Agenda item: 9

Cabinet – 18 October 2023

Corporate Financial Performance 2023/24

Portfolio: Councillor M. Bird – Leader of the Council

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: Yes

1. Aim

1.1 To report on the forecast corporate financial position for 2023/24, based on known and forecast pressures as at September 2023, and actions being taken to address this to ensure the council outturns on budget.

2. Summary

2.1 This report provides a summary position on the draft forecast revenue outturn for 2023/24 including significant demand and cost pressures, particularly within Adult Social Care and Children's Services, resulting in a forecast spend above budget of £18.35m prior to service mitigation actions identified to date of £3.81m and central mitigating actions of £10.82m, which reduces the overall position to a £3.72m overspend. Work continues to identify further actions to bring the position closer to the budget and ensure a balanced outturn is delivered by 31 March 2024.

2.2 In relation to the capital programme, the report includes a number of proposed amendments for approval as set out in section 4.15 of the report. The forecast outturn is predicted to be an underspend of £710k after the expected carry forward of £23.82m into 2024/25.

2.3 This report also sets out:

- Performance against an agreed set of financial health indicators, which are forecast to be achieved;
- Performance against statutory and local prudential indicators, which are forecast to be achieved.

3. Recommendations

That Cabinet:

3.1 Note the forecast revenue spend above budget of £18.35m with services mitigating actions of £3.81m reducing this to £14.53m. A further £10.82m of central mitigating actions have been identified reducing the overspend down further to £3.72m. The forecast overspend has reduced by £10.07m since the June position (month 3) reported to Cabinet on 19 July 2023, mainly due to:

- a further underspend of £2.08m in relation to capital financing,
- the use of central mitigating actions,
- a one off windfall income from business rates of £2.62m.
- This position also includes the use of the additional Market Sustainability and Improvement Fund grant allocation given in year of £2.18m as announced in July 2023.

3.2 Note that there are additionally high risks of £15.64m to the revenue forecast identified within services as set out in Appendix 2. These risks are actively being monitored and action is being taken to reduce / eliminate them.

3.3 Note the progress on savings approved for 2023/24 and the amendments as detailed in section 4.11 to 4.13 and the proposed use of earmarked reserves to mitigate these in 2023/24. Ongoing into 2024/25 these are expected to be fully delivered or replaced with alternative savings to ensure no financial impact.

3.4 Approve amendments to the capital programme as set out in section 4.15, including the request to increase highways maintenance by £700k in 2023/24.

3.5 Note that the forecast for the capital programme is a predicted underspend of £710k, after the expected carry forward of £23.82m into 2024/25, as set out in sections 4.16 and 4.17 and Appendix 6.

3.6 Approve the release of £2.89m from the development pool for the continuation of the Enabling Technology Programme, as set out in sections 4.19 to 4.23.

3.7 Approve borrowing of up to £6.50m to fund part of the Phoenix 10 funding package on the basis this sum will be reimbursed via retained business rates as approved by the Black Country Joint Committee at its meeting on 24 June 2020, as set out in sections 4.24 to 4.26.

3.8 Note financial health indicator performance as set out in sections 4.27 to 4.32 and Appendix 8.

3.9 Note the prudential indicators as set out in section 4.33 and Appendix 9.

3.10 Note the performance and demand data at Appendices 10 and 11 in relation to Adult and Children's Social Care Services.

4. Know – Context

4.1 The council is legally required to operate within a balanced budget, to operate within financial controls and to deliver approved budget savings. The cost-of-living impact and increases in demand are causing significant pressures, particularly in relation to the council's costs in relation to energy and supplies and contract uplifts and demand within Adult Social Care and Children's Services. Whilst the position is considered manageable for 2023/24, setting a balanced budget for 2024/25 will be challenging without a fairer Settlement from Government in relation to core funding.

Revenue Forecast 2023/24 - Service Pressures

4.2 Walsall Council has a good track record of managing financial pressures and action is being taken to continue to mitigate the current pressures in relation to the cost of living impact, on contracts / third party spend in particular, alongside extra ordinary increases in demand within Adult Social Care and Childrens Services. Where known and quantifiable, the financial impact of this is included within the forecast position. As a result of the pressures, mitigating actions continued to be instigated including services taking action to address them, use of appropriate earmarked reserves, etc.

4.3 The current council wide forecast shows a number of pressures which would lead to a potential overspend of c£18.35m against budget as summarised by directorate in Table 2. Total mitigating actions have been identified of £14.63m (Appendix 4) reducing the forecast overspend to £3.72m. The overall position has reduced by £10.07m on the June position of £13.80m reported to Cabinet on 19 July 2023. This includes additional Market Sustainability and Improvement Fund grant of £2.18m announced in July 2023, one off windfall income from business rates of £2.62m and a further underspend on capital financing of £2.08m.

4.4 A review of reserves has been undertaken by the Section 151 officer (S151 Officer) in relation to the position who has approved the release of £10.82m of reserves to reduce current pressures as set out in Table 1. These earmarked reserves were set aside as part of the 2023/34 budget setting process following risk assessment of the budget assumptions and horizon scanning potential scenarios in relation to demand and costs.

Table 1: Corporate Mitigating Actions	
Details	**£m**
Adult Social Care	
Fund red savings without mitigating actions (risk reserve)	2.13
Housing 21 inflation increase (cost of living reserve)	0.19
Increased costs from net inflow of new, deceased and ended clients moves (social care demand reserve)	2.34
Total Adult Social Care	**4.66**
Children's and Education	
Fund red savings without mitigating actions (risk reserve)	0.25
Increased demand multiple sibling groups (social care demand reserve)	0.31
Increased demand on remand placements (social care demand reserve)	0.68
Increased demand on independent fostering agencies placements (social care demand reserve)	0.38
Legal costs (mediation reserve)	0.10
Total Children's and Education	**1.72**
Customer Engagement	
Customer Access Management (CAM) delayed red saving (risk reserve)	1.29
Total Customer Engagement	**1.29**
Economy, Environment & Communities	
Fund remaining red savings without mitigating actions (risk reserve)	0.22
Total Economy, Environment & Communities	**0.22**
Central	
CAM delayed red saving (risk reserve)	**2.93**
Total Corporate Mitigating Actions	**10.82**

The following sections detail movements since the position last reported to Cabinet in July 2023 (June - month 3 position) with the full detail on full year forecast variances and actions to address these shown in Appendix 1 and Appendix 4.

4.5 *Adults Social Care, Public Health and Hub - £4.95m increase in overspend from £7.46m to £12.41m after use of and transfers to reserves and mitigating actions.*

- Reviews £1.98m - Net increase due to the impact of reviews on existing client placements – average 9.2% increase is being maintained;
- Inflow / Attrition £1.95m - Increase due to a net inflow of new, deceased and ended clients. This increase is a combined impact of new clients being placed at a higher average cost than originally budgeted and the number of expected deaths and ended placements being significantly lower than the budget;
- Continuation of trends £3.97m - based on 5 months of data and more informed intelligence, future projections now reflect the most up to date trends relating to client placement reviews and net inflow and outflow of service users. The forecast now assumes this trend will continue at the prevailing rate for the reminder of the financial year;
- Market Sustainability and Improvement Fund (MSIF) (£2.18m) – Government recently announced a further £570m of MSIF across financial years 2023/24 and 2024/25. This is to address discharge delays, social care waiting times, low fee rates, and workforce pressures. This equates to an additional £2.18m for Walsall in 2023/24 which will be used to support demand led services across Adult Social Care in line with the grant conditions;
- Income (£920k) - additional client contribution and health income (including Section 117 and Continuing Healthcare) relating to care packages;
- Intermediate Care Services £610k – additional demand, increased spot purchase bed rates for Intermediate care pathways and a reduction in Integrated Care Board (ICB) Better Care Fund inflation allocation;
- Procurement (£170k) – movement of the service from Adult Social Care to Resources and Transformation;
- Other (£290k) – this includes an increase in housing 21 client contribution income, decrease in the bed debt provision, further under spend due to vacant posts and one-off mitigation for Public Health and Communications STP proposals.

4.6 *Children's and Education - £1.35m increased overspend from £1.93m to £3.28m after use of and transfers to reserves and mitigating actions)*

- £1.57m Children in care demand:
  - £40k increase in remand pressures primarily due to the postponement of court dates for multiple young people due to the complexity of the case at £131k, partially offset by an increase in the remand grant of (£96k);
  - £34k increase in the placement move pressure, fully offset by reserves;
  - £1.32m due to the increased net inflow / outflow of children and young people entering care since June, over and above budget. This is primarily due to an increased reliance on IFA's, external residential and mother & baby placements, in addition to an increasing number of sibling groups entering care;
  - £1.10m continuation of the increased net inflow / outflow trends seen to date for the remainder of the financial year. This pressure has been fully offset by reserves;
  - £180k linked to other demand led pressures including care leaver payments, section 17 accommodation, and placement price increases linked to complex cases.

- £90k increase in unachieved recruitment and retention saving due to delays in recruitment and extension of current agency staff.
- (£370k) reduction in the overall forecast following implementation of a directorate wide action plan;
- £60k other minor movements across the directorate.

The position in relation to Customer Engagement has not changed overall since June, a £1.19m overspend.

4.7 *Economy, Environment and Communities - (£350k) reduction in overspend from £550k to £200k after use of and transfers to reserves and mitigating actions*

- Environment – (£114k) decrease of road sweepers hire forecast and reduction in staffing forecast due to delay in recruitment of vacant posts;
- Leisure – (£206k) increase of Active Living Centres income forecast due to increased demand and increase prices;
- Commercial - £157k reduction of Cremation and Burial income forecast due to increased competition and fall in demand;
- Highways and Transportation – (£240k) (£87k) additional s38, fixed penalty notice, permit scheme and engineers assistants time income, (£133k) reduction of non-essential operational costs in year and (£16k) reduction in staffing due to delays in recruitment;
- Operations - £444k - £519k additional W2R inflation costs, £147k additional staffing costs and (£200k) capitalisation of costs in relation to Velocity patcher;
- Libraires – (£276k) - (£145k) capitalisation of costs in relation to book fund and (£143k) revised staffing forecast;
- Regulatory Services – (£108k) reduction in staffing forecast due to a delay in the recruitment of vacant posts and a reduction of operational costs in year.

4.8 *Resources and Transformation - (£210k) increased underspend from £250k to £470k after use of and transfers to reserves and mitigating actions)*

- Patrol Administration £42k - £14k salaries, £14k supplies and services and £10k transport;
- Democratic Services £37k - £18k under recovery of schools admission appeal income and £20k overspend on supplies;
- Corporate Procurement £190k - interim management costs and agency costs covering vacant posts;
- Asset Management £32k - professional fees due to potential sale of properties;
- Digital and Technology Services £29k - £100k overspend on computer equipment offset by an underspend of (£46k) on agency and (£20k) underspend on training;
- Catering £22k - £194k overspend on supplies and service offset by (£203k) additional income;
- Post Room (£16k) – due to vacant posts;
- Building Services Manager (£51k) – (£163k) climate change levy offset by an overspend of £67k supplies and services and £55k professional fees;
- Finance (£71k) – (£256k) underspend on salaries offset by £86k under recovery of income from capital projects, £41k training, £38k agency and £15k supplies and services;
- Corporate Management Team (£77k) – (£222k) underspend on agency offset by £108k overspend on salaries and £32k recruitment expenses;
- Caretaking (£78k) – (£61k) underspend on salaries and (£28k) additional income;

- Information Governance (£113k) - (£73k) underspend on salaries due to vacancies and secondments (£39k) underspend on computer equipment and supplies;
- Payroll & Pensions (£167k) – (£114k) underspend on salaries due to change to capital funding and (£53k) additional income to realignment of budgets;
- Facilities Management (£39k) – budget realignments and staffing vacancy adjustments agreed with service.

4.9 *Capital Financing and Central budgets – (£15.81m) reduction in overspend of £2.93m to an underspend of £10.81m)*

- £2.66m one-off windfall income from business rates following the Valuation Office amendment to the rateable value of the Art Gallery and a further £250k underspend against the in-year budget as this is no longer required.
- £2.08m further underspend on capital financing budgets due to the impact of interest rates changes to investments and loans and rescheduling of the capital programme;
- £10.82m relating to the central mitigation actions to reduce the overall council position.

Table 2: Forecast revenue analysis 2023/24 by Directorate - September 2023									
Directorate	**Net Budget**	**Year-end forecast prior to transfer to / (from) earmarked reserves**	**Year-end variance to budget prior to transfer / (From) earmarked reserves**	**Use of earmarked reserves**	**Transfer to earmarked reserves**	**Year-end forecast prior to mitigating actions**	**Mitigating Actions**	**Year-end forecast including all mitigating actions**	**Movement since reported to Cabinet 19.07.2023**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Adult Social Care and Public Health	73.67	91.92	18.25	(6.83)	2.74	14.16	(1.76)	12.40	4.95
Children's Services									
- Children's and Education	75.46	82.87	7.41	(4.01)	0.24	3.65	(0.37)	3.28	1.35
- Customer Engagement	3.17	5.52	2.35	(1.16)	0.00	1.19	0.00	1.19	0.00
Economy, Environment & Communities	36.70	44.38	7.68	(6.50)	0.69	1.88	(1.68)	0.20	(0.35)
Resources & Transformation	36.49	39.63	3.14	(5.55)	1.94	(0.46)	0.00	(0.46)	(0.21)
Capital Financing	24.66	17.45	(7.21)	(0.59)	5.72	(2.08)	0.00	(2.08)	(2.08)
Services & CF Position	**250.14**	**281.80**	**31.65**	**(24.62)**	**11.34**	**18.33**	**(3.81)**	**14.52**	**3.66**
Central budgets	(105.98)	(98.80)	7.18	(12.45)	5.28	0.02	(10.82)	(10.80)	(13.73)
Total council tax requirement	**144.16**	**182.96**	**38.80**	**(37.07)**	**16.62**	**18.35**	**(14.63)**	**3.72**	**(10.07)**

4.10 The year-end forecast includes the use of earmarked reserves of £37.07m and transfers to earmarked reserves of £16.63m, as detailed at Appendix 3. Earmarked reserves are created for specified purposes. These are all planned to be used, although the period over which they are to be used and the profiling of that use may vary. This results in projected closing earmarked reserves of £168.30m as shown in Table 3.

Table 3: Earmarked Reserves					
	Opening Balance 01/04/23	**Transfers from Reserves**	**Transfers to Reserves**	**Movement**	**Closing Balance 31/03/24**
	£m	**£m**	**£m**	**£m**	**£m**
Treasury Reserves	23.63	(1.07)	5.72	4.65	28.28
Grant / Contributions received in advance	22.16	(7.96)	0.99	(6.97)	15.19
Improvement projects	33.52	(9.93)	2.28	(7.66)	25.86
Cost Pressures	21.66	(7.14)	0.00	(7.14)	14.53
Council Liabilities	51.18	(0.21)	7.64	7.42	58.61
Covid-19 grants	0.83	(0.32)	0.00	(0.32)	0.51
Public Finance Initiatives	18.01	(3.03)	0.00	(3.03)	14.98
Risk	10.65	(6.82)	0.00	(6.82)	3.83
Other	7.11	(0.59)	0.00	(0.59)	6.52
Total	**188.75**	**(37.07)**	**16.62**	**(20.45)**	**168.30**

Reserves are categorised for the purposes of reporting as follows:

- **Treasury reserves**. These reserves are to minimise the impact of interest rate changes and finance early redemption of loans to reduce the council's future interest exposure**;**
- **Grants / contributions received in advance**. This is where the council has received money in advance of the next accounting period or covers more than one accounting period. These amounts will be spent in line with the grant conditions;
- **Improvement projects**. These reserves are to finance service modernisation; specific projects such as pilot street cleansing initiatives, Cloud services, Oracle development, economic growth programme; and costs in relation to the council's transformation programme;
- **Cost pressures**. To include review of working practices including blended working, fluctuations in service demand such as in adult social care, crisis support and children in care;
- **Council liabilities**. These reserves cover expenditure where the council has a legal obligation to pay costs, such as equal pay claims and redundancies. In addition to these there are reserves for business rate appeals, pensions and insurance claims;
- **Covid-19 grants**. The carry forward of specific government grants to cover Covid pressures, including expanded retail relief for businesses;
- **Public Finance Initiatives**. Liabilities for our PFI's with Street Lighting and St Thomas More;
- **Risk**. To cover unforeseen risks in 2023/24 at the time the budget was set;

- **Other**. These reserves are to support a wide range of future costs such as partnership working with other external bodies.

Approved savings in 2023/24

4.11 The 2023/24 budget approved by Council on 23 February 2023 includes £15.71m of benefits realisation (savings) against Proud activity plus a further £7.55m of 2022/23 benefits approved to be carried forward for delivery in 2023/24, giving a total benefit figure of £23.26m to be achieved. Directors are required to ensure that service delivery plans are robustly implemented to fully deliver these in year.

4.12 There are currently £9.58m of benefits assessed as Red for delivery (at high risk of non-delivery), as shown in Appendix 5 along with the reason and identified service mitigating actions to date totalling £2.77m. The remaining £6.81m are proposed to be mitigated from use of the corporate risk reserve as detailed in Table 1 of this report.

4.13 Adult Social Care have reviewed the Red savings and propose to achieve the carers support saving of £240,934 by amalgamating it with saving OP90 which is currently overachieving. The two savings are linked to expenditure in the same area, therefore changes to carers support is likely to be one of the reasons for the overachievement. The amendments would mean the saving is fully achieved on an on-going basis and would reduce the value of high-risk savings by £241k to that reported in this report. This is an operational change and does not require any consultation or a further quality impact assessment completing. Cabinet are asked to note this change.

Current Saving Reference	Current Saving Description	Current Saving Value
OP10	Carers Support – develop and deliver additional support to carers	£240,934
TOTAL		
Amended Saving Reference	**Amended Saving Description**	**Amended Saving Value**
OP90	Efficiencies attributed to the review of existing clients through strength based practice and development of new Target Operating Model	£240,934
TOTAL		**£240,934**

<u>**General Reserves**</u>

4.14 Opening unallocated general reserves for 2023/24 are £18.70m. The medium-term financial framework (MTFF) requires that a prudent levels of reserves is maintained. This was set at no less than £16.12m for 2023/24. The MTFF also sets a minimum level of reserves beyond which any use must be reported to Council. This is currently set at £7.20m. The potential variance against budget of £3.72m after mitigating actions within this report would reduce available reserves to £14.98m which is likely to require some replenishment for 2024/25. Action is being taken to ensure this does not occur and officers are confident that the council will outturn close to budget.

Capital Programme 2023/24

4.15 The capital programme for 2023/24, as reported to Cabinet on 19 July 2023 was £134.75m. Table 3 summarises amendments made to date, resulting in a revised programme of £138.38m.

Table 3: Amendments to Capital Programme 2023/24	
Project	**£m**
Capital Programme 2023/24 per Cabinet 19 July 2023	**134.75**
Council Funded Resources	
Highways maintenance – funded from Pipeline Development *	0.70
Oak Park Active Living Centre conversion of small office space for commercial reasons – funded from Pipeline Development	0.35
Old Square public realm – funded from Pipeline Development	0.22
Pipeline Development	(1.27)
Replacement street bins – funded from contingency	0.09
Christmas trees – funded from contingency	0.03
CCTV – funded from contingency	0.09
Darlaston Pool energy – funded from contingency	0.03
Use of contingency	(0.24)
Externally Funded	
A41 Moxley Transforming Cities Fund – new grant	0.23
Renovation Park tennis courts – new grant	0.33
One Palfrey Big Local – new grant	0.16
Larksmill Pelsall Wood flood alleviation – new grant	0.04
Additional Highways Maintenance pothole funding	0.54
Black Country Local Enterprise Partnership reinvestment digital fund realignment	2.23
Social Housing Decarbonisation Scheme reduction	(0.61)
Towns Deal realignment	0.82
Devolved Formula Capital – reduced grant allocation	(0.12)
Revised capital programme 2023/24	**138.38**

*As Highway Authority, the Council has a statutory duty to maintain its highway network in a safe condition for road users. At a meeting of the council's Strategic Investment Board on 14th June 2023, a decision was taken, subject to approval from Cabinet, to increase capital investment for the maintenance of Walsall's highway network by £700,000. For 2023/2024 Walsall Council has allocated £2.8m of capital funding to maintain its highway network of 525 miles. The £2.8m annual budget has remained unchanged since 2017, whereas in contrast, the construction indices for inflation over this period have increased by 21.5%. This correlates closely with the published Bank of England inflation figure of 22.5% for the same period. On that basis the council would need to increase spend on highway maintenance by £700k to £3.5m during 2023/24 to resurface the same amount of its highway network that it was treating in 2017.

4.16 Table 4 summarises the 2023/24 capital programme and forecast outturn after the forecast re-phasing of £23.82m into 2024/25, with the forecast summary of the net £710k underspend shown at Table 5.

Table 4: Forecast capital analysis 2023/24					
Directorate	**Budget £m**	**Predicted year end forecast £m**	**Variance before Carry forward £m**	**Carry Forward £m**	**Variance Over / (Under) £m**
Council funded	57.94	41.31	(16.63)	15.92	(0.71)
Externally funded	80.44	72.54	(7.90)	7.90	0.00
Total	**138.38**	**113.85**	**(24.53)**	**23.82**	**(0.71)**

Table 5: Summary of Forecast Underspend 2023/24	
Project	**£m**
Workshop breakdown vehicle – project completed	(0.01)
Walsall Town Centre Public Realm Improvements – allocation not required	(0.36)
Social Housing Decarbonisation – allocation not required	(0.28)
Nottingham Drive Car Park – project completed	(0.06)
Total	**(0.71)**

4.17 The capital programme currently shows predicted re-phasing of £23.82m from 2023/24 to 2024/25 as shown in Appendix 6. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control due to waiting for funding confirmation or Government approval.

Development Investment

4.18 A sum of £40m was approved by full Council in February 2021, with a further £30m in February 2022, and £29m in February 2023; a total of £99m set aside over the 6-year period 2021/22 to 2026/27 for council development investment opportunities, including emerging regeneration schemes, where funding or match funding is required, and major capital projects. The current proposed use (and as yet unallocated amount) is set out in Appendix 7.

Enabling Technology Programme

4.19 The Enabling Technology (ET) programme provides the underlying core technology platform (CTP) which delivers re-usable components and standard patterns upon which solutions to meet business requirements can be built and subsequently integrated into back-office systems providing our customers with easy to use self-service digital processes which in turn help us to create capacity for our officers through automation. ET originally included 6 investment areas: Service Channel management, Customer Relationship Management, Business Insights, Integration, Supporting solutions and Internal Capacity/Resources. Further work streams have since been introduced into the ET programme - Visualisation & Reporting, Automation and Microsoft Centre of Excellence which will govern Citizen Development.

4.20 The original allocation for this project of £10.6m was approved in 2020/21, with the carry forward of £4.7m (into year 2023/24) forecast to be fully utilised to continue work on the Core Technology Platform and the Customer Relationship Management (CRM) system. An additional £2.891m is required to support the three additional work streams and to bring more services on-line in the CRM System including integration into back-office line of business systems such as Payments, Alloy (Highways and Clean &

Green), Mosaic (Childrens and Adults), APAS (Planning) and M3 (Regulatory Services) - this will provide fully digital and automated end to end processes.

4.21 Any new contracts entered into utilising this funding will be in compliance with the Council's Financial Rules; support from Procurement and Legal Services will be requested as and when appropriate.

4.22 The original blueprint (from PWC work proposal) suggested a range of £12.3m to £15.2m, which the adjusted total allocation is within. This additional funding was endorsed by the council's Strategic Investment Board on 12 April 2023. There is also potential for a further release of £1.45m in 2024/25 and £1.45m in 2025/26 pending further review. Cabinet are asked to approve the release of £2.891m from the development pool for the continuation of the Enabling Technology Programme.

4.23 The implications of not approving are (a) Customer Access Management (CAM) and other work streams will not be able to transform and subsequently deliver efficiencies already accounted for and (b) we will be left with 2 platforms - one which is not built to Walsall standards and the other which will be built to Walsall standards but not accommodating any digital processes.

Enterprise Zones – Pheonix 10

4.24 At its meeting on 17 June 2020 Cabinet agreed to enter into the Sale and Purchase Agreement, Funding Agreement, Overage Agreement and Car Park Licence with Henry Boots Developments Ltd, committing the council to delivery of the Phoenix 10 project on the basis that the funding package of the scheme was secured. The funding package was a blend of external Black Country Local Enterprise Partnership (BCLEP) and Homes England Funding. Part of the BCLEP funding included £6.5m to be funded from the Enterprise Zone mechanism, which requires the council to borrow against future business rates generated from the site.

4.25 At its meeting on 24 June 2020 the Black Country Joint Committee approved that future business rates generated from Phoenix 10 can be utilised by the council to recover borrowing costs. This sum is therefore included with the total funding for Enterprise Zones within the council's capital programme. Although there are always risks in relation to future business rate being realised, the current live Enterprise Zone financial model forecasts that there are sufficient business rates generated to recover the borrowing and includes prudent assumptions around bad debt and contingencies.

4.26 Cabinet is asked to agree to borrow up to £6.5m to fund part of the Phoenix 10 funding package on the basis this sum will be reimbursed via retained business rates as approved by the Black Country Joint Committee at its meeting on 24 June 2020.

Financial Health Indicators

4.27 Appendix 8 contains financial health indicator performance as at 31 August 2023 (30 September 2023 for revenue and capital forecast as referred to in this report). The primary purpose of these is to advise Cabinet of the current financial health of the authority in order to provide assurance to them in their role. The indicators cover a number of areas as follows:

Treasury Management

4.28 The indicators show the actual borrowing and investment rates for 2022/23 and the forecast for 2023/24 against set targets. Proactive and robust management of the council's debt and investment portfolios is forecast to result in positive variances against most of the financial health indicator targets for 2023/24.

Balance Sheet

4.29 These detail ratios for the last 4 financial years 2018/19, 2019/20, 2020/21, 2021/22 and pre-audit figures for 2022/23 which show the liquidity of the authority.

Revenue performance

4.30 This section shows collection rates for council tax and business rates, the average number of days to collect sundry debt and the number of days to process creditor payments for 2023/24 and the performance against profile for 2023/24. Sundry debt collection is above target by 1 day with performance in relation to the processing of creditor payments better by 3 days. Council tax is marginally below target with NNDR collection rates higher than target.

Management of Resources

4.31 This section details the outturn position for 2022/23 (pre audit) and 2023/24 year-end forecast for revenue and capital, which is based on the financial position as at 30 September after use of and transfer to reserves and mitigating actions of £14.61m.

4.32 The capital forecast as at the end of September is a forecast underspend of £710k after the rephasing of £23.82m carry forward into 2024/25. Capital receipts are currently forecast to be on budget pending a review of available asset disposals which is fully dependent on timing and market conditions.

Prudential Indicators

4.33 Appendix 9 contains the prudential indicators as at 31 August 2023. 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.

National Indicators

4.34 These indicators are nationally set and provide an indication of the council's exposure to interest rate risks, the proportion of the council's budget used to finance capital expenditure and the borrowing limits for the current year.

All of these indicators were met in 2022/23 and are forecast to be met in 2023/24.

The targets that these prudential indicators are monitored against have been taken from the Treasury Management and Investment Strategy for 2023/24 onwards.

Local Indicators

4.35 These indicators have been set in consultation with the Treasury Management Panel, which is chaired by the S151 Officer, to provide further assurances to the authority that borrowing and investment is being undertaken in a sound and prudent manner.

- L2 - Average length of debt – The target acceptable limit is within 15-25 years. The authority's current position is 18.95 years, which is within the target range.
- L3a - Net borrowing costs as % of net council tax requirement. The target figure of 20.00% represents an upper limit of affordable net borrowing costs as a percentage of the net council tax requirement for the authority. The actual level of net borrowing costs is currently less than the upper limit, showing as 3.96%, which in the main is linked to the work undertaken by the service to seek secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.
- L3b - Net borrowing costs as % of Tax Revenue. The target figure of 12.50% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, showing as 2.65%, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.
- L9a-9d – Bank of England have continually increased the base rate over the 23/24 period, currently showing a base rate of 5.25%. This has had a corresponding affect in relation to investment yields. At-call, short term and long term investments are outperforming their individually set 2023/24 target rates.

All the above indicators were met in 2022/23 and are forecast to be met in 2023/24 except the following:

- L8. Our investment rates for short term interest and at-call rates are very similar this year as we are placing Short Term investments on average for around a month at a time, so there is therefore little difference between these two types of returns for the council. The budget was based on an at call rate of 2.50% and short term rate of 3.75%, but with continual rate rises now in this financial year the at-call rate is responding very quickly and becoming more in line with our Short Term investments which may have been placed a month or two earlier.
- L11b. Average rate on all investments (inc property fund) is currently 4.35% which is lower than budget set at 4.54%. As short term rates catch up with bank rate rises and new investments are placed it is expected that this indicator will be met by financial year end.

Council Plan Priorities

4.36 The council's financial strategy and annual budget process is designed to ensure that resources follow council priorities and deliver outcomes as set out in the Council Plan 2022-25.

Risk Management

4.37 The 2023/24 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves can only be set based on a set of realistically foreseeable or predicted parameters. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues, which may have a local impact. Best professional judgement and estimates were applied in terms of the ongoing impact of the global pandemic and rising cost of living pressures.

4.38 Managers are required to deliver service and improvement targets on time, to standard and within budget. The resource allocation process is governed by the overarching Medium Term Financial Framework (MTFF). Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential variances and risks to be identified early and addressed.

4.39 There are also a number of increased risks in 2023/24 as set out within this report. Financial forecasts have been included where known or are estimated. Actions have been taken to address these risks and reduce the forecasted overspend caused by these pressures. Mitigating actions are set out within this report.

4.40 As well as financial risk, the council maintains a register that highlights key themes of organisational risk which is reported to Audit Committee as part of their annual work programme. The Strategic Risk Register (SRR) is regularly reviewed and amended where appropriate. The SRR is reported to Corporate Management Team and oversight in relation to this rests with Audit Committee, which will receive a number of reports during 2023/24.

Financial Implications

4.41 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council takes a medium-term policy led approach to all decisions on resource allocation. The potential forecast revenue variance, prior to mitigating actions being implemented, is significant and requires strong and robust management to ensure the council outturns within budget by year end. Actions are being taken to address this and progress will continue to be reported throughout 2023/24 to Cabinet. A S151 panel is being established, comprising of senior finance and other officers, to review additional options ot mitigate the position.

4.42 Opening unallocated general reserves for 2023/24 were £18.70m. The medium-term financial framework (MTFF) requires that a prudent level of reserves is maintained. This was set at no less than £16.12m for 2023/24. The potential overspend of £3.72m within this report would reduce available reserves to below this and action is being taken to address this to ensure we outturn with an appropriate level of reserves.

Legal implications

4.43 The council is required to set and operate within a balanced budget. Section 114 of the Local Government Finance Act 1988 requires the chief finance officer (CFO / S151 Officer), in consultation with the council's monitoring officer, to make a report under this section if it appears to him or her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. In practice, this is most likely to be required in a situation in which reserves have become depleted and it is forecast that the council will not have the resources to meet its expenditure in a particular financial year. This mechanism, however, is impractical and should be avoided, as issuing a S114 notice requires all non-statutory spend to cease immediately, a situation which would just exacerbate the current situation.

4.44 CIPFA's guidance to CFO’s has been modified to allow councils under budgetary pressure due to Covid-19 the time and space to explore alternatives to freezing spending via a S114 notice. The two specific modifications are:

- At the earliest possible stage, a CFO should make informal confidential contact with DLUHC to advise of financial concerns and a possible forthcoming S114 requirement.
- The CFO should communicate the potential unbalanced budget position due to Covid-19 to DLUHC at the same time as providing a potential S114 scenario report to the council executive (cabinet) and the external auditor.

4.45 The council will continue to have due regard to its statutory responsibilities in proposing any changes to service provision and its statutory responsibilities in relation to setting a balanced budget.

Procurement Implications / Social Value

4.46 All procurement activity is being reviewed, with a focus on identifying opportunities that will enable us to financially support our current and future services, especially those developed by Walsall Proud. It will do this by reviewing and reducing third party spend and improving the ‘Procure to Pay’ process and systems. The Third Party Spend Board supports and challenge services through the gateways of the commissioning and procurement process, with the aim of achieving best value for money.

Property Implications

4.47 Cabinet on 20 April 2022 approved the council’s Strategic Asset Plan 2022-27: the key document which sets out the council’s vision and approach for the management of its property portfolio under the Corporate Landlord model.

The Corporate Landlord model approach takes a more strategic approach to property and asset management across the council, bringing together property, facilities management and commissioning responsibilities into a key enabling service under the council’s new functional model. This will ultimately enable the development and implementation of an estate that supports Proud and the wider corporate objectives of the council.

Health and Wellbeing Implications

4.48 This report is prepared with consideration of any impacts that any decisions would have on health and wellbeing. Any implications arising from the budget and reporting of performance against the budget will be reported to members along with any actions which are required to be addressed prior to implementation of proposals.

Staffing Implications

4.49 There are no direct implications arising from this report.

Reducing Inequalities

4.50 The 2010 Equality Act lays a requirement to have due regard to the equality impact when exercising its function. As a public body, the council is required to comply with the Public Sector Equality Duty (PSED), as set out in the Equality Act, 2010. The PSED requires the council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the council being exposed to costly, time-consuming, and reputation-damaging legal challenges. The budget is equality impact assessed and consulted on as appropriate, with feedback and actions arising from these reported to Members during budget setting.

Climate Change

4.51 This report is prepared with consideration of the council's Climate Change Action Plan, and the budget will need to consider the six key areas of the Plan: strategy, energy, waste, transport, nature, resilience and adaptation (as appropriate).

Consultation

4.52 The report is prepared in consultation with the S151 Officer, Corporate Management Team, relevant managers and directors.

5. Decide

5.1 Cabinet may wish to consider additional actions to address the matters set out in this report.

6. Respond

6.1 Following Cabinet's consideration and approval, the S151 Officer will ensure implementation of the recommendations.

7. Review

7.1 Regular monitoring reports will continue to be presented to Cabinet on the forecast for 2023/24, including an update on risks and impact on the budget for 2024/25 and beyond.

Background papers: Various financial working papers.

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18 October 2023

Judith Greenhalgh
Interim Executive Director – Resources
18 October 2023

Councillor M Bird
Leader of the Council
18 October 2023

Appendix 1 - Directorate Forecast Positions 2023/24 prior to mitigating actions

The following sections provide more detail on directorate pressures and actions being taken to address these.

Adults Social Care (£14.17m prior to mitigating actions, after use of and transfers to reserves)

The potential forecast position after planned net use of reserves is £14.17m above budget prior to any mitigating actions. Mitigating actions of £1.76m have been identified reducing the overspend to £12.41m as detailed in Appendix 4.

The main reasons for this £14.17m can be split into 'Business as usual' (BAU) of £10.90m and 'Impact of Service Transformation Plan' (STP) of £3.27m.

The reasons for the STP position of £3.27m are as follows:

- £2.21m - £1.76m carried forward from 2022/23 for cohorts 1 to 3 above the S75 amount, and £460k shortfall in new 2023/24 saving for cohort 4 under the Learning Disability Joint Funding arrangements. On-going discussions with the Integrated Care Board regarding the joint funding arrangement from 2020/21 remain in progress;
- £820k – delay in the 2022/23 saving relating to Better Care Finance due to futureproofing and integration with other systems;
- £240k - due to the STP relating to developing and delivering additional support to carers to be aligned to locality reviews.

The reasons for the BAU position of £10.90m are as follows:

- £3.55m – Reviews - net increase due to the impact of 'business as usual' reviews of client packages undertaken during the period of February to August 2023. Compared to last year, there has been a significant increase in the number of reviews carried out, with more of these reviews resulting in an increase in package costs;
- £3.77m – Inflow / Attrition / Backdating- increase due to net inflow of new, deceased and ended clients within the first five months of this financial year. This increase is a combined impact of new clients being placed at a higher average cost than originally budgeted and the number of expected deaths and ended placements being significantly lower than the budgeted trends. It should be noted the full year impact of any changes to client numbers and associated costs at the beginning of the financial year have a greater impact on the position;
- £3.97m – continuation of trends - based on 5 months of data and more informed intelligence, future projections now reflect current trends relating to 'business as usual' reviews and net inflow and outflow of service users continuing for the remainder of the financial year;
- (£2.18m) – Market Sustainability and Improvement Fund (MSIF) funding - Government have recently announced a further £570m of MSIF across financial years 2023/24 and 2024/25. This is to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. This is in addition to the £400m included in the February 2022 Cabinet report and equates to an additional £2.18m for Walsall in 2023/24 which will be used to support demand led services across Adult Social care in line with grant conditions;
- £1.84m – Overspend on intermediate care services. This is based on current demand and future projections. This position takes into account the use of Hospital Discharge Grant funding as announced by government and the use of

uncommitted Better Care Fund inflation for 2023/24. Further detailed work is currently taking place on the cost modelling and discussions with health partners on funding allocations, alongside work to identify options to mitigate any remaining pressure. This also includes the impact of a recent £400k reduction in the ICB's Better Care fund inflation contribution to the position.

- £230k - increase in the general bad debt provision to reflect a 50% provision for current outstanding client debt of £8.45m as at the end of August 2023. Improvements in the financial assessment data capture processes and procedures should see a reduced number of credits/write offs.
- £580k - Contractual inflation on the Housing 21 unitary charge is higher than originally included in the budget for 2023/24 as based on February RPIx prior to the charge year. This is partially offset by use of the remaining Housing 21 reserve and additional client contribution income;
- (£560k) – additional client contribution and health income relating to care packages partly offset by a shortfall in the income budget associated with the Learning Disabilities joint funding arrangements when compared to the Section 75 agreement with Walsall ICB;
- (£310k) – due to a delay in recruiting to vacant posts across the directorate.

Mitigating actions of £1.76m have been identified to reduce the overall forecast which are detailed at Appendix 4

Risks - there are also high risks of £7.80m which could impact the forecast position should they materialise, and these are detailed in Appendix 2.

Performance data relating to Adult Social Care demand is attached at Appendix 10.

Public Health on budget after planned use of and transfer to reserves)

The current net forecast position prior to the net use of/transfer to reserves is an overspend of £2.13m. After net use of reserves the service is forecast to be on budget. The £1.87m overspend covered by reserves relates to the following:

- (£120k) – underspend on staffing due to vacancies;
- £1.99m - projects planned to be funded from reserves including investment into mental health and young adults wellbeing service and sexual health;
- £0.26m - Partial delay in achieving the STP proposal relating to the 'review of existing transformation fund' (total saving £0.30m of which £0.04m has been delivered). This is mitigated on a one-off basis for 2023/24, plans to be identified for 2024/25 onwards.

Communications, Branding & Marketing (*on budget after planned use of and transfer to reserves)*

The current net forecast position after the net use of reserves is on budget. This includes one-off mitigation from underspends within the service to cover the delay in a £30k saving relating to the generation of additional income. A plan is being identified to achieve this in full for 2024/25 onwards.

Children's (£3.65m prior to mitigating actions, after planned use of and transfers to reserves)

The potential forecast position after planned net use of reserves is £3.65m above budget prior to any mitigating actions, however mitigating actions of £370k have been identified reducing the overspend to £3.28m.

The main reasons for the currently reported position are:

- £2.08m due to increased demand and costs for children in care relating broken down as follows:
    - £311k full year impact for the increased demand over and above budget for the multiple sibling groups who entered care during January/ February;
    - £680k increased demand for remand placements following an extraordinary intake in January / February 2023;
    - £890k pressure relating to placement moves expected during 2023/24. This is fully offset by reserves;
    - £1.10m pressure if net inflow / outflow trends to date continue for the remainder of the financial year. This is fully offset by reserves;
    - £1.70m increased reliance on Independent Fostering Agency, external residential and mother and baby placements for those children and young people entering care this financial year, in comparison to budget and to the prior three year trend;
    - (£310k) additional government income to support the costs of unaccompanied asylum seeking children through the increased number of hotel transfer and national transfer scheme claims and the use of lower cost placements such as supported accommodation;
    - (£320k) underspend within internal residential services, primarily due to vacancies, as the two new homes are set to open part way through the financial year;

  Performance data on children in care is attached at Appendix 11.

- £690k use of agency within the Educational Psychologists team. This team currently has a large number of vacant posts therefore agency workers will be used in order to meet the authority's statutory requirement. Estimated agency costs forecast for the year are £1.19m offset by an underspend on vacant posts of (£0.50m). A business case has been completed to request investment into the service from 2024/25 to fund the costs associated with increasing the resources available within the team on an ongoing basis;
- £100k legal fees due to ongoing pressures linked to increases in demand on legal services and complexity of the cases involved. This is mitigated by reserves;
- £118k recruitment and retention unachieved benefit. A £634k saving for recruitment & retention of social workers was unachieved in 2022/23 and was carried forward to 2023/24. Based on current agency and staffing information, £118k of this is not expected to be achieved in this financial year. The service continue to work to embed plans to ensure this can be fully achieved in 2024/25.
- £130k additional costs linked to the introduction of Senior Social Worker posts. Investment was approved in 2022/23 to support the cost of changing a number of current Social Worker posts to Senior Social Worker posts in order to support the Recruitment and Retention (R&R) strategy. The cost impact of this to date

has exceeded the approved investment following the conversion of a number of agency staff to permanent Senior Social Worker posts in the last 3 months of 2022/23 and in May 2023;

- £330k Home to School Transport overspend relating to the following:
    - Special Educational Needs home to school transport - demand growth for 2023/24 was previously expected to reduce to 10%. However, based on national statistics and actual growth seen to date, growth is now expected to be 14%. Costs are also based on current average costs including expected inflationary increases on routes due to be retendered in September 2023. These costs and growth increases have resulted in a shortfall in achievable savings of £130k;
    - Children in care transport £200k - although the number of pupils transported in 2023/24 has remained similar to that seen in 2021/22 and 2022/23, the overage cost per child has increased due to more out of borough placements being made linked to the ongoing placement sufficiency issues.

There are also a number of small overspends across the directorate of c£200k relating to shortfalls in traded income within performance and information services £40k, agency costs within Therapeutic Family Time £90k and other minor movements within the directorate of £70k.

Mitigating actions of £370k have been identified to cover the pressures relating to placement moves as detailed at Appendix 4.

Risks - there are also high risks of £2.35m which could impact the forecast position should they materialise, and these are detailed in Appendix 2.

<u>Customer Engagement (overspend of £1.19m after use of and transfers to reserves)</u>

The forecast position is a £1.19m overspend after the net transfer of planned transfers of £1.16m (as set out in Appendix 3). Work is on-going to identify mitigating actions to reduce the overspend. The main reasons for the variance are:

- £1.29m due to delayed delivery of saving of council wide efficiencies relating to Customer Access Management. The total saving is £4.47m of which £1.54m relates to CXC within Customer Engagement. The remainder of the saving is currently held centrally and included elsewhere within the report. Of the £1.54m relating to CXC £250k is expected to be achieved in 2023/24 with the remainder to be achieved in 2024/25 due to delays in moving posts to CXC and implementation of new technology;
- £110k due to reduction in housing benefit related central government grants;
- £110k due to increased volume of bank charges for online payments;
- £580k relating to increased demand for bed and breakfast services;
- (£230k) receipt of homelessness top up government grant;
- (£670k) underspend on salaries due to vacancies and maximising grant funding against existing spend.

Risks - there are risks of £2.53m which could impact the forecast position should they materialise, and these are detailed in Appendix 2.

Economy, Environment and Communities (£1.88m prior to mitigating actions, after use of and transfers to reserves)

The forecast position is a potential overspend of £1.88m after planned transfers to and from reserves (as detailed in Appendix 3). Mitigating actions have been identified of £1.68m reducing the overspend to £200k.

The main variances are:

- Environment, Leisure and Commercial (£74k) – Over recovery of income from Active Living Centres (£275k) and registrars (£72k) due to increased demand, additional HAF income (£200k) and (£76k) due to vacant posts, offset by under recovery of markets income arising from reduced number of operating days and market stall erection contract increases £204k, under recovery of cremation and burial income due to increased competition and a fall in demand resulting in £177k not achieved, increased contract costs due to increased demand on the service £94k, consultancy costs for the Parks Strategy £20k and £67k of unachieved savings due to delayed delivery;
- Highways Transport & Operations £1.31m – Unachieved savings of £953k due to delayed delivery, HWRC contract pressure due to increased CPI inflation rates £244k, W2R contract pressure due to inflation increases £519k, additional costs of clothing, materials, vehicle hire and maintenance £121k, increased electricity costs of unmetered traffic signals £62k, increase in staffing costs £744k, part offset by a reduction in waste disposal costs (£767k), over recovery of trade income (£200k), Tarmac/Fleet income (£107k), additional Section 38 Income (£87k) and a reduction in fuel costs (£201k);
- Planning Services & Building Control - £607k pressure arising from additional staff and agency costs to support back log of cases and income reduction fully mitigated via an action plan;
- Regeneration & Development £260k – due to a delay in implementation of the restructure partly mitigated via use of EGP reserve as part of the action plan;
- Cultural Services (£161k) - Staffing underspends due to vacant posts and additional income from the Arena;
- Regulatory Services £72k – an overspend on legal fees for unauthorised encampments, under recovery of enforcement income part offset by staffing underspend due to delay in restructure;
- Library Services (£156k) – unachieved savings with no delivery plan £61k offset by underspend on staffing costs due to vacant posts;
- Communities and Partnerships (£48k) – arising from delay in project now to commence September 2023;
- Economy & Environment Management £111k - staffing pressure due to the cost of an interim Director post filled externally via agency partly offset by internal savings due to appointing to the Interim Executive Director and Director of Place posts internally.

Mitigating actions of £1.68m have been identified to reduce the overall forecast which are detailed at Appendix 4.

Risks - there are also risks of £650k which could impact the forecast position should they materialise and these are detailed in Appendix 2.

Resources and Transformation (£470k underspend after use of and transfers to reserves)

The forecast position after the net use of reserves of £3.61m is an underspend of £470k. The main areas of variance to budget are:

- Payroll (£43k) - (£85k) underspend on salaries and agency(£84k) partly offset by under recovery of traded income 48k;
- Finance (£222k) - due to vacant posts partly offset by agency and training costs;
- Democratic services £52k - overspend mainly due to under recovery of traded income £41k;
- Corporate assurance (£59k) - due to vacant posts (£76k) partly offset by increased contract costs;
- Human Resources (£106k) - underspend on salaries due to vacant posts (£308k) partly offset by agency costs £129k, a settlement payment £30k and £43k savings not achieved;
- Corporate Management Team (£80k) – increased staff costs / agency including recruitment costs offset by additional income;
- Information Governance £60k - £210k overspend due to under recovery of traded income partly offset by underspend on salaries (£72k) and computer equipment and licence fees of (£77k);
- DaTS (£271k) – (£378k) due to vacant posts, (£100k) additional grant income partly offset by agency costs of £214k;
- Corporate Procurement £191k - due to additional interim management and agency costs.

There are also high risks of £2.31m which could impact the forecast position should they materialise and these are detailed in Appendix 2.

Capital Financing on budget after use of and transfer to reserves)

Prior to any transfer to reserves the position is an underspend of £7.80m. £5.70m of the underspend is in line with expectations when the budget was set due to a reduction in borrowing costs and an additional saving on new borrowing of £1.42m is forecast in year. An additional underspend of £680k is also forecasted due to higher investment returns than expected. From these savings £5.72m will be transferred to reserves to be used to smooth known increases in borrowing costs from 2025/26 onwards and to the CCLA property fund valuation reserve which has been set up to mitigate risk arising from the removal of the statutory override in relation to property fund valuations. The reserve was set up to smooth the impact of valuation changes on revenue. £2.08m is therefore shown as an underspend within this report.

Central (£0.01m overspend after use of and transfer to reserves)

There is currently a £2.93m overspend relating to a saving that is currently not expected to be achieved in year in relation to the CAM workstream due to delays in implementation of the enabling technology. This is being held centrally and will be allocated to services when actions have been identified as to how this will be achieved. This has been offset by a one-off windfall income from business rates following the Valuation Office amendment to the rateable value of the art gallery and a further £250k underspend against the in-year budget as this is no longer required.

Appendix 2: Summary of potential risk

POTENTIAL RISK – HIGH RISK ITEMS ONLY	POTENTIAL COST OF RISK £m
Adult Social Care, Public Health and Hub	
Outstanding debt from Walsall ICB relating to S117 and CHC recharges over one year old. The directorate is working with the ICB to resolve any queries relating to this outstanding debt.	5.49
Saving proposals currently identified as ‘not fully guaranteed’ (Amber).	0.23
Reduced direct payment refunds based on current levels.	0.50
Residential and nursing uplift commitments in excess of original investment.	0.30
Impact of backdating information within Mosaic. Risk of active/placements with financial commitments not yet recorded on the database and therefore omitted from the current forecast position.	0.50
Additional risk arising from discharges out of the Intermediate Care Service and placements made at a significantly higher weekly cost than the average existing clients.	0.60
Impact of specific provider failure. A provider has potential financial stability issues, commissioning and operational teams are continuing to support this provider. The risk is that current clients would need to be transferred to another care home should this materialise.	0.18
Total Adult Social Care, Public Health and Hub	**7.80**
Children’s and Education	
Continued placement moves over and above the £2m investment.	1.11
Additional uplift requests from placement providers for 2023/24 – awaiting outcome from the regional commissioning IFA framework group regarding uplift requests of up to 7.5%	0.50
Average weekly costs of external placements continue to rise.	0.50
Delays in recruitment and reduction in capacity in the Educational Psychologist team leads to need for additional agency costs to complete statutory assessments.	0.14
Increased costs for more complex cases receiving support from short breaks services.	0.10
Customer Engagement	
Saving proposals relating to CXC currently identified as ‘not fully guaranteed’ (Amber)	0.25
Increased risk of additional demand for bed and breakfast services to national levels.	1.38
Increased costs above expected to bring the housing register in house.	0.90
Total Children’s, Education and Customer Engagement	**4.88**
Economy, Environment and Communities	
Loss of income in bereavement services due to new competitor entering the market and reduction in burial demand.	0.32

POTENTIAL RISK – HIGH RISK ITEMS ONLY	POTENTIAL COST OF RISK £m
Regulatory services due to back log of inspections.	0.05
Increased costs from co-mingled Coventry MRF when opened in October 2023.	0.12
Increase tonnage for garden waste and disposal and increased landfill disposal and tax.	0.10
Bereavement Cemeteries and Crematorium VAT repayment.	0.06
Total Economy, Environment and Communities	**0.65**
Resources and Transformation	
Increase in locum costs due to difficulty recruiting to solicitor posts	0.46
Increased cost of energy	1.85
Total Resources and Transformation	**2.31**
TOTAL HIGH RISKS	**15.64**

Appendix 3 – Details of (use of) / transfer to reserves

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Adult Social Care, Public Health and Hub			
Covid-19 – Omicron	(170,000)	0	Costs associated with the plan to strengthen the Carers Strategy across the borough following Covid-19.
Housing 21	(476,910)	0	Mitigating action to fund the increase in unitary charge above that included in the budget due to higher RPI being applied than expected.
National Development Team for Inclusion Project	(258,814)		Use of grant funding carried forward from 2022/23.
Better Care Fund (BCF) / Improved Better Care Fund 2 (iBCF2)	(40,000)	0	Costs associated with social care activity/intermediate Care.
Public Health	(1,997,343)	120,364	Relates to grant funding for Public Health projects – Better Mental Health, Adult Weight Management and Universal Drug / Crime.
IFRS – accounting treatment	(300,651)	245,304	Related to grant funding for assessments, social worker capacity support, Oral Care & other small grants.
Social Care Grant – Doctor's assessments	(39,006)	0	To support back log of Best Interest Assessors / Deprivation of Liberty safeguard assessments.
Social Care demand / contingency	(558,000)	2,371,967	To fund increase in demand / costs.
Proud - Adult Social Care	(2,986,801)	0	To fund investment and resources to deliver Proud workstream activity.
Total Adult Social Care, Public Health and Hub	**(6,827,525)**	**2,727,635**	
Children's Services			
IFRS – accounting treatment	(1,335,572)	78,020	Relates to grant funding for School Improvements, Safeguarding Families, Protecting Children, Regional Recovery, FDAC, Personal Advisors, School Led Tutoring & Family Hubs.
Dedicated Schools Grant	(9,125)	0	To fund specific projects as agreed via schools forum.
Children in care complex cases	(255,986)	0	To fund pressures, including social workers and placement costs, of complex cases relating to young people in care.
Children's external partner contributions	(257,814)	0	Use of Safeguarding Partnership and Regional Adoption Agency contributions.
Truancy fine income	(91,768)	164,752	Used to fund an attendance officer post.
Social care demand / contingency	(2,059,424)	0	To fund the additional costs of Childrens placement moves previously identified as risk which has now materialised.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Total Children's Services	**(4,009,689)**	**242,752**	
Children's - Customer Engagement			
Houses in multiple occupation (HMO) licences	(48,825)	0	To fund staff support costs relating to HMO licences.
IFRS – accounting treatment	(510,933)	0	Grant funding for Housing First scheme, homelessness, Rough Sleepers, refugee costs and other smaller projects.
Crisis support	(378,162)	0	To fund costs related to the Crisis Support Scheme.
Housing Domestic Retrofit Programme	(106,000)	0	
Housing IT System Implementation	(112,170)	0	To fund implementation costs.
Total Children's - Customer Engagement	**(1,156,090)**	**0**	
Economy, Environment & Communities			
Covid-19 – Community Champions	(148,377)	0	Costs of supporting residents who are most at risk of Covid-19.
Building control fees	(65,070)	0	Statutory account. Required to breakeven over a 3 year period which is reviewed annually.
Bus lane enforcement ring fenced income	(122,760)	111,404	Funding key projects in line with the legislation. - District signage - Rolling programme to refresh street name plates; - Road lines; - Introduction of Moving Traffic Enforcement legislation.
Street Lighting PFI	(3,029,669)	0	Grant funding to be utilised over the life of the project. This is being utilised to fund the increase in energy costs for 2023/24.
Shannon's Mill (commuted sum)	(3,000)	0	To cover the ongoing maintenance with a set proportion released each year.
King's Coronation	(20,000)	0	To fund community activities and involvement for Coronation celebrations across Walsall.
On Street Car Parking income (ringfenced)	(842,132)	0	To fund key projects in line with the legislation.
Economic growth programme (EGP)	(8,206)	312,344	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
IFRS – accounting treatment	(1,089,590)	268,411	Primarily relates to grants / contributions carried forward for Domestic abuse, Bikeability, Section 106, Integration Area programme, Arts Council, England Cricket Board and other smaller projects.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Phoenix 10	(112,196)	0	To fund professional fees.
Willenhall Master Plan	(216,653)	0	Costs associated with the Willenhall Master Plan redevelopment.
Feasibility / Options appraisals	(173,904)	0	To cover costs which cannot be coded to capital and abortive costs of schemes.
Planning	(615,924)	0	To fund one off costs of agency to clear back log of applications.
Mediation reserve	(50,000)	0	To fund cost for unauthorised encampments activity.
Total Economy, Environment & Communities	**(6,497,481)**	**692,159**	
Resources & Transformation			
Audit and inspection	(90,372)	0	Cover additional internal audit contract costs in accordance with the contract.
Economic growth programme	(16,039)	102,655	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
Enterprise Zones	(738,246)	1,694,610	Generated from surplus business rates from across the Black Country to fund the costs of future capital schemes.
Growing Places Fund	(121,394)	27,314	Funding received to support the Growing Places LEP programme management costs.
Growth Deal Programme	(19,516)	120,000	Funding received to support the Growing Places LEP programme management costs.
IFRS – accounting treatment	(20,118)	0	Primarily relates to grants / contributions carried forward where spend was delayed due to Covid-19 or spend spans more than 1 year.
Improvement projects	(930,832)	0	To fund costs associated with One Source and Cloud/Azure licencing costs.
Proud Resource Plan	(3,575,052)	0	To fund investment and resources to deliver Proud workstream activity.
Redundancy	(34,794)	0	To fund redundancy costs.
Total Resources and Transformation	**(5,546,363)**	**1,944,579**	

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Capital Financing			
Borrowing re-scheduling / CCLA	0	5,720,000	To fund borrowing re-scheduling costs dependent on market conditions and to manage risk / pressures for changes in interest rates and on-going impact of airport dividend shortfalls due to impact of changes in the business plan. £30m investment - Statutory override till end March 2025 - once this runs out we will have to put any gains and losses on the investment in year into the accounts and this will smooth these changes.
Minimum revenue provision (MRP)	(577,000)	0	To smooth minimum MRP costs as per approved MRP policy.
Pensions – upfront payment borrowing costs	(9,205)	0	To fund borrowing costs of funding pension payments upfront for 3 years to release savings.
Total Capital Financing	**(586,205)**	**5,720,000**	
Centrally Held			
Proud	(564,000)	0	Funding of one-off investment in relation to Proud programme.
Borrowing rescheduling	(496,226)	0	Planned one off use of reserve to fund WMVC UKSPF Fee.
Enterprise Zones – part of section 31 grant	0	18,338	Transfer of business rates income relating to the Enterprise Zone.
Environmental Levy	(550,400)	0	Planned use of reserve no longer required to support one off expenditure included in the 2023/24 budget.
Business rates retention scheme	(17,812)	5,264,000	Planned transfer to fund volatility of business rates income due to the pandemic and any appeals and smooth future changes to the scheme.
Cost of Living	(190,000)	0	Mitigating action – Housing 21 inflation increases.
Risk	(6,820,000)	0	Mitigating action to cover Red savings forecast to be delayed and with no alterative actions.
Mediation	(100,000)	0	Mitigating action - to cover additional legal fees within Childrens Services.
Social Care Demand / Contingency	(3,710,000)	0	Mitigating action – to cover unforeseen increased costs within Adult Social Care and Childrens Services.
Total Centrally Held	**(12,448,438)**	**5,282,338**	
TOTAL RESERVES	**(37,071792)**	**16,619,483**	

******There are a number of use of reserves which are in part being used as part of the mitigating actions as detailed in Appendix 3.*

Appendix 4: Mitigation actions included within the report

Directorate	Detail of mitigating actions	£m
Adult Social Care, Public Health & Hubs	Over achievement and full year impact of the 2022/23 savings predominantly relating to review of existing client placements.	1.14
	Release of one-off grant relating to the streamline of Adult Social Care assessments.	0.14
	Use of remaining Housing 21 reserve to partially mitigate the contractual inflation pressure.	0.48
Total Mitigation included for Adult Social Care, Public Health and Hubs		**1.76**
Children's Services - Children's and Education	One off reallocation of funding and reserves to support Children's pressures.	0.37
Total Mitigation included for Children's Services and Education		**0.37**
Economy, Environment & Communities	Use of legacy section 106 income held in reserve.	0.36
	Holding of vacant head of service post.	0.07
	Economic Growth Programme funding held in reserves.	0.46
	Use of corporate reserve to support planning.	0.25
	Use of parking reserve.	0.03
	Use of legacy commuted sums.	0.03
	Capitalisation of Velocity Patcher.	0.20
	Capitalisation of book fund.	0.15
	Reduction of non-essential operational costs within Highways & Transport.	0.13
Total Mitigation included for Economy, Environment & Communities		**1.68**
Central	Use of Risk Reserve.	6.82
	Use of Cost of Living Reserve.	0.19
	Use of Mediation Reserve.	0.10
	Use of Social Care Demand / contingency reserve.	3.71
Total Mitigation included for Central		**10.82**
Total Mitigation included in forecast outturn		**14.63**

Appendix 5: Benefits 2023/24 currently identified as 'Red' due to risk of delayed delivery

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Adult Social Care, Public Health & Hub	OP10 - Develop and deliver additional support to Carers	240,934	240,934	240,934	To be aligned to locality reviews.	Mitigated by full year effect of 2022/23 savings.
Adult Social Care, Public Health & Hub	OP13 - Learning disability joint funding tool – cohort 3	954,000	455,000	455,000	Awaiting detailed delivery plans - ICB discussions on JF tool.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Adult Social Care, Public Health & Hub	2022/23 - Efficiencies attributed to the implementation of Bettercare Finance System	770,905	720,905	720,905	Delay due to futureproofing and integration with other systems.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Adult Social Care, Public Health & Hub	2022/23 - Staffing impact following the implementation of Bettercare Finance System	94,079	94,079	94,079	Delay due to futureproofing and integration with other systems.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Adult Social Care, Public Health & Hub	2022/23 - Review for Learning Disabilities joint funding tool	1,757,270	1,757,270	1,757,270	Awaiting detailed delivery plans - ongoing ICB discussions on JF tool.	Part mitigated by 2022/23 full year effect overachievement £900k remainder mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Adult Social Care, Public Health & Hub	2022/23 - Increased income from Print & Design service to external bodies	30,000	30,000	30,000	Awaiting detailed delivery plans.	Mitigated in 2023/24 through staffing vacancies and underspends in supplies and services.
Adult Social Care, Public Health & Hub	2022/23 - Review of the usage of the Public Health transformation fund	300,000	255,000	255,000	Review of current transformation funding in process of being finalised.	Corporately funded one-off for 2023/24.
Total Adult Social Care, Public Health & Hub		**4,147,188**	**3,553,188**	**3,553,188**		

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Children's Services	OP2 – Home to school transport review of contracts and route optimisation	300,000	131,958	131,958	Increase in expected demand for 2023/24.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Children's Services	OP6 - Review of current establishment and reduction in the use of agency staff, following recruitment of permanent staff	634,406	118,000	118,000	Recruitment and retention benefit will not be achievable based on current forecast.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Total Children's Services		**934,406**	**249,958**	**249,958**		
Customer Engagement	Part OP26 - Council wide efficiencies relating to Customer Access Management	1,540,000	1,290,000	1,290,000	Delay in implementation of Customer Experience Centre changes.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Total Customer Engagement		**1,540,000**	**1,290,000**	**1,290,000**		
Economy, Environment & Communities	P3a – Outsource outdoor pursuits service to a community group	12,878	12,878	12,878	Implementation delayed.	Currently mitigated by underspends in service.
Economy, Environment & Communities	P4 - Increase in bulky waste charges	136,000	105,000	105,000	Delay in new price on the web page due to Core Technology Platform work.	Currently being mitigated by general underspends within Clean and Green.
Economy, Environment & Communities	P6 - Rewilding of all urban grassed areas	352,348	352,348	352,348	Plans being reviewed and alternative saving proposals considered.	Currently being mitigated by general underspends within Clean and Green.
Economy, Environment & Communities	P12 - Parking dispensation charging of £15 per vehicle per day	19,500	14,625	14,625	Delay on technology to allow payments to be taken.	Mitigated by use of parking reserve.
Economy, Environment & Communities	P13 - Reintroduce staff parking charges	18,000	18,000	18,000	Delayed due to equality impact.	Currently mitigated by underspends in service.

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Economy, Environment & Communities	OP1 - Review of fees and charges - increase planning development charges by 5%	1,385	1,385	1,385	Fee increase has resulted in under recovery.	Mitigated by use of reserve.
Economy, Environment & Communities	OP4 - Regeneration & Economy team review	260,193	260,193	260,193	Restructure plans still not confirmed due to sickness absence.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP16 - Enhancement of Darlaston Pool	15,000	11,250	11,250	Delay due to release of capital funds.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP17 - Development of Oak Park office space	50,000	37,500	37,500	Delay due to release of capital funds.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP18 - Improvement to direct debit collection process	10,000	5,000	5,000	Completion of project expected to be October 2023.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP21 - Increase rental income from Park Lodges	5,000	4,034	4,034	Charges increase has not led to increased income as expected.	Mitigated by other venue hire income.
Economy, Environment & Communities	OP23 - Review of fees and charges - increase bereavement charges by 5%, registrars and interment fees by 3%	187,292	177,292	177,292	Charges increased but saving not achieved due to reduced demand.	Mitigated by additional income in other areas of Environment, Leisure and Commercial.
Economy, Environment & Communities	OP54 - Charge developers for travel plans	30,000	30,000	30,000	Recruitment - no suitably skilled staff available to implement.	Mitigated by commuted sums reserve.
Economy, Environment & Communities	2022/23 - Offer residential gardening service	30,000	30,000	30,000	Business case has highlighted this benefit cannot be achieved. No delivery plan in place.	Mitigation by general underspends within Clean and Green.

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Economy, Environment & Communities	OP56 - Increase recycling rates and reduce contamination	382,523	382,523	382,523	Service currently has no plan on how to achieve this saving.	Currently being part mitigated by general underspends within Clean and Green £167k remainder mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Economy, Environment & Communities	2022/23 - Review of Libraries Management	60,679	60,679	60,679	Head of Community Building role will move this forward when in post.	Underspends from salaries in service will be used to mitigate Red position.
Economy, Environment & Communities	2022/23 - Premium bulky waste collection service	15,000	15,000	15,000	Currently no demand for a premium service.	Currently being mitigated by general underspends within Clean and Green.
Total Economy, Environment & Communities		**1,585,798**	**1,517,707**	**1,517,707**		
Resources & Transformation	OP34 - Platinum Secure Storage	13,000	13,000	13,000	Contract currently under retendering.	Mitigated by overall Directorate underspend.
Resources & Transformation	OP36 - Promotion of One Source system to Schools for sickness absence data entry	30,000	30,000	30,000	Currently unable to roll out OneSource system to schools.	Mitigated by overall Directorate underspend.
Total Resources & Transformation		**43,000**	**43,000**	**43,000**		
Central	Part OP26 - Council wide efficiencies relating to Customer Access Management	2,930,000	2,930,000	2,930,000	Actions on how this will be achieved are still being finalised.	Mitigated from Risk reserve for 2023/24 as detailed in Table 1 of the report.
Total Central		**2,930,000**	**2,930,000**	**2,930,000**		
Total		**11,180,392**	**9,583,853**	**9,583,853**		

Appendix 6 - Re-phasing of capital funded schemes 2023/24 to 2024/25

Project	£m
Council Funded	
Capital Investment Earmarked Reserve	4.47
Capital Contingency	0.32
Looked After Children Out of Borough Placements	0.15
Council House Smoke & Heat Detection Fire Alarm	0.30
Operation Repair & Maintenance of Council Buildings	0.21
Walsall Council House-Modern Secure Reception	0.03
Council House Internal Decoration	0.03
Council House Plumbing	0.07
Council House Windows	0.99
Computer Aided Facilities Management System	0.05
New Homes Bonus	0.08
Regenerating Walsall	0.22
Enterprise Zones	0.67
Willenhall Masterplan	2.55
MyCMIS – asset management tracking system	0.01
ICT – Safe and Secure Environment	1.11
Enabling Technology	2.31
Maintaining a Safe and Secure Environment	0.28
Telephony Cloud Based System	0.46
Proud Card Payments Digital Website	0.83
Ways Of Working	0.25
Konica Multi-functional device re-tender	0.02
Archiving systems moving to customer access management retired	0.06
Changing Places toilets	0.12
Development Team capitalisation of posts	0.33
External Funded	
Bloxwich Town Deal	0.12
Walsall Town Deal	0.83
Land And Property Investment Fund	0.67
Growing Places Fund	0.66
Future High Street Fund	3.21
West Midlands Strategic Transport Plan (STP) 'Movement for Growth’	0.39
Limestone surveys	0.11
Family Hub Life Programme	0.01
Willenhall Masterplan	1.90
Total	**23.82**

Appendix 7 – Capital Pipeline Investment 2021/22 to 2026/27 – planned allocations

Scheme	Approval	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Budget - Original Allocation		**28.00**	**0.00**	**22.00**	**10.00**	**10.00**	**0.00**	**70.00**
Additional allocation		**0.00**	**0.00**	**1.76**	**24.82**	**0.45**	**2.44**	**29.47**
Budget per Council February 2023		**28.00**	**0.00**	**23.76**	**34.82**	**10.45**	**2.44**	**99.47**
Movement of Free School into Development Pool / other changes		**0.00**	**0.00**	**1.31**	**-0.31**	**0.00**	**0.00**	**1.00**
Rephasing as approved by Cabinet 19 July 2023		**0.00**	**0.00**	**-22.02**	**1.08**	**16.09**	**4.85**	**0.00**
Adjusted Budget		**28.00**	**0.00**	**3.05**	**35.59**	**26.54**	**7.29**	**100.47**
Balance c/f		0.00	26.05	15.01	1.73	26.40	48.16	
Regional Materials Recycling Facility	Cabinet 17 March 2021	0.00	(0.65)	(0.93)	0.00	0.00	0.00	
Future High Street Fund - match	Cabinet 21 April 2021	0.00	0.00	0.00	0.00	(4.04)	(1.07)	
Reedswood Land (risk)	Cabinet 16 June 2021	0.00	0.00	0.00	0.00	0.00	0.00	
Street Lighting	Cabinet 16 June 2021	(0.22)	(6.97)	(4.28)	0.00	0.00	0.00	
Children's Residential	Cabinet 16 June 2021	(0.97)	(0.10)	0.00	0.00	0.00	0.00	
Transit site – part funding	Cabinet 20 October 2021	(0.33)	0.00	0.00	0.00	0.00	0.00	
Streetly Cemetery improvements	Cabinet 15 December 2021	(0.43)	0.00	0.00	0.00	0.00	0.00	
Willenhall Masterplan	Cabinet 9 February 2022	0.00	(2.68)	(2.10)	0.00	0.00	0.00	
Darlaston Boilers/baths	Cabinet 18 October 2022	0.00	(0.04)	0.00	0.00	0.00	0.00	
Children in care / Foster Care refurbishment programme	Cabinet 9 February 2022	0.00	(0.15)	(0.15)	(0.15)	0.00	0.00	
Fly Tipping project for CCTV	Cabinet 14 December 2022	0.00	(0.13)	0.00	0.00	0.00	0.00	
Nottingham Car Park	Cabinet 21 June 2023	0.00	(0.24)	0.00	0.00	0.00	0.00	
Cremator repair	Cabinet 21 June 2023	0.00	(0.05)	0.00	0.00	0.00	0.00	
Mosaic system	Cabinet 21 June 2023	0.00	(0.03)	0.00	0.00	0.00	0.00	
HWRC station - Middlemore Lane	Cabinet 18 October 2022	0.00	0.00	(7.60)	(9.77)	0.00	0.00	
Active Public Spaces	Cabinet 18 October 2022	0.00	0.00	0.00	(1.00)	(0.74)	0.00	
Highways maintenance increased provision	SIB approved 14 June 2023 - see table 3 for movement	0.00	0.00	(0.70)	0.00	0.00	0.00	
Oak Park Active Living Centre conversion of small office space for commercial reasons	SIB approved 14 June 2023 - see table 3 for movement	0.00	0.00	(0.35)	0.00	0.00	0.00	
Old Square Public Realm	SIB approved 12 April 2023 - see table 3 for movement	0.00	0.00	(0.22)	0.00	0.00	0.00	
Total Allocated / Forecast to be allocated		**(1.95)**	**(11.04)**	**(16.33)**	**(10.92)**	**(4.78)**	**(1.07)**	
Unallocated Balance c/f		**26.05**	**15.01**	**1.73**	**26.40**	**48.16**	**54.38**	

**The budget report to Council in February 2023 also includes an allocation of £500k per annum to be set aside for minor capital works / capital contingency, subject to approval for its use on individual schemes.*

Appendix 8 Financial Health Indicators at August 2023

Treasury Management	2022/23 Actual	2023/24 Target	2023/24 Actual
Average Interest Rate (Borrowing) - Excluding other local authorities - Including other local authorities	3.82% 3.87%	4.21% 4.33%	4.11% 4.16%
Gearing Effect on Capital Financing Estimates	3.81%	5.00%	4.20%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	7.21%	12.50%	2.65%
Capital Financing Requirement (£m)	390.19	433.114	433.114
Authorised limit for external Debt (£m)	474.38	465.410	465.410
Investment Rate Average (excl Property fund)	1.81%	3.48%	4.44%

Balance Sheet Ratios	2018/19	2019/20	2020/21	2021/22	2022/23 (draft)
Current Assets: Current Liabilities	1.68	2.39	2.01	1.96	1.74
Useable Reserves: General Revenue Expenditure	0.72	0.73	1.02	1.07	0.77
Long Term Borrowing: Tax Revenue (Using both council tax and NNDR for tax revenue)	1.36	1.43	1.83	1.49	1.19
Long Term Assets: Long Term Borrowing	2.05	1.86	1.83	2.14	2.73
Total School Reserves: Dedicated School Grant	0.06	0.05	0.08	0.08	0.06

Revenues Performance % collected for financial year	**2021/22 Actual Collected in total as at 31.08.23**	**2022/23 Actual Collected in total as at 31.08.23**	**2023/24**	
			Profiled 2023/24	**Actual 2023/24**
Council tax %	95.5%	94.4%	42.0%	41.7%
Total Council Tax collected	£146,379,724	£150,143,547	£69,700,000	£69,320,586
National Non Domestic Rate (NNDR) %	97.9%	97.8%	41.8%	45.5%
Total NNDR collected	£60,140,034	£70,523,603	£29,600,000	£32,208,070

Debtors and Creditors Performance	**2022/23 Actual**	**2023/24**	
		Target	**Actual**
Sundry Debtors Collection – Average number of days to collect debt	25 days	24 days	25 days
Average number of days to process creditor payments*	6.5 days	8 days	5 days

Management of Resources	**2023/24**		
Service Analysis	**Target**	**Actual**	**Variance**
Adult Social Care, Public Health and Hub	73,668,573	86,066,976	12,398,403
Children's Services			
- Children's and Education	75,457,973	78,735,185	3,277,212
- Customer Engagement	3,172,380	4,361,485	1,189,105
Economy and Environment	36,696,742	36,893,509	196,767
Resources and Transformation	36,488,332	36,026,720	(461,612)
Council Wide	36,224,595	25,420,383	(10,804,212)
NNDR/Top Up	(117,545,553)	(117,545,553)	0
Total Net Revenue Expenditure	**144,163,042**	**149,958,704**	**5,795,662**
General Reserves	**Minimum £7.2m Maximum £18.0m**	**N/A**	**N/A**
Council Funded Capital Expenditure	57,934,707	41,300,778	(16,633,929)
External Funded Capital Expenditure	80,440,796	72,538,017	(7,902,779)
Total Capital Expenditure	**138,375,503**	**113,838,795**	**(24,536,708)**
Capital Receipts	2,925,000	2,925,000	0

Management of Resources	2022/23		
Service Analysis	**Target**	**Actual**	**Variance**
Adult Social Care, Public Health and Hub	68,746,416	73,746,671	5,000,255
Children’s Services			
- Children’s and Education	81,911,515	91,219,606	9,308,091
- Customer Engagement	18,295,852	17,176,773	(1,119,079)
Economy and Environment	59,961,295	56,599,832	(3,361,463)
Resources and Transformation	31,681,780	30,302,297	(1,379,483)
Capital Financing	(14,636,398)	(20,935,898)	(6,299,500)
Central budgets	(107,535,211)	(110,036,285)	(2,501,074)
Total Net Revenue Expenditure	**138,425,249**	**138,072,997**	**(352,253)**
General Reserves	N/A	18,702,473	N/A
Council Funded Capital Expenditure	95,655,174	33,746,210	(61,908,964)
External Funded Capital Expenditure	138,982,534	61,696,354	(77,286,180)
Total Capital Expenditure	**234,637,708**	**95,442,564**	**(139,195,144)**
Capital Receipts	2,500,000	2,174,164	(325,836)

What this tells us

Treasury Management	
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.

Balance Sheet Ratios	
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 school’s reserves are at an appropriate level.

Revenues Performance	
% Collected for Financial Year 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.

Management of Resources	
Service Analysis	
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 9 - Prudential Indicators as at 31st August 2023

Prudential Indicator		Actual 2022/23 £m	Target 2023/24 £m	Actual Position at 31-March-24 £m	Variance to target Numerical Variance	 % Variance
PrI 1	**Capital Expenditure**	96.314	124.980	**124.250**	-0.730	-1%
This indicator is required to inform the council of capital spending plans, it is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure. Capital expenditure may be funded by grant, capital receipts and borrowing.						
PrI 2	**Ratio of financing costs to net revenue stream**	**4.05%**	8.86%	**5.83 %**	-2.01	-23%
Financing costs - Divided by (Interest charged on loans Less Interest earned on investments)		**Budget requirement** (Revenue Support Grant + NNDR +Council Tax)			**The ratio of financing costs to net revenue stream (General Fund)** as a %	
PrI 3	**Estimates of the incremental impact of new capital investment decisions on Council Tax**	**£43.02**	£89.66	**£89.66**	0.00	0%
This is a notional amount indicating the amount of council tax band D that is affected by the capital programme in the budget report compared to existing approved commitments and current plans.						
PrI 4	**Capital Financing Requirement**	**390.185**	433.114	**433.114**	0.00	0%
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. It is updated at end of the financial year.						
PrI 5	**Authorised Limit for external debt**	**474.380**	465.410	**465.410**	0.00	0%
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movements and borrowing in advance of future need.						
PrI 6	**Operational Limit for external debt**	**431.250**	423.100	**423.100**	0.00	0%
This has been set at the level of the capital financing requirement less the CFR items relating PFI and finance leases.						
PrI 7	**Gross Borrowing exceeds capital financing requirement**	**No**	**No**	**No**		
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.						
PrI 8	**Authority has adopted CIPFA Code of Practice for Treasury Management**	**Yes**	**Yes**	**Yes**		
To ensure that treasury management activity is carried out within best professional practice.						
PrI 9	**Total principle sums invested for longer than 364 days must not exceed**	**5.0**	**25.0**	**5.0**		

The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.					
Prudential Indicator continued		**Upper Limit**	**Lower Limit**	**Actual 2022/23**	**Actual Position at 31-March-2024**
PrI 10	Fixed Interest Rate Exposure	95.00%	40.00%	**98.14%**	**97.90%**
PrI 11	Variable Interest Rate Exposure	45.00%	0.00%	**1.86%**	**2.10%**
PrI 12	***Maturity Structure of Borrowing***				
	Under 12 months	25.00%	0.00%	**12.84%**	**1.86%**
	12 months and within 24 months	25.00%	0.00%	**12.24%**	**19.00%**
	24 months and within 5 years	40.00%	0.00%	**20.25%**	**17.58%**
	5 years and within 10 years	50.00%	5.00%	**0.00%**	**0.00%**
	10 years and above	85.00%	30.00%	**54.67%**	**61.55%**

Local Indicators as at 31st August 2023

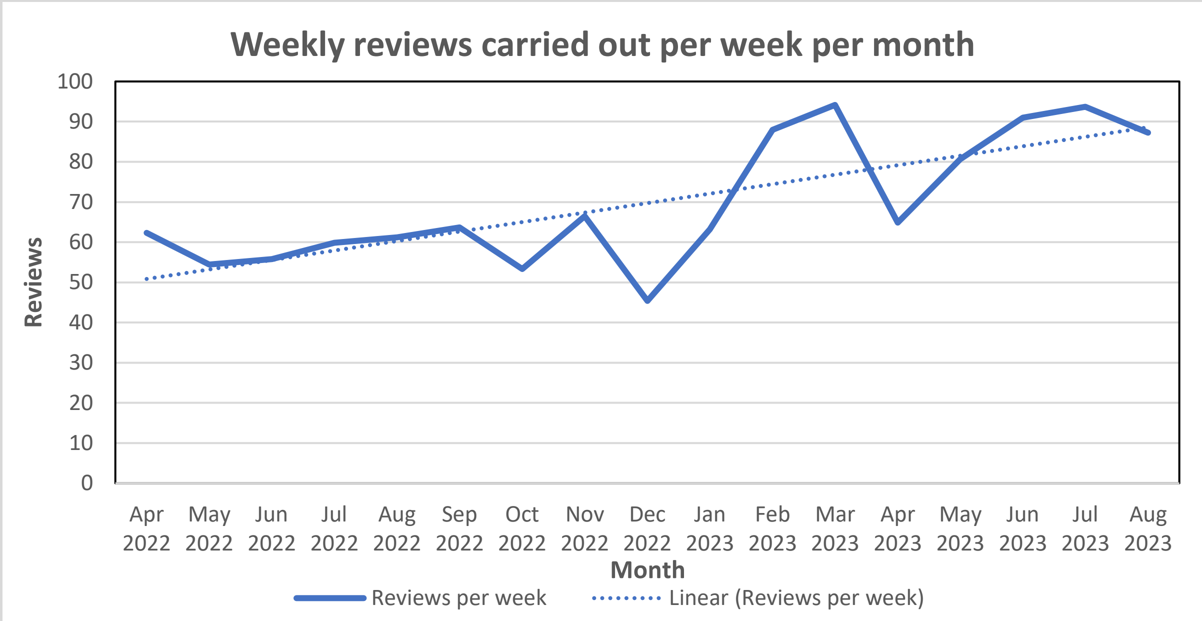
Local Indicators		Actual 2022/23	Target 2023/24	Actual Position as at 31-March-2024	Variance to target		Met
					Numerical Variance	% Variance	
L1	**Full compliance with prudential code**	**Yes**	Yes	**Yes**	-	-	Y
L2	**Average length of debt**	**17.13**	Lower Limit 15 years, Upper limit 25 years	**18.95**	-	-	Y
This is a maturity measure and ideally should relate to the average lifespan of assets.							
L3a	**Financing costs as a % of council tax requirement**	**10.64%**	20.00%	**3.96%**	-16.04	-80.19%	Y
L3b	**Financing costs as a % of tax revenues**	**7.21%**	12.50%	**2.65%**	-9.85	-78.82%	Y
These are a variation to PrI 3 excluding investment income and including MRP (amount set aside to repay debt costs). The target figure of 12.5% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favorable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.							
L4	**Net actual debt vs. operational debt**	**61.42%**	85.00%	**55.51%**	-29.49	-34.70%	Y
This assists the monitoring of the authority's debt position.							
L5	**Average interest rate of external debt outstanding excluding OLA**	**3.82%**	4.21%	**4.11%**	0.10	2.45%	Y
L6	**Average interest rate of external debt outstanding including OLA**	**3.87%**	4.33%	**4.16%**	0.17	3.82%	Y
The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council.							

L7	**Gearing effect of 1% increase in interest rate**	**3.81%**	5.00%	**4.20%**	**0.04%** **This would increase the average interest rate payable from 4.16% shown in L6 to 4.20%**	**Y**
This relates risk management principles to the monitoring of the TM strategy. It measures the effect of a change in interest rates and the effect it may have on the capital financing costs.						
L8	**Average interest rate received on STI vs. At Call rate**	**-11.22%**	35.00%	**4.39%**	-30.61	-87.46%	**N**
L9a	**AT call investments**	**2.05%**	2.50%	**4.33%**	1.83	73.20%	**Y**
L9b	**Short Term Investments**	**1.82%**	3.75%	**4.52%**	0.77	20.53%	**Y**
L9c	**Long Term Investments**	**0.83%**	4.00%	**5.01%**	1.01	25.25%	**Y**
L9d	**Property Fund Investments**	**3.89%**	3.56%	**3.99%**	0.43	12.08%	**Y**
L10	**Average interest rate on all ST investments (ST and AT call)**	**1.89%**	3.39%	**4.42%**	1.03	30.50%	**Y**
L11a	**Average rate on all investments (ex. Property fund)**	**1.81%**	3.48%	**4.44%**	0.96	27.66%	**Y**
L11b	**Average rate on all investments (inc. property fund)**	**2.11%**	4.54%	**4.35%**	-0.19	-4.11%	**N**
L12	**% daily bank balances within target range**	**99%**	99%	**99%**	0.00	0.00%	**Y**
This measures how good our daily cash flow prediction is. A figure of 98% and above indicates a high level of accuracy.							

Appendix 10 – Performance data relating to demand within Adult Social Care

Reviews

Service users should receive a minimum of one planned review in a 12-month period, additionally unplanned reviews take place for several reasons. The number of reviews carried out each has increased from an average of 61 per week in July 2022 to an average of 88 per week in July 2023. The rate of reviews dipped at the end of the calendar year but have been consistently higher than average since February 2023 as shown in the graph below.



A piece of work is currently underway to assess the impact of reviews in the current year. Previously reported figures were based on data held within a performance dashboard but there is some doubt about the validity of that information. There is work underway to revise that dashboard, in the meantime, finance are working to evaluate the impact through a manual data analysis exercise.

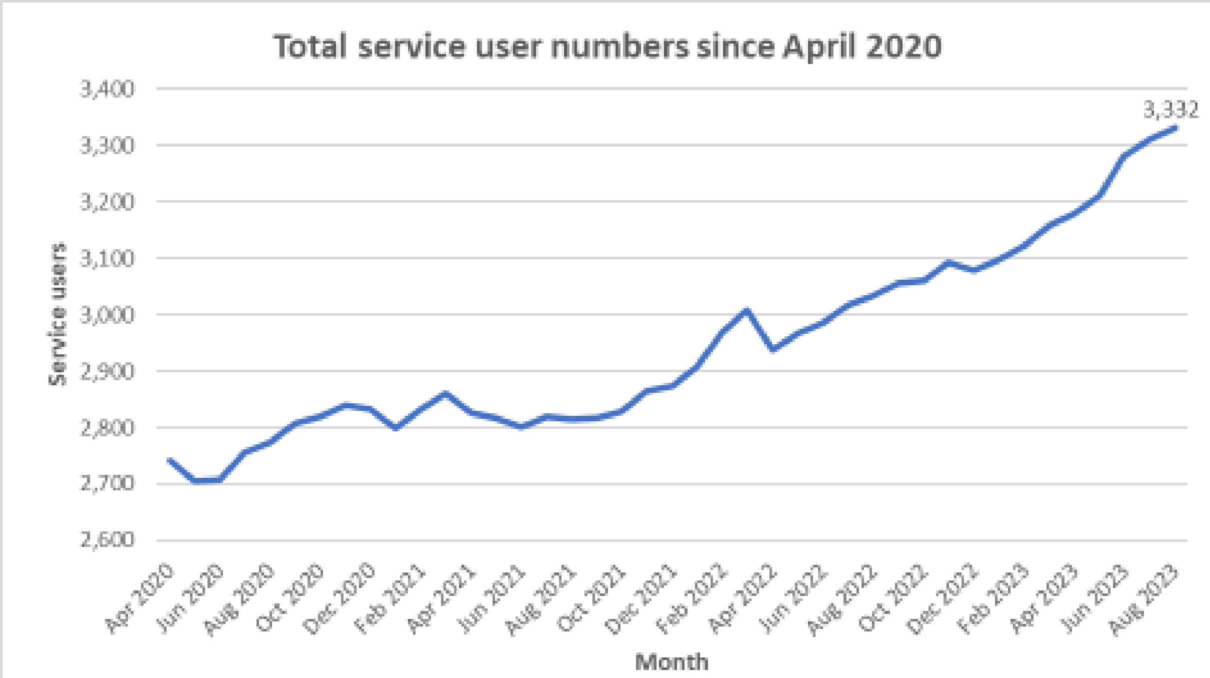
Service User Numbers

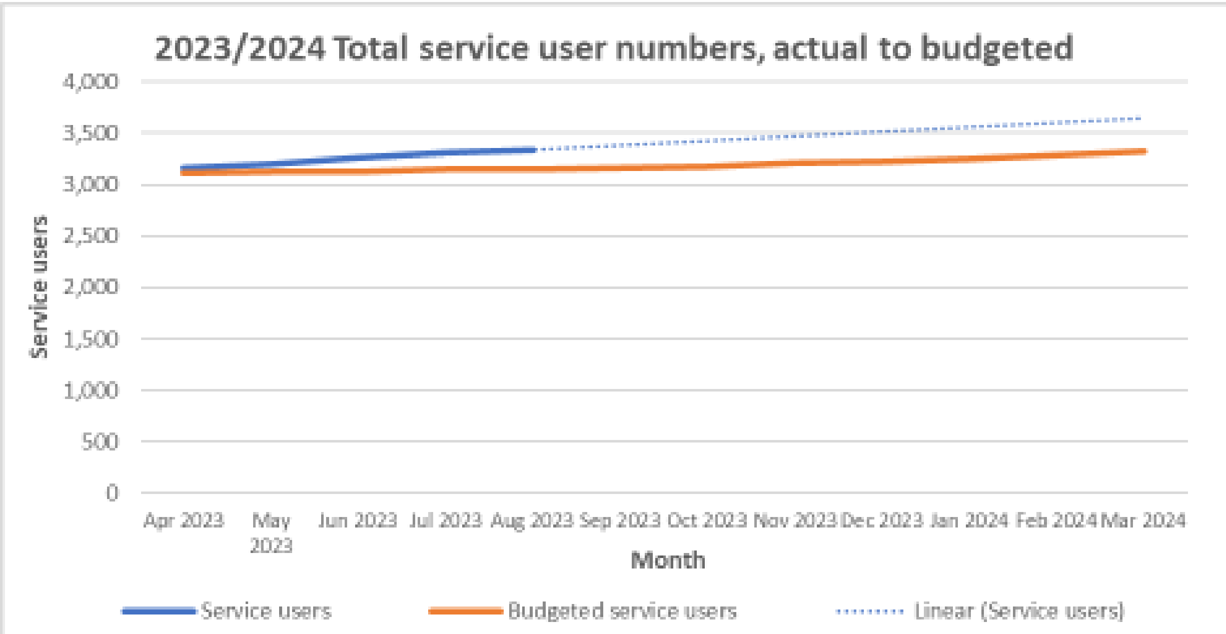
<u>Attrition rate (current year effect)</u>

	Budgeted (Apr to Jul)			Actual (Apr to Jul)			Variance (Apr to Jul)		
	Number	Value £	Average £	Number	Value £	Average £	Number	Value £	Average £
New service users	701	15,387,462	21,951	769	16,566,745	21,543	68	1,179,283	
Deceased service users	(306)	(6,131,341)	20,037	(208)	(4,914,692)	23,628	98	1,216,649	
Ended service users	(385)	(8,317,141)	21,603	(355)	(6,048,499)	17,038	30	2,268,642	
TOTALS	**10**	**938,980**		**206**	**5,603,554**		**196**	**4,664,574**	

The table above shows that the number of new service users on 31st August 2023 is 68 higher than had been budgeted, based on historical trends. For both deceased and ended service users the figures are much lower than budgeted which is resulting in there currently being 196 more service users in receipt of care than budgeted.

Some work has been carried out to identify the factors behind these lower numbers and part of the reasons include fewer deaths occurring in Walsall for the same period this year when compared to last year, fewer service users transferring to 100% health funding (S117) and fewer service users becoming self-funding.





Average costs

The last graph shows the average, full year costs for each care setting for the most recent 12-month period. The averages for 2022/23 have been increased by the 2023/24 uplift percentages to allow for a true comparison between the two years.

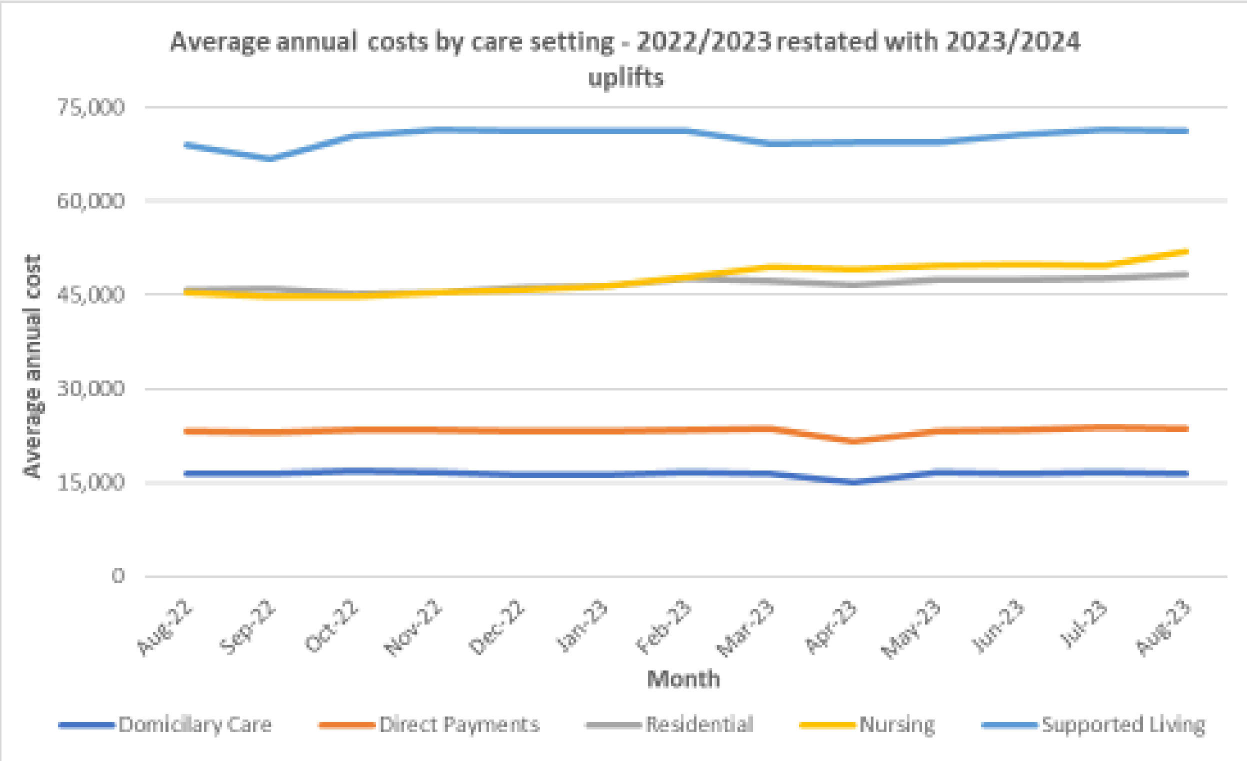
The two lower cost settings are domiciliary care and direct payments, and these are the two reporting the most stable average costs with -0.02% decrease and 2.001% increases.

Conversely, the higher cost settings are residential and nursing care (shown as separate lines) and supported living, and these show the largest increase in average costs. Increases are between 3.01% and 14.30%.

The largest increase has been seen in nursing care; additional work is required to understand the cohort that is contributing to this increase.

These increases are likely due to several factors:

- The effect of increases following review;
- Prices pressures from new residential and nursing placements;
- Possible increase due to fewer service users leaving care, these are generally the higher cost packages and placements due to increased length of care, complexity and cost, with fewer of these there is the likelihood that they are part of the reason for increasing average costs.



Care setting	Aug 2022	Aug 2023	Change £	Change %
Domiciliary Care	16,561	16,558	-3	-0.02%
Direct Payments	23,156	23,632	476	2.06%
Residential	45,706	48,177	2,471	5.41%
Nursing	45,497	52,001	6,504	14.30%
Supported Living	69,086	71,166	2,081	3.01%

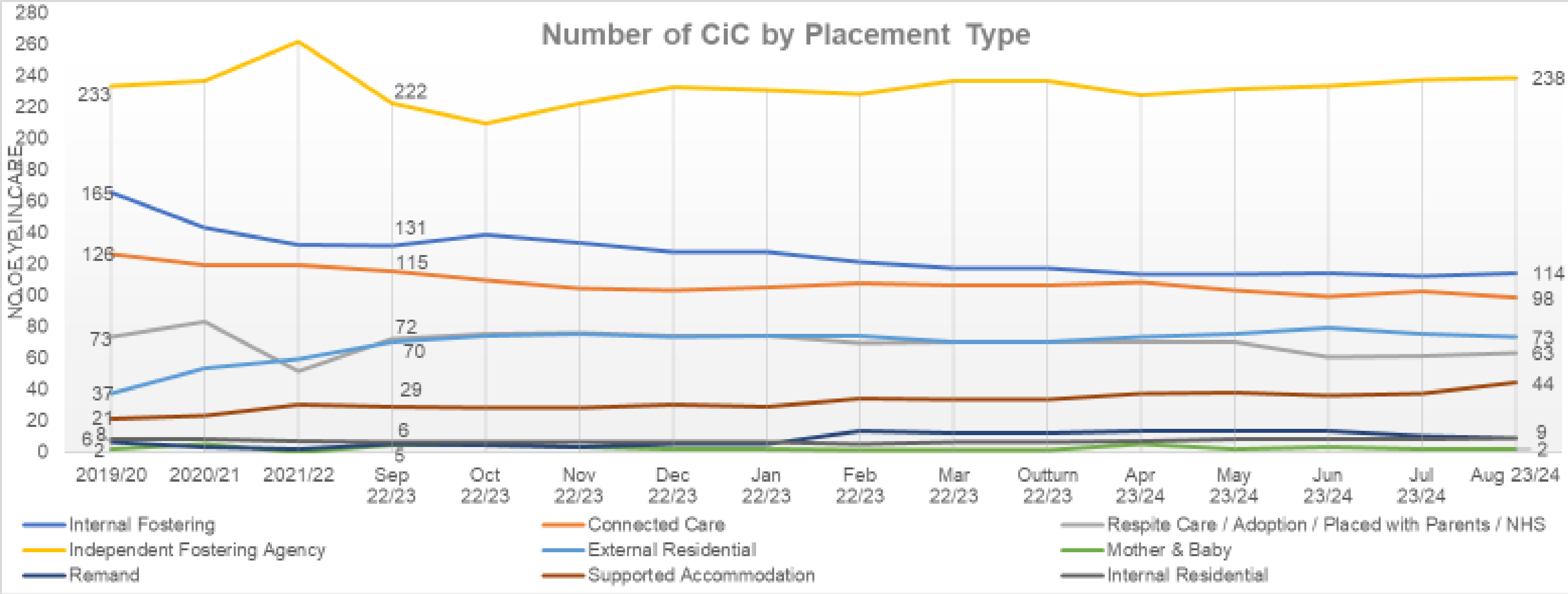
Appendix 11 – Performance data relating to demand within Children's Services

Number of Children in Care by Placement Type

Year	2019/ 20	2020/ 21	2021/ 22	Aug 22/23	Sep 22/23	Oct 22/23	Nov 22/23	Dec 22/23	Jan 22/23	Feb 22/23	Mar 22/23	Apr 23/24	May 23/24	Jun 23/24	Jul 23/24	Aug 23/24
Total CiC	671	673	661	656	654	647	650	652	652	652	651	653	653	645	644	650

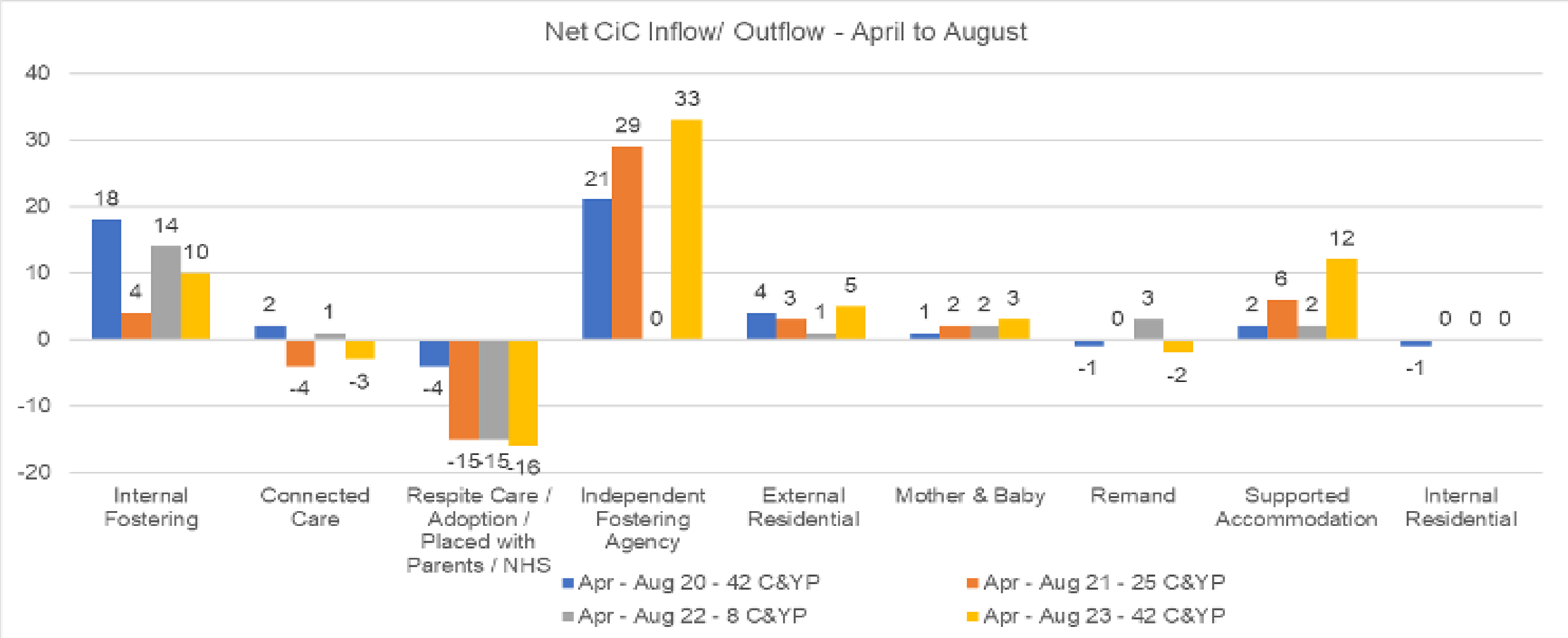
Despite the overall number of children in care and net inflow/outflow of C&YP in Walsall decreasing and beginning to stabilise through the implementation of the services transformation plans, the overall costs relating to children in care have increased.

The introduction of new legislation for non-Ofsted registered placements; a rising number of large sibling groups; an increasing number of complex children; together with a higher proportion of children in care over the age of 15 are all factors which have contributed to the increased demand within the market and continuing placement sufficiency pressures.



The graph above shows how although the number of CiC has decreased, the reliance on higher cost placements such as independent fostering agencies (IFA's) and external residential has increased over the 12 month and 4-year period, with the number of IFA placements increasing from 222 in September 2022 to 238 in August 2023 and number of external residential / mother and baby placements increasing from 70 to 73. In comparison the number of C&YP in lower cost placements has reduced, with the number of Internal Fostering placements decreasing from 131 to 114 and number of Connected Carer placements reducing from 115 to 98. This increased reliance on these placement types is also seen within the inflow figures for this financial year.

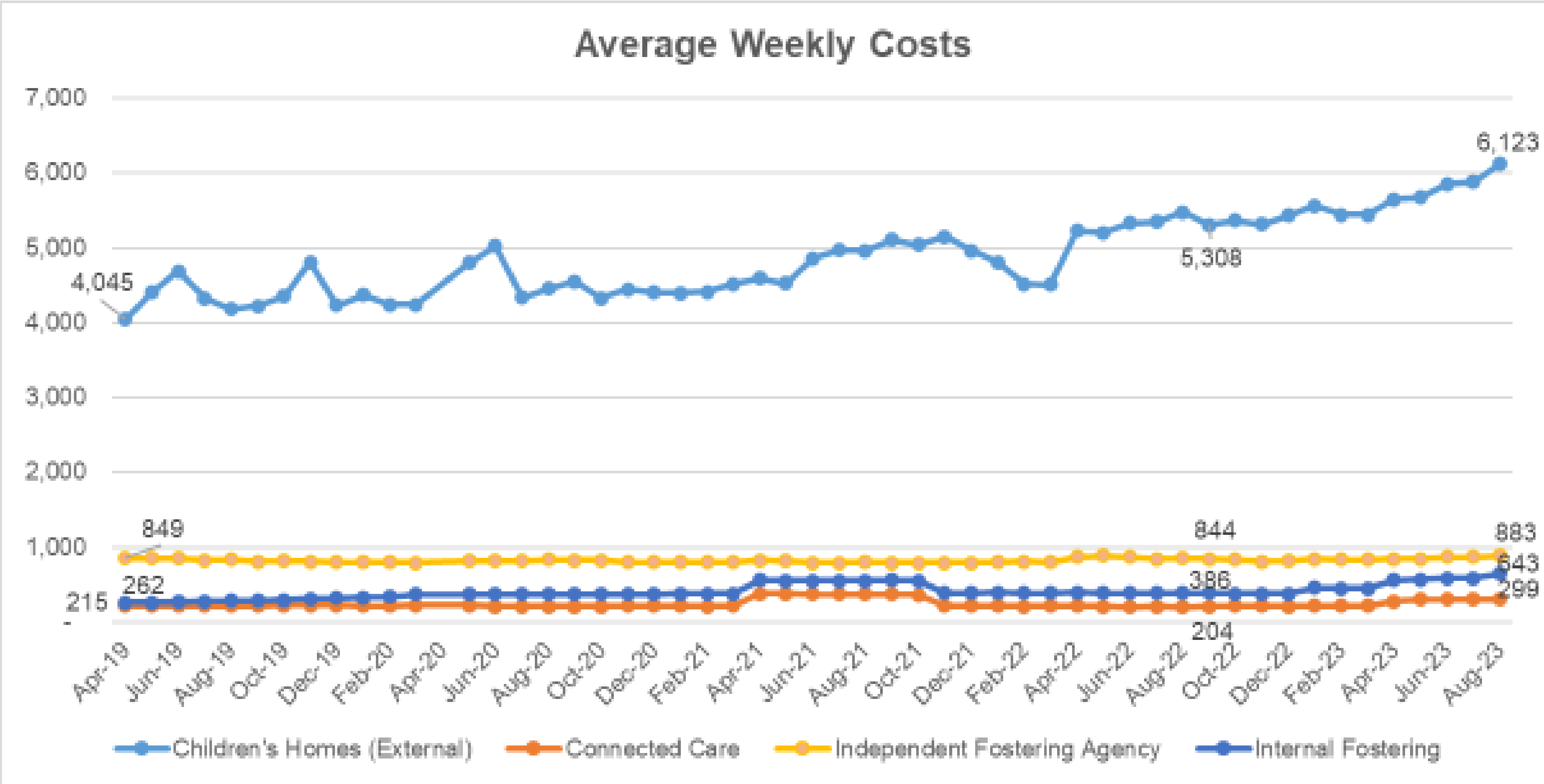
This increased reliance on these placement types is also seen within the net inflow/ outflow figures for this financial year. The table below illustrates the net CiC inflow/ outflow to date for 2023/24 and the prior three-year inflow trends:



As the chart demonstrates above, the net number of C&YP entering and leaving care has risen in line with 2020/21 to 42 and is over and above 2021/22 (25 C&YP), and 2022/23 (8 C&YP). It also demonstrates how there is an increased reliance for IFA, External Children's Homes and Mother and Baby Units placements this financial year in comparison to previous years. To note, the growth in Supported Accommodation placements primarily relates to the increased intake of Unaccompanied Asylum Seeking Children, however this pressure has been offset by additional UASC income.

This increased inflow and change in reliance of placement types is over and above the trends that have been seen in prior years and the allocated inflow budget and has therefore created a pressure of £1.70m. The position as at period 6, assumes these trends will continue for the remainder of the financial year creating a pressure of £1.1m. This pressure has been fully offset by corporate reserves. This pressure has also been impacted through continued increases to the average weekly cost.

The chart below shows the average weekly cost of the four most utilised placement types for Walsall's CiC. The average weekly cost for an external residential placement has significantly increased from £4k to £6.1k (51%) over the last 4 financial years, and from £5.3k 12 months ago. This is significantly higher than the average weekly cost of an Internal Fostering placement of £643 p/w and Connected Care placement of £299 p/w.



In recognition of the financial impacts above, the service has focussed on stepping C&YP down to lower cost placements where possible. To date there has been 59 placement step downs with further step downs planned for the remainder of the financial year. These cost reductions have reduced the impact of the placement breakdowns and step ups seen to date, which have been financially heightened due to the placement sufficiency issues described above.