

## Cabinet – 23 October 2019

### Draft Revenue Budget 2019/20 – 2022/23

**Portfolio:** Councillor M. Bird – Leader of the Council (Lead Portfolio)

**Related Portfolios:** All

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### 1. Aim

- 1.1 To present the first draft revenue budget for 2020/21 and future years, based on currently available information and set out the process for setting a legally balanced budget.

#### 2. Summary

- 2.1 This report summarises the outline process for the setting of a four-year revenue budget.
- 2.2 The 2019/20 budget was approved by Council on 28 February 2019, and is monitored throughout the year to address key risks and pressures as they arise. A number of pressures have emerged during 2019/20 that has required action to be taken to limit the council's financial exposure. Further action is being taken to ensure the budget is balanced at the year-end, with a sufficient level of reserves to manage existing liabilities and emerging risks arising in 2020/21 onwards. This report includes an update on the current 2019/20 financial position, along with financial health indicators at Appendix 1, and prudential indicators at Appendix 2.
- 2.3 The report covers the four year period 2019/20 to 2022/23, including:
- The revenue and capital forecast position for 2019/20,
  - Addressing the impact of the current year's revenue pressures on the 2020/21 budget on an ongoing basis,
  - Update on the Medium Term Financial Outlook (MTFO), based on known pressures and assumptions around the Spending Round announcement for 2020/21.
  - The intention to deliver savings to meet the MTFO gap through the Proud Programme and to report on investment and benefits realisation to support delivery of the required savings for 2020/21 and beyond – the extent of savings being dependent on the pace and level of ambition of change. Investment will need to flex with the programme.

- The proposed timeline for the setting of the revenue budget and capital programme, and stakeholder consultation.
- 2.4 2019/20 is the final year of the four-year (2016/17-2019/20) settlement, which Walsall signed up to in 2016. Due to Brexit negotiations, the next multi-year Spending Review is now due to take place in 2020, a year later than planned, and thus a one year Spending Round was announced on 4 September 2019 for 2020/21 only. Until confirmation of our settlement for 2020/21 is received in December 2019, funding is still extremely uncertain for the period from 2020/21.
- 2.5 A further report will be presented to Cabinet in December 2019 which will cover the following:
- An assessment of the 2020/21 financial Settlement and any revisions required to the 2020/21 budget or Medium Term Financial Outlook.
  - The draft capital programme for 2020/21 and future years.
  - An update on the work of the Walsall Proud Programme, and the plan of expected benefits linked to the revenue and capital budget process.
- 2.6 The Council is legally obliged to set a one year balanced budget (2020/21), however a medium term approach is beneficial to allow for sound financial planning and to support future financial stability.
- 2.7 The Council's Medium Term Financial Strategy (MTFS), approved by Cabinet on 17 July 2019, is the framework within which the council's financial planning and management is undertaken and its budget set. The main objectives of the Strategy are to set out how the council will structure and manage its finances now and in the future and to ensure this approach facilitates delivery of the council's aims and objectives.
- 2.8 To ensure the budget process and delivery of savings via Proud is informed by a clear purpose and key council priorities, the Corporate Plan and objectives is being used to shape future proposals.
- 2.9 The final budget, including any changes arising from consultation arrangements, tax base changes and the final allocation of direct Government funding and other specific grants will be presented to Cabinet on 12 February 2020 for recommendation to Council, and this will be considered by full Council on 27 February 2020.

### **3. Recommendations**

Cabinet are requested to:

- 3.1 Note the latest forecast overspend for 2019/20 of £1.40m as at August 2019, subject to re-profiling of Proud savings as set out in section 4.14 to 4.23. Action continues to be taken, and there is confidence that sufficient ongoing and one-off actions will be identified to bring the position back in line with the approved budget.
- 3.2 Approve the amendments to the 2019/20 capital programme as set out in section 4.24.
- 3.3 Note the quarter 2 financial health indicator performance as set out in Appendix 1, and prudential indicators at Appendix 2.

- 3.4 Note the financial assumptions and projections within the draft revenue budget, the uncertainty around final funding, and that these assumptions may change as the budget progresses.
- 3.5 Refer this report to Scrutiny Overview Committee on 25 November 2019, to enable the Committee's comments to be considered by Cabinet.
- 3.6 Note that the medium term financial outlook position assumes an increase in council tax of 1.99% in 2020/21 and future years, the assumed level of "reasonableness" in respect of referendum principles, and that any changes to those principles, as set by the Secretary of State, may change the overall budget. These assumptions are based on the Spending Round announcement on 4 September 2019.
- 3.7 Note that the level of contingency funds and general reserves will need to be in line with the levels set out within the council's MTFS, the final level to be based on a detailed risk assessment, which will be reported to Cabinet in February 2020.

#### **4. Know - Context**

##### **Key Timeline**

- 4.1 The budget setting timetable of key reporting dates, following publication of this report, is as follows:
- Review of the outline budget plan by Scrutiny Overview Committee on 25 November 2019.
  - Cabinet on 11 December 2019 to receive an update to the 4 year financial plan, and outline of the draft core grant Settlement from Government.
  - Statutory consultation for business rates payers to January 2020.
  - Budget briefings for political groups and independent members, as required.
  - Council tax base to be approved by the s151 Officer by January 2020.
  - Receipt of the final settlement late January / early February 2020.
  - Recommendation of the final budget by Cabinet on 12 February 2020.
  - Council set the final budget and council tax levels on 27 February 2020.

##### **Walsall's Financial Context**

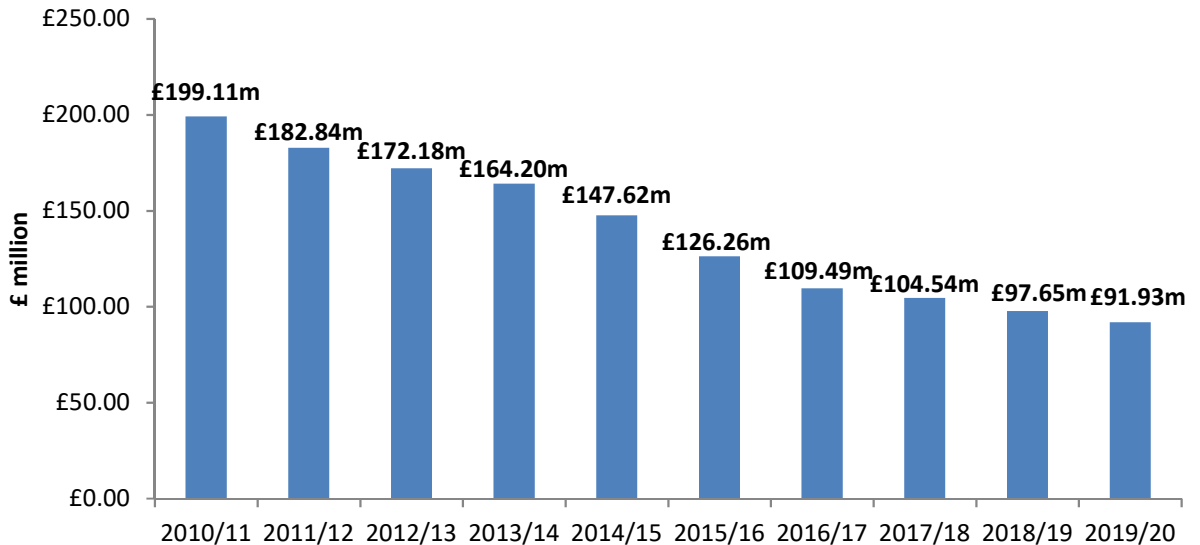
- 4.2 Like all other public sector bodies, Walsall has seen government grant funding reduce since the Emergency Budget of 2010 when the Government set out its initial plans to reduce the overall Government deficit. This has continued in successive government Spending Reviews. The Spending Round for 2020/21 announced on 4 September 2019 confirmed that no government department will see a cut to its budget with all being increased by at least inflation – the impact of which has yet to be confirmed.

##### Government central funding and business rate retention

- 4.3 Government austerity measures have meant our direct funding has reduced considerably from 2010, with a loss of core revenue funding (revenue support grant, top up grant and business rates, net of rolled in grants) of c£107m to 2019/20.

Walsall signed up to the Governments multi-year settlement to 2019/20 to aid our budget planning, but there remains considerable uncertainty in government funding post 2019/20.

### Core Funding 2010/11 to 2019/20

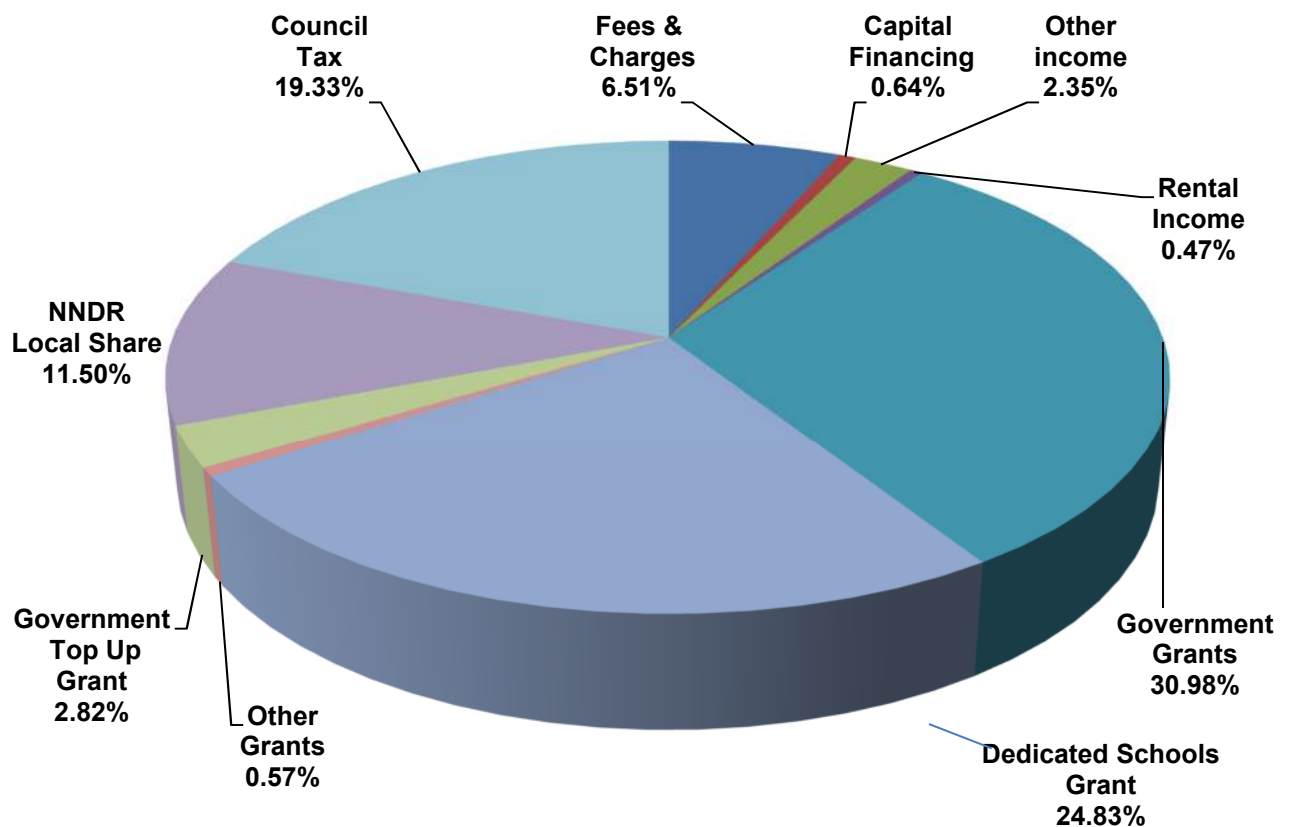


- 4.4 Walsall receives much (c70%) of its c£630m of funding from central Government, including the core Funding Settlement (a combination of local business rates retention through 100% business rates pilot within the West Midlands, and top up grant direct from Government – a combined 15%), core Schools Grant (dedicated schools grant/DSG – 25%, which is passported direct to schools) and Government grants (31% - half of which relates to housing benefits, the remainder includes both ringfenced – public health, better care fund etc, - and non-ringfenced grants, such as new homes bonus). Income is summarised in the pie chart overleaf.
- 4.5 By 2020/21 local government was expected to become fully self-funding, with core revenue support grant ceasing and the introduction of 100% localisation of business rate retention (BRR), (as opposed to the current 49%). However, due to a change in legislation required to introduce 100% BRR and a full parliamentary timetable Government changed its plans, to introduce 75% BRR from April 2020. Due to delays, it was announced alongside the SR19 that there would be no changes to the current BRR for 2020/21 and any current 75% pilots would discontinue. It is expected that any changes to BRR will now take place for 2021/22. Under the 100% BRR the Government expected that national increases in growth in rate yields would fully offset the reduction in core funding. As a top up Authority, the reality is that many deprived councils, such as Walsall, due to its relative high need and lower business rate yield will be unable to fully cover this funding shortfall.
- 4.6 Since 2017/18, Walsall has been part of the West Midlands Combined Authority (WMCA) 100% business rate retention (BRR) pilot. Government agreed that this would be at 'no detriment' to participating authorities; however, there remains some uncertainty as to the future final impact of national policy in respect of BRR. The Spending Round announced on 4 September 2019 confirmed that devolution deals would continue into 2020/21.
- 4.7 Government sets Walsall a baseline figure under the business rates retention scheme, estimated at £91.47m for 2020/21, which is made up of the business rates

local share (£73.42m) and top up grant (£18.05m). Some authorities collect more business rates than their calculated baseline funding level, and are therefore required to pay a tariff to Government in excess of their allocated share. Councils like Walsall have a greater baseline funding level need than the business rates they can collect and will be paid a top up grant from Government to meet the shortfall. Core Funding Settlement is expected to be announced in November and as such, any Government reduction to this top up grant will impact on the MTFO gap.

- 4.8 Government also sets a safety net threshold. If the safety net threshold is triggered, then any income loss below the threshold is funded by government. Any shortfall between £91.47m and the threshold (around £3m lower than this) has to be borne by the council (99%), and fire authority (1%). Volatility in business rates will therefore need careful monitoring throughout the year.

*Sources of Funding:*



- 4.9 2019/20 is the final year of the multi-year settlement. The future financial environment continues to be challenging for councils for 2020/21 and beyond, with significant uncertainties in future grant, including public health, better care fund, etc, despite the Spending Round announcement on 4 September 2019 for 2020/21. A full multi-year Spending Review is now due to take place in 2020, a year later than planned due to the delay in Brexit negotiations, to cover the period from 2021/22. One of the major thrusts has been that local authorities can now keep a share of the business rates generated within their area rather than pooling for national redistribution, however this benefit is limited by other parts of the funding mechanism, such as Government

top slicing of funds to meet new burdens, safety net authorities, national capitalisation targets, etc.

4.10 The council's second largest source of funding is council tax (c19% of the council's gross spend is funded from council tax), which continues to be subject to Government restrictions on the amount that can be raised from this income stream, previously through 'capping', and now through the referendum principles. The draft budget currently assumes council tax increases of 1.99% over the next three years, in line with current referendum principles as outlined in SR19 on 4 September 2019.

4.11 Additionally, as part of BRR changes the Government will be consulting on transferring additional responsibilities to local authorities. This could lead to further pressures if these are not fully funded.

4.12 Alongside reductions in funding, the council also faces increasing cost pressures, due both to increasing demand (for example, as a result of welfare reforms reducing individuals disposable incomes further, larger numbers of older people requiring support to remain independent, etc) and new burdens imposed by Government, but without the corresponding full funding given. The following summarises initiatives, demand and other pressures that have and will continue to have financial implications for the council over the coming years:

- Increases in demand:
  - From an increasing and longer living population, which is putting strain on Local Authority systems both in financial and operational terms. For example, adult social care packages and placements costs have risen by £11.74m from £56.21m in 2010/11 to £67.95m in 2019/20.
  - For looked after children, and the associated impact on numbers of social workers, and costs, required to support these children. There were 488 in March 2011, compared to 645 in September 2019. Expenditure has increased along with demand on all services that are critical in supporting the young people & their families in the Borough. This is in line with the national picture.
- Emphasis on joined up working - ongoing pressure for the Authority, local NHS and partners to further integrate services in line with the Government's national agenda.
- Continued capping of council tax increases as confirmed by SR19, restricting our flexibility in generating income.
- Increase in Public Works Loan Board interest rates
- Welfare reform, including roll out of universal credit.
- Increased corporate costs, including in relation to pay and pensions.

4.13 Since the Emergency Budget 2010, the council has reduced its spending by £192m, £107m from a reduction in government grant and £85m from cost pressures. In considering future resource allocation, funding for the development of services will need to be met from the redirection of existing resources, reducing existing spend and the identification of new or revised income sources. The council will need to do things differently and do different things, and in some case stop doing things that are not in line with corporate priorities.

- 4.14 The 2019/20 budget was approved by Council on 28 February 2019, and is monitored and reported throughout the year to address key risks and pressures as they arise. Cabinet receives regular financial reports to allow it to oversee the financial performance of the council.
- 4.15 A number of significant risks and pressures have emerged during 2019/20 that has required action to be taken to limit the council's exposure. These are being managed via a combination of one-off actions (use of earmarked reserves, use of one-off grant) and ongoing actions (review of existing budgets and realignments where feasible). After corrective action, there remains a predicted variance above service budgets of c£1.40m.
- 4.16 The 2019/20 outturn is predicated on delivery of a budget saving from Proud. This was originally included within the 2017/18 to 2020/21 budget setting process as a £5m saving from Channel Shift (and approved by Council in February 2018) and subsequently during the 2019/20 budget setting process, became a benefits (saving) target for Proud. This is currently held centrally.
- 4.17 In October 2018, Cabinet approved Walsall Proud Programme (WPP) as the council's future transformation programme to transform the way the council works; achieve improved outcomes and customer experience; improve staff satisfaction and engagement; and improve service efficiency and performance. It is a three year transformation that will change the entire way that the Council works and will change what we do, and how we do it: A programme designed to be cross-cutting and focused on the way we work, touching all services, so that change can be delivered once across the organisation.
- 4.18 A high level design of the programme commenced in January 2019, which is being used to inform a detailed design plan, which commenced in April 2019. Effort during 2019/20 to date has focussed on whole council design and the establishment of blueprints for future ways of working and the programme is now moving into implementation phase. Activity to date and planned is included in Appendix 4. As a result, the benefits realisation profile is being reviewed, with benefits expected to commence from quarter four of 2019/20 onwards. Any re-profiling of the Proud saving will impact the reported outturn in table 1 and be reported as part of the routine corporate financial performance reporting cycle.
- 4.19 Table 1 summarises the 2019/20 budget for services and the draft outturn after successful delivery of Service based corrective actions.

<b>Directorate</b>	<b>Net Budget £m</b>	<b>Year-end forecast After Corrective Action £m</b>	<b>Forecast Variation to Budget (Under) / Over £m</b>
Adult Social Care	61.37	61.80	0.43
Children's Services	54.64	55.17	0.53

Economy & Environment	30.14	30.49	0.35
Resources & Transformation	31.07	31.16	0.09
<b>Services Position</b>	<b>177.22</b>	<b>178.62</b>	<b>1.40</b>
Capital Financing	18.91	18.91	0.00
Central budgets	(74.75)	(74.75)	0.00
<b>Total council tax requirement</b>	<b>121.38</b>	<b>122.78</b>	<b>1.40</b>

4.20 The main variances are as follows and these have been reported to Cabinet and Scrutiny during the year:

- *Adult Social Care (ASC)* - The current net forecast position, after the use of reserves and prior to any mitigating action is an overspend of £757k which results from delayed delivery of savings, and areas of spend increase as a result of demand. After mitigating actions of £323k the forecast position is an overspend of £434k.
- *Children's Services* - The current net forecast position, after the net use of reserves and prior to mitigating action, would be an over spend of £1.57m, which results from delayed delivery of savings, use of agency across Children's Social Care and increases in demand for home to school transport. After mitigating actions of £1.04m the forecast position is an overspend of £532k.
- *Economy and Environment* - The current net forecast position, after use of reserves and prior to any mitigating action is an overspend of £355k. This primarily relates to income shortfalls within Active Living Centers', Bereavement Services, Sports Development and Planning, along with the non achievement of the 2019/20 saving for district libraries review of staffing following the delay in implementation of OpenPlus.
- *Resources and transformation* - currently predicting an overspend of £85k. This is mainly within IFM for centralised maintenance and cleaning costs and electoral services administration costs.

4.21 The above potentially impacts on general reserve balances. General reserves were £15.67m as at 1 April 2019, which has reduced to £14.09m following the earmarking for specific use during 2019/20 as agreed by Cabinet, including extending the opening hours of the recycling centres (£110k), one-off funding of the falls prevention service whilst a review is undertaken (£139k), home to school transport in year pressures (£560k) and waste recycling contract cost pressures (£773k).

4.22 The final level of reserves recommendation in respect of 2020/21 will be reported to Cabinet and Council in February 2020, and will be subject to a comprehensive and ongoing risk assessment of the robustness of budget estimates and an overall assessment of the level of current and future risk facing the organisation.

4.23 A number of pressures are ongoing and these have been incorporated into the draft list of investments at Appendix 3, aligned to Walsall Council priorities.

### **Capital Programme 2019/20**

4.24 The capital programme as reported to Cabinet on 4 September 2019 totalled £124m. Table 2 summarises amendments recommended for approval, resulting in a programme of £119.8m.

**Table 2 : Amendments to Capital Programme 2019/20**



Project	£m
<b>Capital programme 2019/20 per Council 4 September 2019</b>	<b>124.00</b>
<b>Externally Funded</b>	
M6 J10 re-profiled over two years agreed with Department for Transport	(4.20)
<b>Revised capital programme 2019/20</b>	<b>119.80</b>

### Financial Health Indicators

- 4.25 Appendix 1 contains financial health indicator performance as at quarter 2. The primary purpose of these is to advise Cabinet of the current financial health of the authority in order to provide assurance to them. Indicators are on track overall.

### Prudential Indicators

- 4.26 Appendix 2 contains the prudential indicators as at quarter 2. The primary purpose of these is to provide assurance to Cabinet that the authority is borrowing and investing in a sound and prudent manner. Indicators are approved by Council on an annual basis. Indicators are on track overall.

### Draft Revenue Budget 2020/21 to 2022/23

#### Budget Approach

- 4.27 Following national and local changes since the 2018/19 to 2021/22 budget was set in February 2019, the four year forecast has been rolled forward (with 2022/23 added), reviewed and updated. 2020/21 has been reviewed and adjusted to reflect ongoing changes in council demand during the current year and updated projections of future demand. This includes pressures which have resulted in a forecast 2019/20 overspend, which will be corrected on an ongoing basis.
- 4.28 Cabinet on 17 July 2019 approved the budget framework for 2019/20 to 2022/23. [Budget Framework 2019/20 to 2022/23](#). The budget framework is intended to:
- Provide a framework to ensure successful delivery of the council's corporate vision and priorities.
  - Maintain a financially sustainable position over the 4-year planning period and set a legally balanced 2020/21 budget.
  - Allocate limited and reducing resources to those activities that contribute most to improved outcomes.
  - Continue the focus on the need to deliver ongoing efficiency savings.
- 4.29 The budget process approach for 2020/21 and onwards is significantly different from that adopted in previous years and focuses on transformation through delivery of the Walsall Proud Programme, with 3 key benefits: Improve outcomes and customer experience, Improve employee satisfaction and engagement, and Improve service efficiency and performance. It is expected that the financial savings delivered through the latter benefit will meet the MTFO / budget gap.
- 4.30 Previous budget rounds have involved reporting individual lists of savings on a directorate/portfolio basis to Cabinet and onwards to each Scrutiny Committee for individual consultation. The new approach will set the overall financial savings expected to be delivered via Proud, rather than specify how those will be delivered.

Proud work streams will deliver the required savings. Regular Proud programme updates will be provided to Cabinet and Overview Scrutiny and the S151 Officer will report throughout the budget process on the robustness of budget estimates to ensure that a legally balanced 2020/21 budget is set in February 2020.

- 4.31 In light of the above, it is proposed that the overall budget is forwarded to Overview Scrutiny on 25 November 2019 for budget consultation purposes. Individual Scrutiny Committees will have the opportunity to review any policy changes arising from the programme.

#### Spending Round 2019 and MTFO Impact

- 4.32 The Spending round (SR19) announced on 4 September 2019 set departmental budgets for 2020/21 only. It was announced that, for the first time since 2002, no government department will see a cut to its budget. Whilst this has provided some further detail for 2020/21, total funding is still uncertain, as the announcement did not include details of our core grant settlement which is expected in November 2019.
- 4.33 Business rates retention and fairer funding reforms have been delayed until 2021/22, however it has been confirmed that devolution deals will continue for 2020/21, which includes the West Midlands.
- 4.34 The impact of SR19 on Walsall is as follows. This is subject to further clarification on final allocations, confirmation of allocation methodologies, and in some cases, national consultation taking place.

#### *Changes in other specific grants, fees and charges income;*

- SR19 announced a new Social Care grant (c£6m) and the continuation of the current Social Care grant (£2.46m). It is planned that this will fund the investment in Adult's and Children's social care already contained within the MTFO and is assumed to be a one-off grant for 2020/21 only.
  - Continued funding for the troubled families programme as announced in SR19. The exact funding allocation is subject to consultation.
  - Public Health (PH) - at least a flat real [terms] increase to be confirmed. This was expected to be transferred fully into BRR from 2020/21, and become unringfenced, which the Spending Round on 4 September 2019 confirmed would not happen. There is limited intelligence as to how this will impact post 2020/21. Once subsumed into BRR, a significant chunk of this could be lost in future funding reviews.
  - Improved Better Care Fund 1 (iBCF1) to continue for 2020/21 and beyond, with allocations currently assumed to continue at 2019/20 levels (c£20m p.a.), as we await announcements. There is a risk that this may reduce.
  - Continuation iBCF2 of £2m to continue for 2020/21 which was previously expected to fall out at the end of 2019/20 as per SR19.
  - Housing Benefit grant expected to reduce annually as we move to Universal Credit.
  - Discretionary Housing Payments - expected to increase following announcement in SR19. Actual allocations are not yet known.
  - Other grants are expected to continue at current levels.
- 4.35 SR19 has provided net one-off additional funding of £10.6m, which has been used to reduce the gap in the MTFO through funding existing and future cost and demand

pressures. This funding has been assumed as one-off for 2020/21 only as the announcement was for a one-year period only. A further year of the adults social care precept, announced during SR19, is out for consultation and is not currently included in our estimates, as we await details on proposed terms and conditions in relation to this.

- 4.36 The budget is an evolving process, with recognition that funding assumptions may change as the budget develops. The council awaits publication of the draft settlement for 2020/21, which may impact on our MTFO projections. Any changes resulting from this will be reported in the final draft budget report to Cabinet on 12 February 2020.

#### Summary of Growth and Investment

- 4.37 The following key financial planning assumptions are included and are based on best professional estimates. The draft budget 2020/21 – 2022/23 includes provision for investment and cost pressures of c£30m, as shown in Appendix 3, which are proposed to address service demand pressures linked to council priorities in the council's Corporate Plan, and the prioritisation of key services. There is a further £6.18m of pay and pension related investment to be allocated to services in 2020/21 once the pay award and pension valuation have been agreed. Primarily, investment covers:

1. *Provision for pay and pensions (corporate cost pressures) and inflation;*

- An annual pay increase and provision for pay increments.
- Impact of pension auto-enrolment and tri-annual employer pensions contributions based on the latest valuation information. Work is currently being undertaken by the pension fund to provide details for the next 3 years.
- Provision for contractual increases, including the W2R contract.
- No provision for general inflation – services are required to manage this within existing budgets.

2. *Demand and demographic changes within Adult Social Care and Children's Services (demand led cost pressures);*

- Increases in placements/costs for Looked after children.
- Increased care packages/costs within Adult Social Care arising from an increased ageing population
- Management and inclusion of ongoing service pressures from the current year (2019/20).

3. *In year Cabinet decisions:*

- Extension of waste recycling centre hours
- Bulky waste collection charges

#### Collection Fund

- 4.38 The collection fund is accounted for separately to the revenue general fund and accounts for income collected from council tax and business rates. In January of each financial year, an in-depth appraisal is undertaken to assess the estimated level of collection (as aggregated to include that relating to the current and previous years); the likely balance of the fund; and to advise the precepting authorities (Fire and Police) of their share of the council tax surplus/deficit to enable them to take this into account in their own budget calculations. The results of the assessment in January

2020 will be included in the final budget report to Cabinet on 12 February 2020. The draft budget includes:

- a) An increase of 1.99% in 2020/21 and the following two financial years to 2022/23 to remain within referendum limits (subject to consultation).
- b) A council tax collection rate of c97.8%.
- c) No change to the council tax reduction scheme.

#### Savings 2020/21 and beyond

- 4.39 The council's medium term financial outlook has been updated to reflect the predicted changes to direct government funding and other known cost pressures set out in the previous sections of this report (demand pressures, contractual inflation, pay, pensions revaluation, etc.), resulting in a revised requirement to make changes to service delivery to meet a three year funding shortfall of c£54m as follows:

2020/21 - £18.23m  
2021/22 - £23.68m  
2022/23 - £12.49m

- 4.40 As set out earlier in the report, our approach to setting the budget is different from previous years. The new approach will set the overall financial savings expected to be delivered via Proud, rather than specify how those will be delivered. Proud work streams will deliver the required savings. The Proud Programme is expected to deliver the required savings for 2020/21 and beyond – the extent of savings will of course be dependent on the pace of change and the level of ambition. The Proud Programme covers all council services and consists of eight key work streams:

1. Commissioning, Procurement & Contract Management (Third Party Spend)
2. Culture & Behaviours
3. Customer Access and Management
4. Designing the Ways of Working
5. Enabling Technology
6. Income Generation & Cost Recovery
7. Outcomes, Service Levels and Delivery Models
8. Service Productivity and Performance (Perform+)

- 4.41 Further details of the work streams and current activity are shown in Appendix 4. Cabinet also approved a total investment cost to benefit ratio of 1:3 for Proud (for every one-off £1 invested, this will deliver at least £3 recurring benefit which can be used to support the council's financial position or be reinvested into services). Appendix 5 summarises investment by work stream. The profile of benefits realisation totals between £41.6m (low end of savings range) and £78.9m (high end of savings range). The Proud programme is an ambitious transformation programme, and the aim for the council is to deliver at the high end of the benefit range, which is summarised by work stream at Appendix 6. For financial planning purposes, the table below shows that even by taking a more prudent view of benefits - at a cash flowed mid-point of the savings range (including part year effects of savings, allowing for timing differences for consultation/equality impact assessment or national or legislative changes that may impact on decision making), this provides headroom over the MTFO period against the savings requirement.

<b>Profile of Indicative versus Required Savings</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>Total £m</b>
Total Indicative Savings – Mid-Point	21	23	16	60
MTFO Savings Requirement	18	24	12	54

4.42 Regular Proud programme updates will be provided to Cabinet and Overview Scrutiny.

#### Council Tax Requirement 2019/20 to 2022/23

4.43 The resulting change in council tax requirement arising from funding and investment assumptions from 2019/20 to 2022/23 is shown in table 3.

<b>Table 3: Council Tax requirement (Movements)</b>			
	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>
<b>Council tax Requirement</b>	<b>121.37</b>	<b>124.82</b>	<b>128.28</b>
<b>Cost Pressures:</b>			
Investment/cost pressures (Appendix 3)	11.52	12.03	6.35
Proud investment (Appendix 5)	8.00	(3.00)	(2.40)
Pay changes – centrally held	6.18	5.35	5.32
<b>Savings required:</b>	<b>(18.23)</b>	<b>(23.68)</b>	<b>(12.49)</b>
<b>Other movements / funding changes:</b>			
Other changes including grants / income	(13.22)	13.39	3.41
Fall out of one off investment	(0.26)	(1.10)	0.00
Core Funding changes	0.12	1.30	2.35
Collection fund (surplus) / deficit	1.51	0.00	0.00
Transfer to / (from) reserves	7.83	(0.83)	0.92
<b>Revised Council Tax Requirement</b>	<b>124.82</b>	<b>128.28</b>	<b>131.74</b>
Council Tax Increase	1.99%	1.99%	1.99%

#### **Council Corporate Plan priorities**

4.44 Resource allocation is an annual cycle aiming to support delivery of council priorities within available resources. It aims to achieve this through the delivery of efficiencies, income reviews and service reviews and redesign to redirect existing and reducing resources to areas of high council priority.

4.45 In order to meet the council's purpose and vision, the council will be focussing its' energy over the next four years on the following key priorities, recognising that it must do so with decreased and decreasing resources and concentrating efforts on those most in need:

- **Economic growth** for all people, communities and businesses.
- **People** have increased independence, improved health and can positively contribute to their communities.
- **Internal Focus** – all council services are efficient and effective.

- **Children** have the best possible start and are safe from harm, happy, healthy and learning well.
- **Communities** are prospering and resilient with all housing needs met in safe and healthy places that build a strong sense of belonging and cohesion.

4.46 The financial constraints the council must operate within means that, in the short term, difficult decisions have to be made, with reductions to some services that the council would otherwise wish to protect. The Proud Programme is designed to ensure that change is managed in a planned way, to achieve the council's key corporate objectives.

### **Risk management**

4.47 The budget process is governed by the overarching medium term financial strategy and corporate plan. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed.

4.48 There is still uncertainty around Government funding for 2020/21 and beyond due to only being a one year spending round for 2020/21 and also changes arising from fair funding and business rates retention schemes which are expected to impact from 2021/22. The medium term financial outlook continues to be regularly reviewed to ensure all significant changes are reflected.

4.49 There is a risk that funding will reduce more than anticipated or that further pressures will emerge, which will require the council to identify further savings prior to setting the budget in February 2020. As the need for savings increases, the council's ability to protect services from being reduced or actually ceasing diminishes.

4.50 The budget is risk assessed and this is used to formulate the recommended level of contingencies and reserves. The outcome of this will be reported to Cabinet and Council in the final budget report.

### **Financial implications**

4.51 The Council must set a balanced budget to meet its legal requirements. A four year plan provides for sounder financial planning and management of financial risk.

### **Legal implications**

4.52 Under the Local Government Act, an authority must set a council tax and balanced budget, giving 14 days' notice of the council tax level prior to the date of billing. The council must set a budget before 11 March of each year. This will include the S151 Officer's report that deals with the robustness of the budget and the adequacy of the reserves for which the budget provides, together with an assessment of risk.

4.53 The collection fund and council tax base are governed by Statutory Instrument 2012 No.2914 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The council is legally obliged to set the council tax base and notify the precepting authorities by 31 January each year.

## **Procurement Implications / Social Value**

- 4.54 None directly arising from this report. Any proposed changes arising from the Proud Programme will be considered alongside proposed changes to service provision.

## **Property implications**

- 4.55 None directly arising from this report. Any proposed changes arising from the Proud Programme will be considered alongside proposed changes to service provision.

## **Health and Wellbeing implications**

- 4.56 None directly arising from this report. Any proposed changes arising from the Proud Programme will be considered alongside proposed changes to service provision.

## **Staffing implications**

- 4.57 There will be staffing implications arising from proposed changes to service provision, and consultation with employees and unions will be undertaken in accordance with legislative requirements and the council's required procedures.
- 4.58 Staff affected will be supported as appropriate throughout the process and the number of compulsory redundancies will be minimised wherever possible.

## **Reducing inequalities**

- 4.59 The council uses an Equality Impact Assessment (EqIA) to check the lawfulness of council decisions in relation to the impact on people with certain characteristics protected by the Equality Act 2010. An EqIA must contain relevant data and sufficient analysis to enable Members to understand the equality implications of a proposal and any alternative options before any decisions are arrived at. Whilst there are no directly equalities implications arising from this report, equality impact assessments will be undertaken on service and organisational change options as they develop and arise from the Proud Programme and any implications reported, to allow Cabinet to consider and make any revisions required.
- 4.60 Assessing the impact of proposed organisational changes and changes to policies, procedures and services is a positive opportunity for the council to ensure good decisions are made, based on robust evidence. It is clear that the decisions taken by individual services do not operate in isolation. Thus, when making policy changes, it is important not just to look at the potential impact of individual measures, but also to ensure that their interaction is properly understood and that the cumulative impact is taken into account. Understanding the cumulative impact on protected groups should be a pre-requisite of any policy making process.

## **Consultation**

- 4.61 Section 138 of the Local Government and Public involvement in Health Act 2007 places a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions,

among other things by being consulted about the exercise of the function. The 2010 Equality Act, whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function.

- 4.62 Consultation is an integral part of the budget process and arrangements are in hand to consult with a range of stakeholders as appropriate (councillors, business rate payers, voluntary and community organisations, etc.).
- 4.63 Consultation will be undertaken on proposals as they develop from the Proud Programme and findings presented to Cabinet. Findings along with equality impact assessments will be reported to Cabinet for their consideration and to inform Cabinet's final budget recommendations to Council in February 2020.
- 4.64 As set out in sections 4.27 to 4.31 of the report, the approach to budget setting is different from that of previous years, as such it proposed to forward this report to Overview Scrutiny Committee for consultation purposes, to allow the Committee to comment on the overall budget.

## **5. Decide**

- 5.1 As set out in the legal section, Councils are required to set a legal budget. This report is the first stage in that process and Cabinet are asked to approve the recommendations as set out, to allow consultation to commence.

## **6. Respond**

- 6.1 A further budget report will be presented to Cabinet on 11 December 2019 with an update on the revenue position following receipt of the final settlement and the draft capital programme. This report will also include any feedback from Overview Scrutiny.

## **7. Review**

- 7.1 Formal reports In December and February will provide updates on the budget setting progress.

### **Summary of Appendices:**

- 1 Financial Health Indicators Quarter 2, 2019/20
- 2 Prudential Indicators Quarter 2, 2019/20
- 3 Summary of Investments / Cost Pressures 2020/21 – 2022/23
- 4 Walsall Proud Programme work streams and activity
- 5 Proud Programme investment by work stream
- 6 Summary of indicative Proud Programme investment and savings by work stream

**Background papers:** Various financial and working papers.



Budget Framework 2019/20 to 2022/23 - Cabinet 17 July 2019

**Contact:**

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James Walsh  
Executive Director (s151 Officer)

23 October 2019



Councillor M. Bird  
Leader of the Council

23 October 2019

## Appendix 1 - Financial Health Indicators – Qtr 2 2019/20

<b>Treasury Management</b>	<b>2018/19 Actual</b>	<b>2019/20 Target</b>	<b>2019/20 Actual</b>
Average Interest Rate (Borrowing)	3.69%	3.69%	3.69%
- Excluding OLA	3.83%	3.93%	3.83%
- Including OLA			
Gearing Effect on Capital Financing Estimates	3.89%	5.00%	3.89%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.06%	12.50%	3.94%
Capital Financing Requirement (£m)	357.672	381.564	381.564
Authorised limit for external Debt (£m)	442.096	458.391	458.391
Investment Rate Average (excl Property fund)	1.05%	1.08%	1.20%

<b>Balance Sheet Ratios</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Current Assets : Current Liabilities	2.44	1.77	1.86	1.03	1.68
Useable Reserves : General Revenue Expenditure	0.66	0.57	0.63	0.65	0.72
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.69	1.45	1.41	1.20	1.36
Long Term Assets : Long Term Borrowing	2.10	2.29	2.29	2.34	2.05
Total School Reserves : Dedicated School Grant	0.09	0.07	0.05	0.05	0.06

<b>Revenues Performance</b> % collected for financial year	<b>2017/18 Actual Collected in total @ 30.09.19</b>	<b>2018/19 Actual Collected in total @ 30.09.19</b>	<b>2019/20</b>	
			<b>Profiled 2019/20</b>	<b>Actual 2019/20</b>
Council tax %	97.2%	96.0%	51.7%	51.7%
Total Council Tax collected (£m)	£119,886,788	£126,356,947	£72,000,000	£72,069,274
National Non Domestic Rate %	98.7%	98.4%	57.3%	56.2%
Total NNDR collected (£m)	£69,954,732	£71,894,312	£43,000,000	£42,188,544

<b>Debtors and Creditors Performance</b>	<b>2018/19 Actual</b>	<b>2019/20</b>	
		<b>Target</b>	<b>Actual</b>
Sundry Debtors Collection – Average number of days to collect debt	25 days	30 days	25 days
Average number of days to process creditor payments*	10 days	14 days	9 days

<b>Management of Resources</b>	<b>2019/20</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services	54,641,680	55,173,940	532,260
Economy and Environment	30,137,103	30,491,820	354,717
Adult Social Care	61,372,524	61,806,907	434,383
Resources and Transformation	31,065,281	31,150,288	85,007
Council Wide	34,053,946	34,053,946	0
NNDR/Top Up	(89,892,422)	(89,892,422)	0
<b>Total Net Revenue Expenditure</b>	<b>121,378,112</b>	<b>122,784,479</b>	<b>1,406,367</b>
General Reserves	<b>Minimum £6.2m Maximum £15.5m</b>	<b>N/A</b>	<b>N/A</b>
Council Funded Capital Expenditure	32,342,014	28,746,919	(3,595,095)
External Funded Capital Expenditure	87,457,995	68,612,808	(18,845,187)
<b>Total Capital Expenditure</b>	<b>119,800,009</b>	<b>97,359,727</b>	<b>(22,440,282)</b>
Capital Receipts	1,869,868	1,869,868	0

<b>Management of Resources</b>	<b>2018/19</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services	70,664,015	71,669,960	1,005,945
Economy and Environment	61,914,032	61,985,735	71,703
Adult Social Care	63,562,891	63,818,184	255,293
Resources and Transformation	22,222,583	20,886,323	(1,336,260)
Council Wide	(5,722,918)	(6,157,256)	(434,338)
NNDR/Top Up	(97,654,687)	(97,654,687)	0
<b>Total</b>	<b>114,985,916</b>	<b>114,548,259</b>	<b>(437,657)</b>
General Reserves	<b>Minimum £6.2m Maximum £15.5m</b>	<b>£15,668,960</b>	<b>N/A</b>
Council Funded Capital Expenditure	39,841,056	22,345,885	(17,495,172)
External Funded Capital Expenditure	66,251,411	33,501,767	(32,749,645)
<b>Total Capital Expenditure</b>	<b>106,092,467</b>	<b>55,847,652</b>	<b>(50,244,817)</b>
Capital Receipts	2,081,800	1,130,132	(951,668)

### ***Notes to Management of Resources***

The figures for 2018/19 represent the actual budget and spend for each area within the authority. This will include all internal recharges such as office accommodation, central support services, and accounting adjustments for pension liability in line with FRS17 and capital charges. Capital charges and pension liability year end transactions can change substantially at year end as this is when revaluations of assets and figures from the actuary are received and budgets updated to reflect any changes.

There are planned use of general reserves as approved by Cabinet, which reduces the opening balance of general reserves on 1 April 2019 to £14.85m, in line with the MTFS.

## What this tells us

<b>Treasury Management</b>	
Average Interest Rate (Borrowing)	The average interest rate we are paying on the money we have borrowed compared to our target.
Gearing Effect on Capital Financing Estimates	Shows how a 1% increase in interest rates would affect the total interest cost to the council.
Net Borrowing Costs / Tax Requirement	Borrowing not financed by a grant from government, as a proportion of our Net Revenue Expenditure
Capital Financing Requirement (£m)	How much money we currently borrow to finance our capital programme.
Authorised limit for external Debt (£m)	The maximum amount of debt we should have at any one time
Investment Rate Average	The average interest rate we are receiving on the money we have invested.

<b>Balance Sheet Ratios</b>	
Current Assets : Current Liabilities	Our ability to meet our liabilities
Useable Reserves : General Revenue Expenditure	If our reserves are adequate to meet potential future variations.
Long Term Borrowing : Tax Revenue  Using only council tax for tax revenue Using both council tax and NNDR for tax revenue	The effect of long term borrowing on our budget.
Long Term Borrowing : Long Term Assets	This allows us to understand the relationship between the money we borrow and the assets we have as they both change over time.
Total School Reserves : Dedicated School Grant	If schools reserves are at an appropriate level.

<b>Revenues Performance</b>	
<b>% Collected for Financial Year</b>	
Council Tax (%)	As a percentage the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that its related to, but this won't be included in this figure
National Non Domestic Rate (%)	As a percentage the amount of Business rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it related to.
Total Council Tax Collected (£m)	This tells us the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Total NNDR Collected (£m)	This tells us the amount of Business Rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Sundry Debtors Collection Average number of days to collect debt	How long on average it takes us to collect money owed to us.
Average number of days to process creditors payments	How long on average it takes to pay our bills.

<b>Management of Resources</b>	
<b>Service Analysis</b>	
Children's Services Economy and Environment Adult Social Care Resources and Transformation Council Wide	Shows our forecast for how much we will spend on these services compared to what we planned and compared to how much we spent in the previous year.
General Reserves	Our forecast year end position on reserves against our opening balance.
Contingency	How much we have set aside and for unplanned expenditure, and how much we have left to spend.
Capital Expenditure	Forecast of our spend on capital programmes against our target
Capital Receipts	Forecast of how much money we expect to receive from selling some of our assets, against our target.

## Appendix 2 - Prudential Indicators – Qtr 2 2019/20

National Indicators – as per CIPFA Prudential Code

Ref	Prudential Indicator Description	2018/19 Actual £m	2019/20 Target £m	2019/20 Actual £m	Variance to Target	
Pr1 1	Capital Expenditure	57.07	119.80	97.36	-22.44	-19%
Pr1 2	Ratio of financing costs to net revenue stream	4.46%	4.32%	4.30%	-0.02%	-1%
Pr1 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£24.14	£15.36	£15.36	0.000	0%
Pr1 4	Capital Financing Requirement	357.672	381.564	381.564	0.000	0%
Pr1 5	Authorised Limit for external debt	442.096	458.391	458.391	0.000	0%
Pr1 6	Operational Limit for external debt	401.905	416.719	416.719	0.000	0%

Ref	Prudential Indicator Description	2018/19	2019/20
Pr1 7	Gross Borrowing exceeds capital financing requirement	No	No
Pr1 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes

Ref	Prudential Indicator Description	2018/19 Actual £m	2019/20 Target £m	2019/20 Actual £m
Pr1 9	Total principle sums invested for longer than 365 days must not exceed	15.0	25.0	13.0

Ref	Prudential Indicator Description	Upper Limit	Lower Limit	Actual 2018/19	Actual 2019/20
Pr1 10	Fixed Interest Rate Exposure	95.00%	40.00%	93.51%	<b>93.51%</b>
Pr1 11	Variable Interest Rate Exposure	45.00%	0.00%	6.49%	<b>6.49%</b>
Pr1 12	<b><i>Maturity Structure of Borrowing:</i></b>				
	Under 12 months	25.00%	0.00%	12.91%	<b>12.91%</b>
	12 months and within 24 months	25.00%	0.00%	4.87%	<b>6.49%</b>
	24 months and within 5 years	40.00%	0.00%	26.41%	<b>24.78%</b>
	5 years and within 10 years	50.00%	5.00%	8.20%	<b>8.20%</b>
	10 years and above	85.00%	30.00%	47.61%	<b>47.62%</b>

## Local Indicators – As recommended by Treasury Management Panel

Ref	Prudential Indicator Description	2018/19 Actual	2019/20 Target	2019/20 Actual	Numerical Variance to Target	% Variance to Target	Met
L1	Full compliance with Prudential Code.	Yes	Yes	Yes	N/A	N/A	Y
L2	Average length of debt.	18.37 years	15-25 years	18.04	N/A	N/A	Y
L3a	Net borrowing costs as % of net council tax requirement.	6.54%	20.00%	6.32%	-13.68%	-68.39%	Y
3b	Net borrowing costs as % of Tax Revenue.	4.06%	12.50%	3.94%	-8.56%	-68.49%	Y
L4	Actual debt vs. operational debt.	75.20%	85.00%	72.53%	-12.47%	-14.67%	Y
L5	Average interest rate of external debt outstanding excluding former WMCC debt	3.69%	3.69%	3.69%	0.00%	0.00%	Y
L6	Average interest rate of external debt outstanding including former WMCC debt	3.83%	3.93%	3.83%	-0.10%	-2.43%	Y
L7	Gearing effect of 1% increase in interest rate (expressed as the potential increase to the rate shown in L6 i.e. shows what the rate included in L6 would change to).	3.89%	5.00%	3.89%	-1.11%	-22.20%	Y
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.77%	0.75%	0.67%	-0.08%	-10.47%	N
L9	<b>Average interest rate received:</b>						
L9a	AT call investments.	0.55%	0.60%	0.67%	0.07%	11.67%	Y
L9b	Short Term Investments.	1.09%	1.10%	1.24%	0.14%	12.73%	Y
L9c	Long Term Investments.	1.37%	1.40%	1.62%	0.22%	15.71%	Y
L10	Average interest rate on all ST investments (ST and AT call)	0.98%	1.04%	1.13%	0.09%	8.65%	Y
L11	Average rate on all investments.	1.05%	1.08%	1.20%	0.12%	11.11%	Y
L12	% daily bank balances within target range.	100%	99%	100%	1.00%	1.01%	Y



### Appendix 3 - Summary of Investments / Cost Pressures 2020/21 – 2022/23 aligned to council priorities

	Investment	2020/21 £	2021/22 £	2022/23 £
People	Social Care demand / cost pressures	3,016,000	3,035,000	3,075,000
	Better Care Funding iBCF2 grant – including fall out of grant in 2021/22	1,256,000	2,024,000	0
	Impact of Care Act implementation	0	92,140	0
	Transition arrangements from children to adults	390,000	0	0
	Social Care sleep in for direct payments	80,000	0	0
	Deprivation of Liberty Safeguards (DOLS)	200,000	0	0
	Head of Customer Transformation - Transformation Customer Access Management work stream – Full year effect of 2019/20	53,500	0	0
	Systems and brokerage support	0	313,000	0
	<b>Sub total</b>	<b>4,995,500</b>	<b>5,464,140</b>	<b>3,075,000</b>
Internal Focus	Legal recruitment and remove locums	50,000	0	0
	Cloud / Microsoft licences	1,200,000	0	0
	Assistant Director – Transformation & Digital	115,000	0	0.
	Capital financing - review of debt portfolio	328,864	2,315,493	300,000
	Revenue implications of capital programme	500,000	500,000	500,000
	<b>Sub total</b>	<b>2,193,864</b>	<b>2,815,493</b>	<b>800,000</b>
Children	Demand / cost pressures	2,000,000	2,000,000	2,000,000
	Ongoing staffing resource for Children's Commissioning and Placements function to support Looked After Children controls/savings/placement	112,500	112,500	0.
	Fall out of troubled families grant	0	1,029,641	0
	Foster care provision	55,055	55,256	55,000
	Additional social workers	180,000	180,000	180,000
	<b>Sub total</b>	<b>2,347,555</b>	<b>3,377,397</b>	<b>2,235,000</b>
Communities	Reduction in Council Tax administration grant	43,376	39,038	0
	Reduction in Housing Benefit administration grant	62,640	57,190	0
	Planning income shortfall – legislation changes	33,000	0	0
	Economy and Environment contractual inflation	233,560	239,313	240,000
	Fall out of leasing recharge for extended vehicles	81,394	35,019	0
	W2R contract	1,000,000	0	0
	Extension to waste recycling centre hours	450,000	0	0
	Hire of sweepers contract increase	37,000	0	0
	Reduction in bulky waste charges – reduced income	37,000	0	0
	<b>Sub total</b>	<b>1,977,970</b>	<b>370,560</b>	<b>240,000</b>
	<b>Total MTFO Investment/Cost Pressures</b>	<b>11,514,889</b>	<b>12,027,590</b>	<b>6,350,000</b>
	<b>Additional recommended Proud Investment</b>	<b>8,000,000</b>	<b>5,000,000</b>	<b>2,600,000</b>

*Additionally, there is £6.18m of pay and pension related investment to be allocated to services in 2020/21.*

## **Appendix 4: Proud Programme Work Streams and Activity**

### *1. Commissioning, Procurement and Contract Management*

To identify opportunities that will enable us to financially support our current and future services, especially those developed by the Walsall Proud Programme. It will do this by reviewing and reducing third party spend and improving the 'Procure to Pay' process and systems. We are implementing two Strategic Sourcing Plans - 1) Efficient Council (printing, energy, post, cleaning, fleet and fuel) and 2) Procurement Control; Third Party Spend Committee to go live shortly. CMT Sponsor – Paula Furnival.

### *2. Culture and Behaviours*

All organisations, services and staff have cultures and behaviours, good and bad. This work stream will look at how individuals make decisions, initially in the context of staff undertaking and supporting the Walsall Proud Programme. It will then implement approaches and processes that will encourage and boost the good, and challenge and change the bad. CMT Sponsor – Tony Cox

### *3. Customer Assessment and Management*

This will address the mechanisms available to us to manage a single view of the customer, improve their experience and introduce efficiencies in our ways of interacting with them. This work stream is currently developing a blueprint for the new customer operations centre and prioritising phasing of processes to go live within the centre. CMT Sponsor – Simon Neilson

### *4. Designing the Ways of Working*

This will consider how our 'hubs', including 'communications, marketing and engagement', 'Business Intelligence' and 'Commissioning, Procurement and Contract Management', work to support service providers. The detailed design it will produce will change these hubs' 'Ways of Working' to make them more effective. Blueprints have been developed and preparation for transition and implementation has begun. CMT Sponsor – Paula Furnival / Sally Rowe

### *5. Enabling Technology*

This will underpin and enable technology benefits envisaged throughout the Walsall Proud Programme, as well as the overall technology and digital offer for our customers. We are producing a roadmap for our future technology, translating our business strategy into a technological strategy. We are building and testing will roll out the initial processes for the customer relationship management platform. The telephony platform specification has been produced. The dashboard is being built in the business intelligence platform. CMT Sponsor – James T Walsh

## *6. Income generation and Cost Recovery*

This is focusing on finding ways of boosting our income through the recovery of expenditure across services. Doing this will lead to a greater and more sustainable income for these services and the organisation. Cabinet in September approved the council's income and commercial policy and corporate debt policy; and approved consultation on four income generating proposals, namely:

- Introducing arrangement fee for self-funding clients;
- Change of name deed;
- Expansion of planning pre-application service;
- Regulatory and advisory licencing services.

## *7. Outcomes, Service Levels and Delivery Models*

Cabinet in September agreed to the ten refreshed corporate outcomes; the cross cutting themes (components) that the Proud Programme will focus on; and the indicative three year timetable for the roll out of the component elements and transformation projects. CMT Sponsor – Paula Furnival

## *8. Service Productivity and Performance (Perform+)*

This is looking at how we work, as teams and as individuals. 'Perform+' has been rolled out in Money, Home, Job, has started in Adult Social Care and will then be rolled out to HR. Diagnostics for wave2 will shortly commence and setting up the Perform Academy for sustainable future roll out. This people-centred approach uses one-on-one coaching of managers and team leaders and the introduction of new workplace tools and techniques to make sure employees have the skills, support and resources needed to deliver against aspirations.

## Appendix 5: Proud Programme Investment by work stream

Work Stream	Investment
1. Commissioning, Procurement & Contract Mgt – Third Party Spend	Commissioning, procurement and contracts management. Support to delivery of third party spend and contracts review, and support re-procurement of areas that will drive significant savings; support to design and implement new ways of working.
2. Cultures and behaviours	Accelerating ambition, creativity and innovation. Support to establish the 'creativity' function; workforce development/training to embed the innovation mind set; specific suppliers to implement new innovations or projects.
	Cultures and behaviours. Leadership coaching (e.g. Odyssey); leadership training; workforce development and training; cultural and behavioural analysis and custom-design support.
3. Customer Access and Management (CAM)	Customer journey mapping, redesign of end to end processes; functional and technical support for implementing the new customer management model; staff training.
4. Designing the Ways of Working	Enabling support services and corporate functions. Implement new ways of working design; options analysis for back office.
	Corporate Landlord Model - optimising assets based on new ways of working practices. Cleanse and enhance property data and dashboarding; develop and implement estates strategy; options analysis; implement new ways of working design.
	Hubs: business intelligence - Support to implement new insight/strategy/policy model; staff training to embed new ways of working; setup bespoke dashboards/visualisations; communications and marketing support.
5. Enabling Technology	Tech support for possible configuration of online procurement processing; adoption and innovation of emerging technology i.e. Artificial intelligence, drones etc; Support to define the CAM technology architecture, define and procure core platform; Implement the digital first technology platform to support triage and customer query workflow, and single customer record fully integrated with back office systems; configuration of the platform; delivery of an environment that allows for continued service and application build out via capacity building; Support to pilot and deliver robotic processes automation in back office and support services; Hubs - configuration and integration of technology stack to pull data from multiple sources and make accessible dashboarding visualisations; Support to put in place platforms/workflow that supports performance improvement.
6/7. Income Generation & Cost Recovery / Outcomes, Service Levels and Delivery Models	Service levels and delivery models – Redesigning service and delivery models within directorates; income generation and cost recovery option, options analysis etc.
8. Service Productivity and Performance (Perform+)	Performance improvement support; implementing service delivery models to improve quality and reduce failure demand.
Core Team & Design	Ongoing support to help deliver the programme by driving the programme forward, providing oversight and overseeing design authority, maintaining engagement with the organisation and providing advice and innovation.

## Appendix 6: Summary of Indicative 3 Year Proud Programme Investment and Benefit (Savings) by Work Stream

The table below shows the High range of benefit which is the financial benefit that the Council is aiming for.

		Investment	Benefit
	Work stream / Benefits Area	High £m	High £m
1	Commissioning, Procurement & Contract Management (Third party Spend)	1.00	17.10
2	Cultures & Behaviours	0.60	Enabler
3	Customer Access and Management	4.30	20.70
4	Designing the Ways of Working:		
	- Enabling Support Services	0.90	9.70
	- Corporate Landlord model	0.60	6.40
	- Hubs	0.90	2.00
5	Enabling Technology	11.90	Enabler
6	Income Generation & Cost Recovery	0.50	15.60
7	Outcomes, Service Levels and Delivery Models	2.10	4.70
8	Service Productivity & Performance (Perform+)	1.10	2.70
	Core Team, Programme Management and Design Authority	2.40	Enabler
	<b>Total Indicative Benefit</b>	<b>26.30</b>	<b>78.90</b>

For financial planning purposes, the table below shows a prudent view of benefits (cash flowed mid-point savings range) against the required MTFO savings requirement. This shows headroom exists.

Profile of Indicative versus Required Savings	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Total Indicative Savings – Mid-Point	21	23	16	60
MTFO Gap	18	24	12	54