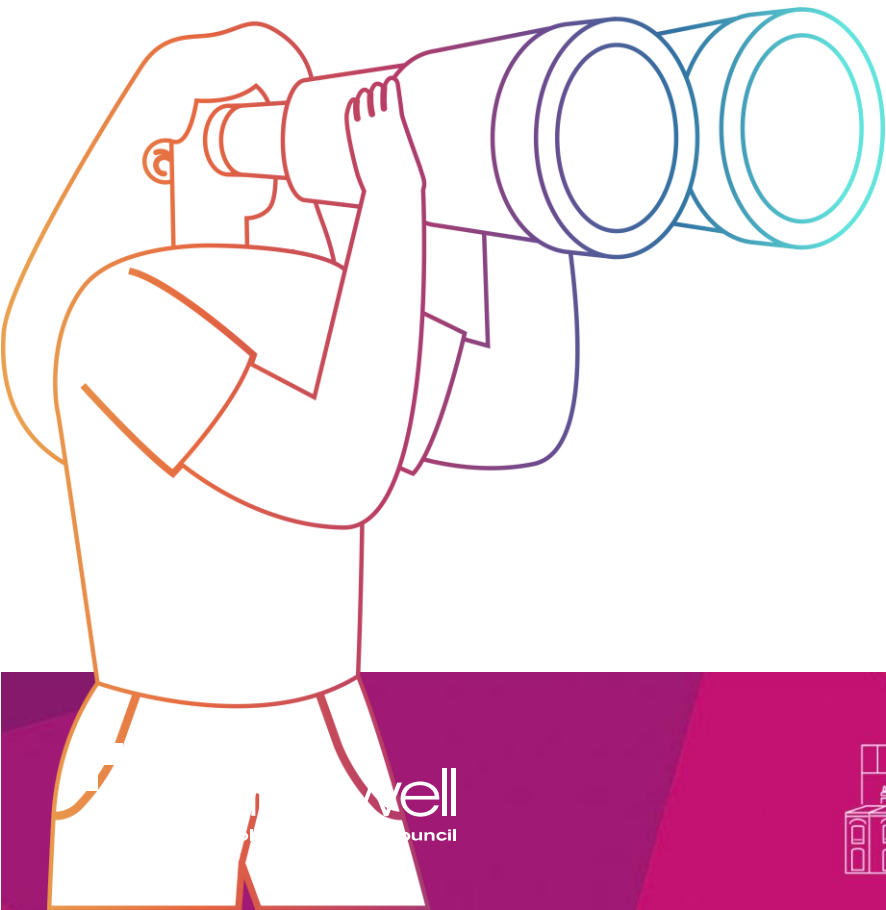
Stabilisation to Transformation



Alignment to the Vision

Our Vision is

‘to create a modern, outstanding council,
one where our organisational structure,
business systems, process and people and
cultural working practices are fully aligned
to deliver our strategic outcomes’.



Strategic Outcomes Framework

Our Strategic Outcomes are the basis on which we deliver our services:

- The best start in life for children and young people
- People live well and age well
- Strong, resilient communities
- Quality homes in thriving neighbourhoods
- A strong and inclusive economy
- A connected and accessible Sandwell
- One Council, One Team

The development of a Strategic Outcomes Framework ensures a coherent linkage between purpose, inputs, outputs, outcomes and impact. It is a way to show the direct relationship between what we do and the difference we make.

Design Principles

These are the 'rules' we will apply to ensure all change is aligned to the Transformation Vision.

DESIGN PRINCIPLES

We put our customers at the heart of everything we do and make it as easy as possible for them

Customer Centred

Everything we do adds value to the Council or our customers, through our understanding and insight, allowing people to help themselves and each other

Value Creating

We deliver timely and excellent results focusing on evidence-based outcomes

Outcome Focused

We understand costs and manage finances and resources efficiently and effectively, making best use of our assets and capital

Financially Prudent

We are accountable for delivering what's important and think creatively about how to best achieve it

Doing What Matters

TRANSFORMATION VISION

To create a modern, outstanding council, one where our organisational structure, business systems, process and people and cultural working practices are fully aligned to deliver our strategic outcomes.

The enabling mechanisms

Design Principles

Customer Centred

Value Creating

Outcome Focussed

Financially Prudent

Doing what matters

The best start in life for children and young people

People live well and age well

Strong, resilient communities

Quality homes in thriving neighbourhoods

A strong and inclusive economy

A connected and accessible Sandwell

One Council, One Team

Structures

Systems

Processes

People

Culture &
Behaviours

The Enabling Mechanisms

Vision

To create a modern, outstanding council, one where our organisational structure, business systems, process and people and cultural working practices are fully aligned to deliver our strategic outcomes.

Understanding the Enabling Mechanisms

Mechanism

Structures

Systems

Processes

People

**Culture &
Behaviours**

Governance

PMO & Gateways

Approach

Spans of
Control and
contribution to
outcomes

Digital
Blueprint and
improved self
service

Redesign
Toolkit and
methodology

Workforce
Strategy and
succession
planning

Behaviour
framework and
Organisation
Development
approach

Overview

Structures ensure
there are the right
people in the right
place

Systems ensure
the right
technology is
there to deliver on
the programme

Processes ensure
the right work is
being done in the
most efficient way

People ensures
that we have a
sufficient capacity
of people with the
right skills and
capabilities

Culture cuts across
all themes and
without it none of
the other enablers
will deliver



The Strategic Outcome-led Transformation Portfolio



Assessing the Significance

The council has adopted a system that uses a number of inputs to consider the level of support and assurance required. A PM Threshold Tool has been created and based on the inputs the project will be identified as level 1, 2, 3 or 4 – this can then be the basis of a discussion with the PMO in terms of resourcing and requirements. This is illustrated below:

Thresholds	Tiering		Menu of PMO Support	Scoring
Value	1	Intense	Full range of support including project management	1
Complexity	2	High	Project officer support working alongside service on delivery	1
Risk	3	Medium	Oversight of the project giving advice and guidance	1
Capacity	4	Reporting	Templates and tools available for services to use	1

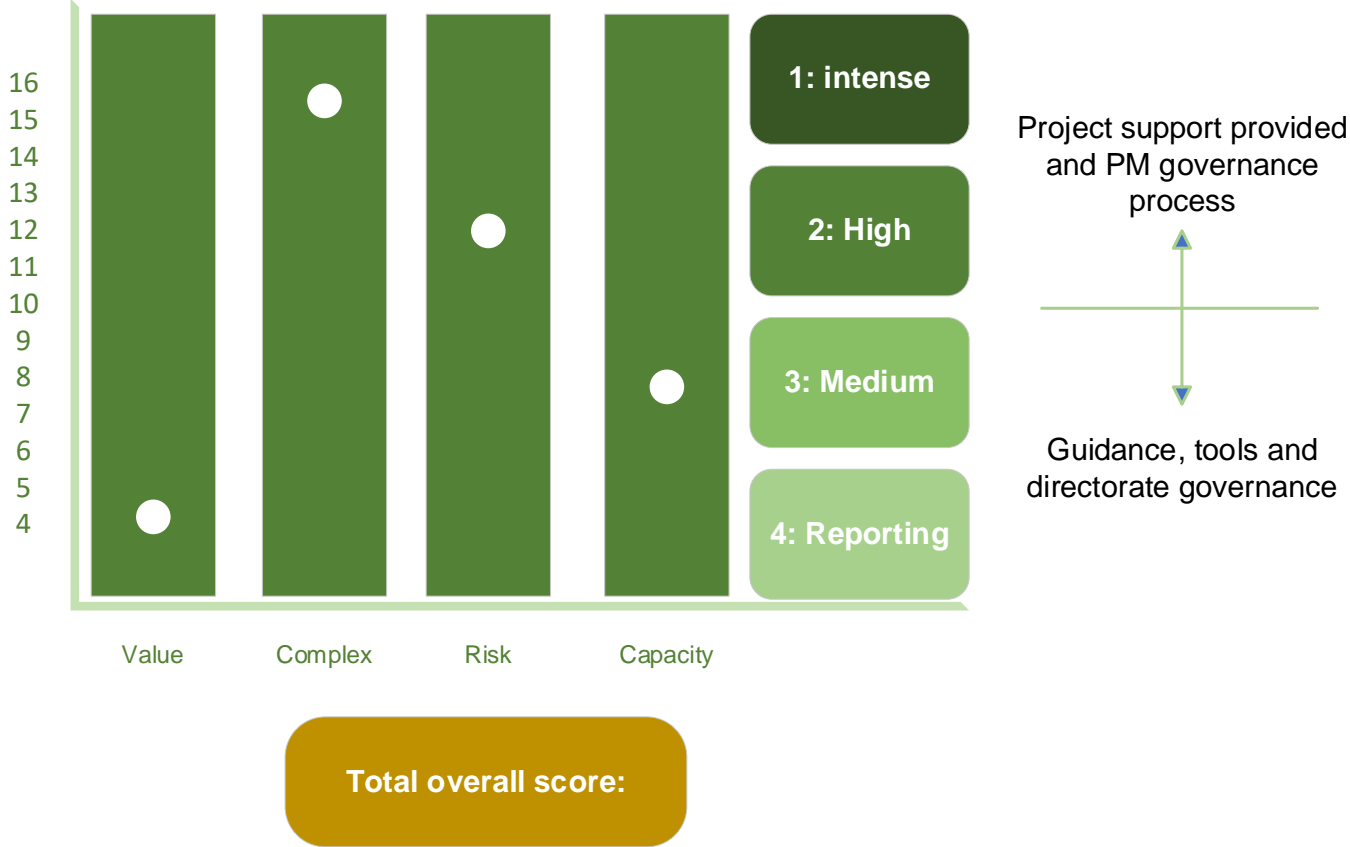
Assessing the Significance

The threshold inputs cover the following:

- Value and status
- Complexity
- Risk
- Capacity

The scoring will result in an overall rating.

This is illustrated as follows:



A PHASED APPROACH

2023/2024

Brilliant Basics

Brilliant Basics:

- Portfolio Structure
- Design Principles and Strategic Framework
- Existing Transformation aligned to Outcome-led Portfolio
- Strategic Outcome Mapping and Service Planning

2024/2028

Sustainable Transformation

Sustainable Transformation:

- Outcome-led Portfolio
- Long-Term Planning

Beyond

Continuous Improvement



The best start in life for children and young people

People live well and age well

Strong, resilient communities

Quality homes in thriving neighbourhoods

A strong and inclusive economy

A connected and accessible Sandwell

One Council, One Team

Brilliant Basics Portfolio

SEND Service Transformation
SEN Transport

Transitions

Community Hubs, Enforcement
Leisure Review, Waste Review

Housing Repairs Transformation
Housing Asset Management System

Major Contracts and Commissioning Review
Asset and Estate Rationalisation Strategy

Customer Journey, Digital Blueprint
Neighbourhood Working

Oracle Fusion, Business Support,
Governance and Decision-Making

Informing Sustainable Transformation and Outcome-led Decision Making

Strategic Outcome	What this means	Activity	VfM	Service Plan Actions
The best start in life for children and young people	Remove barriers to education & learning, prioritise consistent support to families, check in with all children			
People live well and age well	Offer healthy choices for health & social care, respectful treatment in safe, clean environments			
Strong, resilient communities	Offer safe, non-threatening places, encourage outdoor activities			
Quality homes in thriving neighbourhoods	Provide fair & efficient assessments to provide homes to those in need			
A strong and inclusive economy	Incentivise local businesses and recruit & train locally based staff			
A connected and accessible Sandwell	Maximise location, transport network, promote alternative transport in schools			
One Council, One Team	Streamline processes, staff training & support & encouragement			

EFFECTIVE

Is what we are doing contributing to the outcomes? First pass

EFFICIENT

Are we delivering the best outcomes for the resources being input? ¹⁰⁵ Second pass

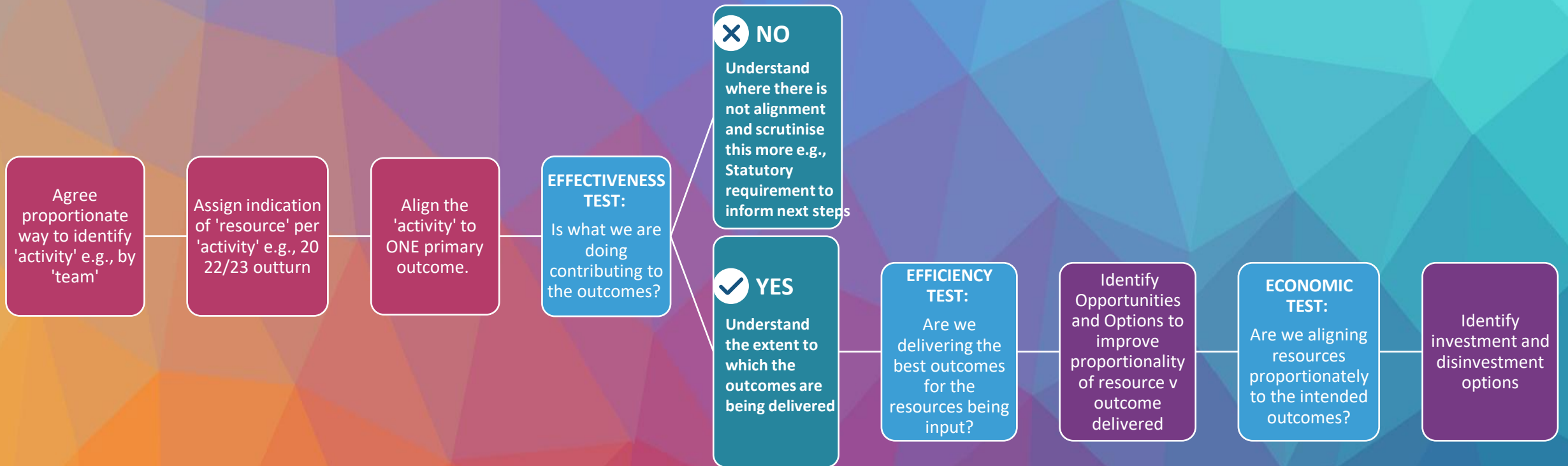
ECONOMIC

Are we aligning resources proportionately to intended outcomes? Strategic Pass

Applying Value for Money tests to Sustainable Transformation

EFFECTIVE Is what we are doing contributing to the outcomes? First pass	EFFICIENT Are we delivering the best outcomes for the resources being input? Second pass	ECONOMIC Are we aligning resources proportionately to intended outcomes? Strategic Pass
<ul style="list-style-type: none">▪ Service and activity identification.▪ Collaborative alignment to the interpretations of the Strategic Outcomes.▪ Gap Analysis.▪ Opportunity Identification.	<ul style="list-style-type: none">▪ Understanding of Impact (e.g., KPIs, customer feedback).▪ Benchmarking.▪ Cost vs benefit analysis.▪ Opportunity Identification.▪ Opportunity Quantification (BAU/ Transformation).	<ul style="list-style-type: none">▪ Prioritisation of cost & impact.▪ Benchmarking.▪ Opportunity Identification.▪ Opportunity Quantification (BAU/ Transformation).▪ Collaboration with SLT.▪ Transformation Portfolio.▪ Service Plan inputs.

The Approach





Sandwell
Metropolitan Borough Council

WE ARE
SANDWELL!

