

## Cabinet – 20 October 2021

### Corporate Financial Performance 2021/22, Covid-19 and Updated Medium Term Financial Framework

<b>Portfolio:</b>	Councillor M Bird – Leader of the Council (Lead Portfolio)
<b>Related Portfolios:</b>	All
<b>Service:</b>	Finance – council wide
<b>Wards:</b>	All
<b>Key decision:</b>	No
<b>Forward plan:</b>	Yes

#### 1. Aim

- 1.1 To report on the forecast corporate financial position for 2021/22, based on the position to August 2021, including an updated assessment of the impact of Covid-19 on the council's financial performance; Covid-19 Government funding to address cost pressures and income losses; and actions which may be required to address this position to ensure the council remains on a sound financial footing.
- 1.2 To seek approval for the Medium Term Financial Framework (MTFF) which has been updated, including to reflect the introduction of the CIPFA Code of Financial Management.

#### 2. Summary

- 2.1 The council continues to play an active role in the overall national response to Covid-19. Government has to date allocated £68.48m of grant funding to help support Covid-19 pressures in Walsall. Of this £30.35m now relates to 2021/22 as summarised at **Appendix 1**. The impact of Covid-19 includes significant loss of income following closure of services and facilities and reduced attendance figures on re-opening, continuing cost pressures on the council's collection fund and a delay in the delivery of some approved budget savings.
- 2.2 The council continues to actively support local residents who have had their income affected through the hardship and track and trace government backed schemes, and also businesses directly affected by forced closures, partial closures or which have had their trade affected by imposed restrictions. Additional to the £68.48m, Government has to date allocated £5.16m of support to Walsall residents and £144.15m for Walsall businesses as summarised at section 4.13.

- 2.3 This report provides a summary position on the financial impact of pressures, including Covid-19, on the revenue position for 2021/22, based on known assumptions, including:
- (i) Additional costs / loss of income / delays in savings delivery due to Covid-19 of £12.40m to August 2021 (5 months) and a forecast total of c£30.06m for 2021/22, based on current and known assumptions, against funding of £30.35m. This leaves an uncommitted balance of £297k, of which £36k relates to winter grant, and £372k to LA practical support grant, which is offset by a marginal over-commitment of £111k from the unringfenced grant to manage any additional emerging pressures as summarised at **Appendix 1**.
  - (ii) A non Covid-19 revenue forecast overspend of c£2.42m, after use of reserves and assuming successful delivery of corrective action plans identified to date. This is a significant improvement to the reported overspend position to Cabinet in July of £4.49m, which demonstrates that actions being taken to address the overspend are having an impact. Further work is in hand to bring the position in line with budget as set out in section 4.14 to 4.24 of this report. There is a high level of confidence that the council will outturn on budget by 31 March 2022.
- 2.4 The capital programme is expected to be on budget after re-phasing of £91.19m into 2022/23.
- 2.5 There remains considerable uncertainty at this point as to the impact on the national and local economy and on public finances following the ceasing of restrictions, and it is expected that this will have implications into the medium term, impacting the council's reserves and budgets into 2022/23 and beyond. This will require Government to review the now delayed review of Relative Needs and Resources (formerly the Fair Funding Review), and in particular the quantum of funds made available to council's to ensure their continued financial stability. The Government may outline their plans as part of the Spending Review to be announced on 27 October 2021, although it is considered unlikely that any changes will come into effect in 2022/23.
- 2.6 In summary, the council is able to manage the financial impact in the short term, however, should the crisis continue to have an impact beyond 2021/22, then additional actions may need to be taken should the Government not fully recompense councils for our losses. Regular updates will continue to be reported to Cabinet on the financial implications for Walsall Council, including any recommendations for additional actions to be taken to manage the evolving situation.
- 2.7 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;
  - An updated Medium Term Financial Framework, the framework within which the council's financial planning and management is undertaken, assessed against the council's compliance with the CIPFA Code of Financial Management.

### 3. Recommendations

That Cabinet:

- 3.1 Note the total Covid-19 funding available to Walsall in 2021/22 of £30.35m as set out in section 4.5 and **Appendix 1** of this report, and that this may be insufficient to cover

the additional costs of supporting the council's Covid-19 response beyond the short term.

- 3.2 Note that of the £30.35m grant, £16.15m is ringfenced for specific activity as set out in **Appendix 1** and this is expected to be fully spent, with the exception of the Winter grant of £36k and LA Practical Support grant of £372k.
- 3.3 Note the forecast impact of Covid-19 to August of £4.78m and total forecast of £14.31m for 2021/22 based on known assumptions in relation to costs not covered by specific grant, as set out in section 4.5 to 4.10, and the estimated financial impact on the delivery of 2021/22 approved savings as set out in sections 4.11 to 4.12 and **Appendix 3**. This results in a marginal overspend of c£111k against the £14.20m unringfenced grant, which will require funding from reserves.
- 3.4 Approve the additional use of £1.44m of Covid-19 funding from unringfenced grant to support Adult Social Care placement costs and legal fees as referenced in section 4.10.
- 3.5 Note the non Covid-19 forecast overspend £2.42m related to demand and other service pressures as set out in 4.14 to 4.24, and actions being taken to address these. This is a £2.07m reduction on the previous position reported to Cabinet in July of £4.49m which demonstrates that actions taken to address the overspend are having an impact.
- 3.6 Note that there are high risks of £12.83m to the forecast identified within service as set out in **Appendix 4**. These risks are actively being monitored and action taken to reduce / eliminate them.
- 3.7 Note the position in relation to planning services as detailed in section 4.25 and approve up to a maximum of £500k of capacity funding over 2021/22 and 2022/23, funded from reserves, noting that this funding will only be drawn down on the approval of the S151 Officer should the additional costs not be able to be accommodated within existing EE&C budgets.
- 3.8 Approve amendments to the capital programme as set out in section 4.26.
- 3.9 Note that the forecast for the council funded capital programme is currently expected to be on budget after re-phasing of £91.19m into 2022/23.
- 3.10 Note financial health indicator performance as set out in section 4.29 to 4.34 and **Appendix 6**.
- 3.11 Note the prudential indicators as set out in section 4.35 to 4.37 and **Appendix 7**.
- 3.12 Approve the updated Medium Term Financial Framework as set out in section 4.38 and **Appendix 8**.
- 3.13 Approve the write off of debt as detailed in section 4.39.

#### **4. Know – Context**

- 4.1 During the first quarter of 2021/22, lockdown and associated measures have continued to have a significant impact on the services that the council provides to its residents and services users and how it provides them, and has required the continuation of a

number of new support measures. Whilst lockdown measures have now ceased, there remains uncertainty on the R Rate and therefore continued impact. There are substantial known and potentially unknown costs. Government have provided some additional unringenced funding, along with specific grants for identified responses to the pandemic e.g. infection control and testing, however the sales, fees and charges loss of income grant has ceased from 1 July, therefore the council is having to fund the ongoing losses. Regular conversations are being held between Local Authority representative bodies and Department for Levelling Up, Housing and Communities (DLUHC – formerly MHCLG) officials to identify the issues facing council's and seeking further Government support to fund the full cost of the current and any future response required.

- 4.2 In the meantime, the council is still legally required to operate within a balanced budget, to operate within financial controls and to deliver approved budget savings. Inevitably, in order to do this and if Government funding is not provided to fully cover Covid-19 shortfalls, then Walsall will need to take action to address funding shortfalls if further funding or other easements from Government are not forthcoming.

### **Revenue Forecast 2021/22**

#### ***Government's financial response to Covid-19***

- 4.3 At Budget March 2020 the Chancellor announced a Covid-19 response grant to fund local authority actions to support social care services and vulnerable people; alongside the need for the NHS to treat Coronavirus patients including maintaining staffing levels; and funding to ensure other public services are prepared and protected. A number of ringfenced and unringfenced grants have been announced since that date, and regular updates have been provided to Cabinet throughout the year.
- 4.4 This report provides detail on those grants impacting in 2021/22, including new grants and those approved to be carried over from 2020/21. These are summarised at **Appendix 1**.

#### ***Impact of Covid-19 on the Revenue Forecast 2021/22***

- 4.5 Of the £30.35m grant identified at **Appendix 1**, £15.29m relates to grants ringfenced for specific activity, £860k sales, fees and charges loss of income grant with a further £14.20m being unringfenced Covid-19 grant funding (£4.97m relates to grant carried over from 2020/21 and £9.23m for 2021/22). **Table 1** summarises the financial impact of continued income losses and additional Covid-19 costs against the £14.20m unringfenced grant, based on a number of assumptions, totalling c£14.31m for 2021/22, after expected receipt of the income loss grant. This results in a marginal overspend of c£111k, which will need to be funded from reserves. This position is based on the forecast at August 2021, with a further 7 months of the year remaining. Therefore there is a potential for further "unknown" costs to arise resulting in additional pressure on the reserves position. This will be kept under review including any actions required to replenish utilised reserves.

<b>Table 1: Covid-19 pressures</b>	<b>Actual April-August 2021/22 £</b>	<b>Forecast 2021/22 £</b>
Loss of income due to service closures / changes - services covered by income grant	1,365,662	2,796,476
Loss of income - other service closures / changes	78,562	119,114
Loss of income - commercial	59,443	106,998
Loss of income - dividends and investment returns	40,250	2,046,600
Cabinet, Gold and Silver approvals for additional cost pressures (see <b>Appendix 2</b> )	3,045,462	6,979,270
Cabinet approved - additional costs arising from Covid-19 delay in the achievement of approved savings (see <b>Appendix 2</b> )	429,327	598,492
Forecast additional Covid-19 costs – currently under review	618,006	2,521,264
<b>Total pressures to date</b>	<b>5,636,712</b>	<b>15,168,214</b>
Government grant expected for loss of income	(859,985)	(859,985)
<b>Total pressures to date net of expected grant for loss of income</b>	<b>4,776,728</b>	<b>14,308,229</b>

- 4.6 The impact of Covid-19 beyond October 2021 is very uncertain. Whilst lockdown restrictions have now ceased, the impact of income losses on certain council services due to a reduced take up are expected to continue into the medium term. Even when all services are fully resumed, it is not clear when or if demand and therefore income will return to pre-Covid-19 numbers.
- 4.7 Covid-19 response funding is expected to be sufficient to fund the council's short term response to the pandemic (should no other pressures arise). Should pressures continue beyond October 2021, without the offer of additional government funding, then the council may need to take further action. Should additional costs be identified, then the council may need to replenish any utilised general reserves in year or during the 2022/23 budget setting process, putting the council's finances under potential strain. As such, Covid-19 funding requires careful management to ensure the council is not put under financial strain, leading to uncertainty about future financial stability.

#### Loss Of income

- 4.8 As reported to Cabinet previously, the council has faced significant reductions in sources of income, for example from the ongoing effects of closed or restricted demand on services such as leisure and car parking and traded services income from schools. Given councils' reliance on this income, the ability to balance the budget beyond the short term is challenging, as whilst Government has made a commitment to fund some of the income losses to June 2021, it is not covering all of them. The most significant of these are:
- Active Living Centre income losses – membership levels at July are down c23% on February 2020, and it is anticipated that it will take 18 months for numbers to recover - forecast income losses reflect this;
  - Car parks have been open throughout the pandemic but occupancy has fluctuated throughout. Current losses are based upon 40% income recovery to August 2021, followed by 50% for the remainder of the year.

- 4.9 The Government announced a scheme for reimbursement of lost income on 2 July 2020 to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the government cover 75p in every pound lost. A total of £2.29m was reimbursed for the period April – November 2020 and a final claim has been submitted for £956k. The Spending Round on 25 November 2020 announced a further £0.02bn for extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further three months until the end of June 2021 (the financial grant figure is subject to actual losses incurred in 2021/22 as they arise), this being estimated at £860k. The remainder of the income pressure will need to be funded from the unringfenced grant as shown in **Table 1** above, meaning less funds available to meet any further emerging cost pressures.

#### Additional Cost Pressures

- 4.10 On the expenditure side, there remain significant additional costs associated with Covid-19, including staffing, support to residents and council tax payers and businesses and support to the elderly and vulnerable particularly in relation to adult social care and children's. Some of these pressures will be funded from the specific Government grants. The remainder will be funded from the unringfenced funding / council's own resources. The most significant of these costs are:

- Adult Social Care demographics – there has been a significant increase in the number of clients receiving care packages. This is partly due to an increase in care packages relating to hospital discharges and additional demand relating to Covid-19. Discharges through the intermediate care service are currently funded through the hospital discharge process for a maximum of 6 weeks until the end of June 2021 and for a maximum of 4 weeks until the end of September 2021. After these periods the Local Authority are responsible for any associated costs;
- Increased costs relating to circa 55 looked after children due to delays in children stepping down and leaving care and reduced availability of appropriate placements;
- Waste has seen an increase of 2,886 tonnes (6.5%) in April to July compared to pre-Covid-19 levels.

There are a number of pressures totalling £1.44m to be funded from the unringfenced funding which Cabinet are requested to approve for 2021/22:

- Adult Social Care placement costs – anticipated costs of £3.36m against approved level of £2.21m (as per Cabinet 21 July 2021), therefore further approval required of £1.15m.
- Additional barrister fees within Legal Services of £293k due to the increased case load and general advice mainly within adult and children's social care directly related to Covid-19. Courts have also been closed so there has been very little movement in cases and working remotely has increased the time undertaken by legal services for each case.

#### Walsall Proud Savings

- 4.11 The 2021/22 budget is predicated on delivery of £28.90m from the directorates using Proud ways of working and thinking to be delivered from adopting those new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. The impact of Covid-19 is currently a delay in delivering £598k of savings, as shown in the summary at **Appendix 3**. This is in the main due to a refocus of resource into managing the

council's Covid-19 response; inability to generate fee and charges increases due to facility closures; and a delay in the commencement of consultation on a number of organisational redesigns.

- 4.12 Cabinet on 21 July 2021 approved the use of £905k of Covid-19 unringfenced grant funding to support the one-off shortfall in savings. This included a £306k saving for Money Home Job restructure, which is now being contained within the underspend of the service, thereby releasing £306k of Covid-19 grant.

### ***Impact of Covid-19 on Walsall residents / businesses***

- 4.13 A further £5.16m of support to Walsall residents and £144.15m for Walsall businesses has been awarded in the form of specific grants.

Support to Walsall residents – mainly in the form of Hardship funding and Test and Trace support payments, as summarised in **table 2** below.

<b>Table 2 – Support to residents</b>	<b><u>Allocation</u></b> <b>£</b>	<b><u>Spend to date 2021</u></b> <b>£</b>	<b><u>Variance</u></b> <b>£</b>	<b><u>Notes</u></b>
Hardship Fund	3,879,239	3,549,944	(329,295)	Scheme closed – balance to be used to fund any deficit on council tax income
Test & Trace main payments	680,500	589,000	(91,500)	Scheme still open
Test & Trace discretionary payments	599,000	323,500	(275,500)	Scheme still open
<b>Total support to Walsall residents</b>	<b>5,158,739</b>	<b>4,462,444</b>	<b>(696,295)</b>	

Support to Walsall businesses – the council continues to actively support local businesses directly affected by forced closures, partial closures or have had their trade affected by imposed restrictions, as summarised in **table 3** below.

<b>Table 3 – support to businesses</b>	<b><u>Allocation</u></b> <b>£</b>	<b><u>Spend to date 2021</u></b> <b>£</b>	<b><u>Variance</u></b> <b>£</b>	<b><u>Notes</u></b>
Grant to businesses	53,554,000	46,454,750	(7,099,250)	Repaid 16/02/21
Expanded retail discount – to fund shortfall in loss of NNDR income	27,776,648	28,998,708	1,222,060	Per NNDR3 2020/21 - extra grant expected
Nursery discount	109,168	105,730	(3,438)	Per NNDR3 2020/21
Extension to rate relief 2021/22*	11,944,137	10,898,213	(1,045,924)	Per NNDR1 2021/22 – final position to be reported in NNDR3
Local restrictions grants (Closed) (5 Nov - 2 Dec)	3,952,404	1,954,362	(1,998,042)	Scheme closed - Difference to be repaid
Local restrictions grants (Open) (2 Dec - 19 Dec)	511,597	291,815	(219,782)	Scheme closed - Difference to be repaid
Christmas grant for 'wet led' pubs	116,000	116,000	0	Scheme closed
Additional restrictions grant	9,661,176	9,624,953	(36,223)	Scheme closed - to be fully used
Local restrictions support (2 Dec - 4 Jan)	1,360,388	849,156	(511,232)	Scheme closed - Difference to be repaid

	<u>Allocation</u> £	<u>Spend to date 2021</u> £	<u>Variance</u> £	<u>Notes</u>
Local restrictions support grant (16 Feb - 31 March)	12,139,527	6,352,992	(5,786,535)	Scheme closed - Difference to be repaid
Further lockdown grants	11,853,000	6,196,000	(5,657,000)	Scheme closed - Difference to be repaid
Restart programme	11,172,591	8,728,106	(2,444,485)	Scheme closed - Difference to be repaid
<b>Total support to Walsall businesses</b>	<b>144,150,636</b>	<b>120,570,785</b>	<b>(23,579,851)</b>	

\*Current position, although subject to amendment throughout the remainder of the year

### **Revenue Forecast 2021/22 - Service Pressures**

- 4.14 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures. The current council wide forecast of non-Covid-19 pressures shows a variance of **£2.42m** to budget, as summarised by directorate in **Table 4**. Any on-going pressures identified and not addressed in year will need to be considered as part of the 2022/23 budget process. Work continues to address these areas of pressure by year-end.

**Table 4: Forecast revenue analysis 2021/22 by Directorate**

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
	£m	£m	£m	£m	£m	£m
Adult Social Care & Public Health	55.41	75.23	19.81	(17.02)	1.88	4.67
Children's Services						
- Children's and Education	61.21	66.34	5.13	(5.49)	0.37	0.01
- Customer Engagement	4.22	5.10	0.89	(1.25)	0.00	(0.36)
Economy, Environment & Communities	36.77	41.47	4.69	(5.64)	0.50	(0.45)
Resources & Transformation	24.22	26.29	2.08	(2.68)	0.35	(0.25)
<b>Services Position</b>	<b>181.83</b>	<b>214.43</b>	<b>32.60</b>	<b>(32.08)</b>	<b>3.10</b>	<b>3.62</b>
Capital Financing	23.67	21.14	(2.53)	(3.36)	4.69	(1.20)
Central budgets	(72.95)	(87.84)	(14.89)	(3.51)	18.40	0.00
<b>Total council tax requirement</b>	<b>132.55</b>	<b>147.72</b>	<b>15.17</b>	<b>(38.95)</b>	<b>26.19</b>	<b>2.42</b>

- 4.15 The year-end forecast includes the use of earmarked reserves of £38.95m and transfers to earmarked reserves of £26.19m.

Earmarked reserves are created for specified purposes. These are all planned to be used, although the period over which they are to be used may vary. Covid-19 costs funded from the S31 Covid-19 Response Fund, Sales, Fees and Charges grant (SFC) and other Covid-19 related grants carried forward from 2020/21 are recorded as expenditure within the services, with a corresponding transfer in of grant from earmarked reserves to fund the costs and these total £24.46m of the £38.95m planned use of reserves.



Of the £26.19m of transfers to reserves, £9.65m relates to Covid-19 grants, with the balance of £16.54m planned to be transferred for future use.

This results in projected closing earmarked reserves of £197.36m as shown in **Table 5**, with full details of the reserves shown in **Appendix 5**.

<b>Table 5: Earmarked Reserves</b>				
	<b>Opening Balance 01/04/21</b>	<b>Transfers from Reserves</b>	<b>Transfers to Reserves</b>	<b>Closing Balance 01/03/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury Reserves	22.66	(0.78)	4.69	26.57
Grant / Contributions received in advance	18.03	(5.79)	3.52	15.76
Improvement projects	33.66	(2.82)	4.51	35.35
Cost Pressures	10.66	(0.73)	0.00	9.93
Council Liabilities	43.14	(0.66)	3.82	46.30
Covid-19 grants	45.02	(27.02)	9.65	27.65
Public Finance Initiatives	22.04	(0.45)	0.00	21.59
Risk	7.64	-	0.00	7.64
Other	7.27	(0.70)	0.00	6.57
<b>Total</b>	<b>210.12</b>	<b>(38.95)</b>	<b>26.19</b>	<b>197.36</b>

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 Proud activity;
- **Cost pressures.** To include review of working practices including blended working, fluctuations in service demand such as in adult social care, crisis support and LAC;
- **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 2021/22 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.

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

#### 4.16 Adults Social Care £4.67m

The current net forecast position, after the planned use of reserves is an over spend of £4.67m, the main reasons being;

- £620k – net increase in demand management placements above expected. The increase in costs is mainly associated with the impact of accelerated hospital discharges and transition into longer term care packages from Intermediate care services and is partially offset by joint funding income and client contributions. This is currently being reviewed to determine if the increase seen in the first 4 months will continue for the remainder of the year or if this is a one-off peak.
- £390k – the Procure to Pay saving carried forward from 2019/20 was £1.29m of which £210k has been validated to date on an ongoing basis and is included in the current forecast position. The remainder is partially offset by additional direct payment refunds of £690k. Further work is underway to mitigate the remaining pressure including a review of existing provider payments;
- (£130k) – Communications, Brand and Marketing - due to the one-off use of Covid-19 funding.
- £3.79m of savings within the directorate plans not being fully achieved (further details are shown in **Appendix 3**).

There are also risks of £10.33m which could impact the forecast position should they materialise and these are detailed in **Appendix 4**.

#### 4.17 Public Health (on budget)

The forecast revenue position for 2021/22 before net use of/transfer to reserves is an under spend of £530k due to an underspend on staffing costs due to the impact of one-off funding to support the local authority's Covid-19 response and vacant posts within the service, partially offset by costs associated with short term projects. As Public health is funded from ringfenced grant, after net transfer to reserves totalling £530k, Public Health is on budget. This includes spend on sexual health services, drug and alcohol prevention and rehabilitation services, health visiting, school nursing, control of infectious diseases, oral health promotion, healthy weight and smoking cessation services.

#### 4.18 Children's - on budget

The current forecast is to be within budget, after the net use of reserves of £5.12m.

Based on the current number / mix of children in care and the projected future inflow/outflow for the remainder of the financial year, the total forecast costs are £26.21m. The current budget is £25.98m therefore there is a forecast overspend of £226k relating to looked after children. This forecast includes the use of £2.95m of approved growth and ring-fenced earmarked reserves of £226k, reducing the forecast position to nil.

There is also a further pressure of £322k on home to school transport, due to an increase in transport demand of 71 pupils, of which 60 pupils are SENDI provision for additional places at two Special Schools within the Borough. This has been funded from earmarked reserves.

There are risks of £1.76m which could impact the forecast position should they materialise, and these are detailed in **Appendix 4**.

#### 4.19 Customer Engagement (£364k)

The current net forecast position, after the planned use of reserves, is an underspend of £364k mainly as a result of underspends on salaries.

#### 4.20 Economy, Environment and Communities (£445k)

The current net forecast position after the net use of/transfer to reserves is an underspend of £445k. The main reason is mitigating actions being taken, such as holding vacant posts, underspends on other staffing costs and supplies and services to mitigate some delays in delivery of savings, and use of COMF funding.

There are also risks of £741k which could impact the forecast position should they materialise and these are detailed in **Appendix 4**.

#### 4.21 Resources and Transformation (£253k)

The current forecast position after the net use of/ transfer to reserves is an underspend of £253k. The main reasons are:

- Programme Management (£55k) – underspend on salaries;
- Soft IFM (223k) -
  - (£94k) Cleaning – underspend on salaries and cleaning materials part offset by under recovery of contract income £75k;
  - £85k Caretaking - under recovery of income and overspend on salaries;
  - (£76k) Catering - overspend on salaries offset by reduced spend on catering provisions and the use of Covid-19 reserves to fund the loss of Bistro income;
  - (£118k) Other – mainly due to underspends on SCPW salaries due to vacancies and car allowances and an underspend on professional fees.
- ICT (£132k) - underspend on salaries due to vacant posts and implementing the IT operating model (£510k), offset by overspends on computer equipment £164k, agency staff £75k, unachieved savings £64k and under recovery of income £75k.
- HR £144k - underspend on salaries due to holding vacant posts (£195k), offset by agency staff £30k, recruitment expenses £11k, subscriptions £20k, training £14k and computer equipment £13k, under recovery of income £73k, overspends on professional fees £25k, and unachieved savings for the administration and business support team of £153k.

#### 4.22 Capital Financing (£1.2m)

Borrowing to be taken out to cover the 2020/21 capital programme was expected to take place in this financial year, but following a review of cash balances it is more prudent to allow for a planned delay in undertaking borrowing, which reduces the cost of carry as well as reducing counterparty risk. This has resulted in a saving against budget of £1.20m.

### ***Impact on approved savings in 2021/22***

- 4.23 The 2021/22 budget approved by Council on 25 February 2021 includes £28.90m of benefits realisation (savings) against Proud activity. Directors are required to ensure that service delivery plans are developed to fully deliver these in year.
- 4.24 There are currently benefits of £6.41m at risk of delayed or non-delivery. These are shown in **Appendix 3** along with the reason and mitigating actions totalling £2.24m, including £598k approved to be funded from one off Covid-19 grant in 2021/22. Of the £6.41m savings, £3.65m is due to delays in implementation and will be fully realised in 2022/23. The impact of this on the outturn is included within this report. Action is being taken to reduce the level of risk in relation to non-delivery of the remaining £2.76m.

### ***General reserves***

- 4.25 **Table 6** shows the current level of general reserves expected at 31 March 2022. The MTFF requires a minimum level of reserves is maintained at all times – this being set at £6.2m – as such, wherever possible, alternative actions should be taken to ensure that at minimum this level is maintained in year and where possible, general reserves are maintained at the level recommended by the CFO, currently set at £16.4m. Work is in hand to reduce the call on general reserves in year.

<b>Table 6: General Reserves</b>	
<b>Details</b>	<b>£m</b>
Opening balance @ 1 April 2021	17.690
Less forecast overspend as at August 2021	(2.420)
<b>Remaining general reserves</b>	<b>15.270</b>

### ***Planning Service***

CMT have assessed several options in respect of the performance of the Planning Service to improve capacity, delivery, responsiveness and efficiency of their workload thus improving customer experience and achievement of outcomes.

Of the options considered, the agreed option was to invest in the service up to £250k per annum for up to 2 years to create additional roles including a S106 monitoring, a legal post to cover S106, enforcement and prosecution matters, a tree officer, planning advice administrative support and a service business manager.

This will enable performance/improvement reporting to be baselined in October and regular reports and monitoring to follow; measuring the level of service improvement being achieved.

Cabinet are requested to approve the use of reserves of up to £500k over 2 years to fund the requested investment. However, this funding will only be drawn down if costs cannot be accommodated from within EE&C budgets. The directorate currently has a forecast underspend for 2021/22, therefore, subject to the corporate position, this will be a first call for funding.

### ***Capital Programme 2021/22***

- 4.26 The revised capital programme for 2021/22, as approved by Cabinet on 21 July 2021 was £223.17m. **Table 7** summaries amendments made to date, resulting in a revised programme of £228.24m.

Table 7: Amendments to Capital Programme 2021/22	
Project	£m
<b>Capital programme 2021/22 per Cabinet 21 July 2021</b>	<b>223.17</b>
<b>Council Funded Resources</b>	
Lighting Invest to Save (virement from pipeline investment)	3.35
Land at Reedswood (virement from pipeline investment)	0.71
Children's residential (virement from pipeline investment)	1.07
Future High Streets (virement from pipeline investment)	0.13
Transit site (virement from pipeline investment)	0.33
Social Housing decarbonisation match funding	0.02
Pipeline Investment	(5.59)
<b>Externally Funded</b>	
Local Authority Delivery scheme (LADS) 2	1.34
A41 Moxley MRN Prep Fund (WM Combined Authority)	0.05
A41 Moxley Transforming Cities Fund (City of Wolverhampton Council / WM Combined Authority)	0.07
Active travel (Tranche 2)	1.04
High Needs Provision Capital Allocation (HNPCA)	1.42
Disables Facilities Grant	0.42
Flood Alleviation - Bloxwich Road	0.09
Tower Street Culvert	0.31
NCN5 Veolia Trust	0.06
Better Streets - NCN5 Cycle Route Improvement	0.15
Better Streets - Hawes Rd Improvement	0.10
<b>Revised capital programme 2021/22</b>	<b>228.24</b>

**Table 8** summarises the 2021/22 capital programme and forecast outturn after the re-phasing of projects into 2022/23.

Table 8: Forecast capital analysis 2021/22					
Directorate	Budget £m	Predicted year end forecast £m	Variance before Carry forward £m	Carry Forward £m	Variance Over / (Under) £m
Council funded	95.91	54.60	(41.31)	41.31	0.00
Externally funded	132.33	82.45	(49.88)	49.88	0.00
<b>Total</b>	<b>228.24</b>	<b>137.05</b>	<b>(91.19)</b>	<b>91.19</b>	<b>0.00</b>

- 4.27 The capital forecast is expected to be on budget after re-phasing of £91.19m from 2021/22 to 2022/23 as detailed in **Table 9**. 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 as awaiting funding or Government approval, etc.

Table 9: Re-phasing of funded schemes 2021/22 to 2022/23	
Project	£m
<b>External Funded</b>	
Basic need	16.86
Capital maintenance	3.61

Project	£m
Land Property and Investment Fund	29.41
<b>Council Funded</b>	
School estate condition survey	0.15
Pipeline investment	22.70
Looked after children out of borough placements	0.20
Children's services locality project	0.07
Strategic acquisition for 3rd Sector Hub and operational accommodation	2.68
Middlemore Lane Waste Recycling Centre	10.84
MYCMIS – Committee Management Information System	0.02
Data backup system replacement	0.05
ICT- safe and secure environment	1.10
Enabling technology	3.10
Telephony cloud based system	0.20
Proud card payments digital website	0.20
<b>Total</b>	<b>91.19</b>

#### Pipeline Investment

- 4.28 A provision of £28m was made in the 2021/22 approved capital programme for council pipeline investment opportunities, including emerging regeneration schemes, where funding or match funding is required, and major capital projects. The £28m is part of an overall £40m set aside over 3 years, with the current proposed use (and unallocated amounts) set out in **table 10** below. As can be seen 2022/23 and 2023/24 are currently over-programmed, which will require some realignment of the investment funds between years.

Council on 27 February 2021 approved £301k to fund the costs of a new temporary transit site. A further business case was endorsed by Strategic Investment Board (SIB) on 14 September 2021 for a further £328k of funding arising from site condition and enforcement requirements, to be funded from the pipeline investment. This is shown in **Table 7** of the report as an amendment to the capital programme for Cabinet approval.

<b>Table 10 : Pipeline Investment 2021/22 to 2023/24 – planned allocations</b>					
<b>Scheme</b>	<b>Approval</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Total £m</b>
Regional Materials Recycling Facility	Cabinet 17 March 2021	0.00	0.65	0.91	1.56
Future High Street Fund - match	Cabinet 21 April 2021	0.13	2.48	2.50	5.11
Reedswood Land (risk)	Cabinet 16 June 2021	0.70	0	0	0.70
Street Lighting	Cabinet 16 June 2021	3.35	6.50	0.74	10.59
Children's Residential	Cabinet 16 June 2021	1.07	0	0	1.07

<b>Scheme</b>	<b>Approval</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>Total £m</b>
Transit site – part funding	Business case endorsed by SIB 14 Sept 2021	0.33	0	0	0.33
<b>Total forecast</b>		<b>5.58</b>	<b>9.63</b>	<b>4.15</b>	<b>19.36</b>
Unallocated		22.42	(1.63)	(0.15)	20.64
<b>Total allocation</b>		<b>28.00</b>	<b>8.00</b>	<b>4.00</b>	<b>40.00</b>

### ***Financial Health Indicators***

- 4.29 **Appendix 6** contains financial health indicator performance as at 31 August 2021. 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***

- 4.30 The indicators show the actual borrowing and investment rates for 2020/21 and the forecast for 2021/22 against set targets. Proactive and robust management of the council's debt and investment portfolios is forecast to result in positive variances against the financial health indicator targets for 2021/22.

Average interest rates on borrowing show an improvement against targets as a result of the council taking out new borrowing at favourable rates, whilst repaying older higher rate loans at maturity. An exception to this is the average borrowing rate excluding and including other local authority debt which is currently showing as 8.67% and 6.15% above target, but this will reduce to below the target once planned borrowing for capital expenditure is taken out later in the financial year.

#### ***Balance Sheet***

- 4.31 This details ratios for the financial years 2016/17, 2017/18, 2018/19, 2019/20 and pre-audit figures for 2020/21 which show the liquidity of the authority.

#### ***Revenue performance***

- 4.32 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 2021/22 and the performance against profile for 2021/22. Sundry debt collection is better than the target by 6 days with performance in relation to the processing of creditor payments also better by 8 days. Both council tax and business rates collection are just short of the target.

#### ***Management of Resources***

- 4.33 This section details the outturn position for 2020/21 (post-audit) and 2021/22 year-end forecast for revenue and capital, which is based on the financial position as at 31 August 2021. The revenue forecast for 2021/22 shown is an overspend of £2.42m after successful delivery of corrective action plans.
- 4.34 Mainstream capital (funded from the council's own resources) as at 31 August 2021 is forecast to be on budget, after the rephrasing of £91.19m into 2022/23. 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***

- 4.35 **Appendix 7** contains the prudential indicators as at 31 August 2021. 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***

- 4.36 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 2020/21 and are forecast to be met in 2021/22.

### ***Local Indicators***

- 4.37 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.

Specific variances to highlight are:

- L2 – Average length of debt – The target acceptable limit is within 15-20 years. The authority's current position is 16.81 years, which is within the target range;
- L3a - Net borrowing costs as % of net council tax requirement (variance of -63.94%). 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, 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 overall net borrowing costs;
- L3b - Net borrowing costs as % of tax revenue (variance of -62.89%). 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, 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 overall net borrowing costs;
- L8 – Average rate achieved on short term interest vs at call rate – The target is to achieve a 50% better rate on short term investments vs the current at call rate (i.e. do nothing other than leave all cash in overnight at call accounts). In August the at call rate was 0.05%, resulting in 50% above target of 0.075%. The short term interest rate achieved was actually 0.39%, which results in a 680.00% favourable variance above the at call rate.

### ***Medium Term Financial Framework (MTFF)***

- 4.38 Best practice financial management requires that the MTFF is regularly updated to take into account the changing environment within which we work. The MTFF has been updated to reflect the following:
- Reference to the refreshed Corporate Plan 2021-22 as approved by Council on 10 February 2021;



- Updates to the national policy, financial context and the medium term financial outlook, following approval of the 2021/22 budget by Council on 10 February 2021;
- Updates to reflect the requirements of the CIPFA Code of Financial Management. A high level assessment of the council's arrangements against the Code was reported to CMT along with actions for improvement. These were subsequently reported to Audit Committee, as those 'charged with governance', and Cabinet. Action plan progress will be reported as appropriate.

The revised MTFF is attached at **Appendix 8**.

### ***Write off of debt***

- 4.39 The following write off (as it is £10,000) requires the approval of Cabinet;
- £13,091.15 relating to home care arrears charged prior to moving into permanent residential care. This debt is recommended for write off at the request of Adult Social Care due to no recourse by the client to repay the funds owed.

### **Council Corporate Plan Priorities**

- 4.40 The council's financial strategy and annual budget process is designed to ensure that resources follow council priorities and outcomes as set out in the Corporate Plan. Covid-19 creates risk, in that resources need to be redirected to support the council's response, and Government funding may be insufficient to fully cover both the direct (additional costs pressures, loss of income) and indirect costs (cost of reset and costs arising from delays in savings delivery due to the need to focus on our Covid-19 response). Regular dialogue is being held with DLUHC officials to seek full recovery of costs and maintain the council's delivery of key priority services at the expected standard.

### **Risk Management**

- 4.41 The council is having to make decisions that have a financial impact without a guarantee that the costs will be fully compensated for by the Government. The most obvious financial risk is therefore that the council will, if it is not fully reimbursed for all of its direct and indirect costs, overspend its 2021/22 budget, and reduce its general reserves.
- 4.42 The 2021/22 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 are applied in terms of the continuing impact of the global pandemic and there is therefore a risk that reserves are insufficient if costs continue to increase without the corresponding allocation of funding to meet this from Government.
- 4.43 The short term risk of this is being managed through close management and reporting of costs, loss of income, and indirect impacts through Cabinet/Gold/Silver Control meetings as appropriate.

- 4.44 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) has been reviewed and amended to reflect the impact of Covid-19. The SRR has been reported to CMT and oversight in relation to this rests with Audit Committee, which will receive a number of reports during 2021/22.
- 4.45 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. 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.

### **Financial Implications**

- 4.46 The financial implications are as set out in the main body of this report. The total final cost of Covid-19 is unknown at this stage, although a forecast is assumed based on known and forecast assumptions. The implications of costs exceeding grant allocated are set out in the report and within the legal implications section of the report. Monthly returns are being provided to DLUHC of high-level projections of costs, however it is unclear whether and how further funding will be made available and how this will be designed to reflect the individual circumstances and financial losses at an individual authority level.
- 4.47 In addition to the implications for the 2021/22 budget, Covid-19 may impact on the council's reserve levels, with knock-on implications on the council's budgets for 2022/23 and future years. This remains under review. A specific assurance on the Government's plans to compensate for such losses would be welcomed by council's to ease this burden.
- 4.48 Inevitably, if funding is not provided to fully cover shortfalls, then council's will need to consider other actions short of S114 notices, including identifying further alternative savings options as set out in the main text of this report, and potentially emergency budgets.
- 4.49 The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

### **Legal implications**

- 4.50 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), 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.
- 4.51 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. Assurance from Government that it will cover all

direct and indirect costs of Covid-19 is therefore essential to allow council's to manage their legal obligations and maintain financial stability going forward.

- 4.52 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 temporary modifications to guidance would mean that it should not normally be necessary for S.114 notices to be issued while informal discussions with government are in progress. The institute has proposed two specific modifications:
- 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's Executive (Cabinet) and the external auditor.
- 4.53 The council will 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**

- 4.54 A number of goods and services, such as PPE, are currently being procured and procurement colleagues are working closely with services to ensure this is done in an agile, but compliant manner.

### **Property Implications**

- 4.55 Many council premises have been either closed or open with restricted access to essential workers.

### **Health and Wellbeing Implications**

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

### **Staffing Implications**

- 4.57 There have been significant implications for staff and how they support delivery of services. There are opportunities to review our future ways of working as part of 'reset'.

### **Reducing Inequalities**

- 4.58 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. Budget proposals are equality impact assessed and consulted on as

appropriate, with feedback and actions arising from these reported to members during budget setting.

## **Climate Change**

- 4.59 This report is prepared with consideration of the council's Climate Change Action Plan, and all budget proposals will be assessed against the six key areas of the plan: strategy, energy, waste, transport, nature, resilience and adaptation (as appropriate).

## **Consultation**

- 4.60 The report is prepared in consultation with the s151 Officer, relevant managers and directors. Comprehensive consultation will be undertaken during the budget process and feedback used to inform final decisions.

## **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 be presented to Cabinet to inform them of the impact of Covid-19 and the forecast for 2021/22, including an update on risks and impact on the budget for 2022/23 and beyond.

## **Background papers:**

- Various financial and working papers;
- Corporate Budget Plan 2021/22 to 2023/24, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2021/22 Onwards – Council 25 February 2021;
- Corporate Financial Performance 2021/22, Covid-19 update, approach to Budget Setting for 2022/23, and changes to the Council's Tax Strategy - Cabinet 21 July 2021.

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Signed:



**Deborah Hindson**  
**Interim Executive Director of Resources**  
**& Transformation (S151 Officer)**

20 October 2021

Signed:



**Councillor M Bird**  
**Leader of the Council**

20 October 2021

## Appendix 1: Covid-19 Funding

Source of Funding	Lead Officer	Costed plan in place	Walsall allocation			Forecast 2021/22	
			Carried forward from 2020/21 £	2021/22 allocation £	Total funding £	Actual to August 2021 £	Forecast Annual 2021/22 £
Unringfenced grant							
COVID-19 Support Package (1)	Vicky Buckley*		4,971,738	9,225,164	14,196,902	4,776,728	14,308,229
Loss of income grant							
Forecast recoverable income for Qtr 1 2021/22 - estimated (2)	Vicky Buckley		0	859,985	859,985	859,985	859,985
Ringfenced grant							
Test and Trace support payments (3) - grant for admin of scheme	Mark Fearn	Y	0	135,134	135,134	75,745	135,134
New Burdens Funding - Business rates admin (4)	Elise Hopkins	Y	240,721	290,800	531,521	158,572	531,521
Wellbeing for Education funding (5)	Trudy Wyatt	Y	40,416	35,107	75,523	40,416	75,523
Contain Outbreak Management Fund (6)	Stephen Gunther	Y	5,677,654	2,380,687	8,058,341	2,665,642	8,058,341
Winter support package / Local Support Grant (7)	Elise Hopkins	In part	62,061	1,334,995	1,397,056	1,103,583	1,360,089
Clinically Extreme Vulnerable support grant (8)	Paul Gordon	Y	452,541	0	452,541	242,997	452,541
Community Testing (9)	Stephen Gunther	Y	0	832,410	832,410	712,818	832,410
Community Champions (10)	Paul Gordon	Y	432,500	0	432,500	83,522	432,500
Elections (11)	Susan Wright	Y	0	70,306	70,306	70,306	70,306
Welcome Back Fund (12) / Reopening High Streets Safely Fund	Dave Brown	Y	86,070	253,601	339,671	97,756	339,671
LA Practical Support or those self isolating / Self isolation Support Framework (13)	Paul Gordon	Y	0	431,843	431,843	42,837	59,712
Infection Control & Testing Fund (14) – Infection & Prevention Control**	Tracy Simcox	Y	0	1,462,846	1,462,846	858,976	1,462,846
ASC rapid testing			0	1,078,184	1,078,184	610,830	1,078,184
Total unringenced and ringfenced grants for Walsall (excluding support to businesses)			11,963,701	18,391,062	30,354,763	12,400,712	30,056,992

\*Via approval by Cabinet/Gold/Silver

- 1 Covid-19 Response Fund / Support Package** – unringfenced funding to support additional costs / pressures arising from the pandemic.
- 2 Grant for reimbursement of lost income** - to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the Government will cover 75p in every pound lost for the period April – June 2021.
- 3 Test and Trace Support payments** – to cover payments of £500 to support people on low incomes who have been told to self-isolate who are unable to work from home and will lose income as a result. This includes parents and guardians who are not required to self-isolate, but who have to take time off work to care for a child who is self-isolating because they are unable to work from home and will lose income as a result.
- 4 New Burdens funding / business rates admin** – MHCLG (now DLUHC) recognised that implementing new business rates measures will place some additional burden on billing authorities and confirms that it will provide New Burdens funding to cover matters such as IT costs, additional staff costs and rebilling.
- 5 Wellbeing for Education funding** - to support the Wellbeing for Education Return project which seeks to better equip education settings to support pupils and students' wellbeing and psychosocial recovery as they return to full-time education.
- 6 Contain Outbreak Management Fund (COMF)** – based on population numbers, to support local test, trace and contain activities as well as wider measures to protect public health and local economies.
- 7 Winter Grant Scheme / Covid Local Support Grant** – Scheme to support children, families and the most vulnerable with food and utility bills including food vouchers and help with heating costs during winter. Support in each area is designed by local councils to make sure the needs of the community are met.
- 8 Clinically Extreme Vulnerable support Grant** – to support the clinically extremely vulnerable, specifically to provide support, such as access to food deliveries and signposting to local support of befriending services to those most at risk and to enable them to stay at home as much as possible.
- 9 Community Testing** – to provide support to the Local Authority towards expenditure incurred in relation to Community Testing in response to the Covid-19 outbreak.
- 10 Community Champions** - aims to support a range of interventions to build upon, increase or improve existing activities to work with residents who are most at risk of Covid-19 - helping to build trust and empower at-risk groups to protect themselves and their families. The broader aim is to reduce the impact of the virus on all communities, beyond just the target areas that we will work with through this scheme.
- 11 Elections** - allocated funding to cover the additional costs of implementing the required Covid-19 measures in May elections.
- 12 Welcome Back Fund** - to help councils boost tourism, improve green spaces and provide more outdoor seating areas, markets and food stall pop-ups – giving people more, safer options to reunite with friends and relatives.
- 13 LA Practical support for those self isolating / Self Isolation Support Framework** - to provide funding to local authorities to provide practical support for those self-isolating. This funding stream is ring-fenced for public health purposes to tackle Covid-19 working to break the chains of transmission and protecting people.

**14 Infection Control and Testing Fund** – the purpose of this fund is to support adult social care providers to:

1. reduce the rate of Covid-19 transmission within and between care settings through effective IPC practices and increase uptake of staff vaccination, and;
2. conduct rapid testing of staff and visitors in care homes, high risk supported living and extra care settings, to enable close contact visiting where possible

## Appendix 2 – Cabinet / Gold / Silver Covid-19 Approvals

		Approved allocation 2021/22			Forecast 2021/22	
Date	Approval	Carried forward from 2020/21 £	2021/22 allocation £	Total approval £	Actual to August 2021 £	Forecast Annual 2021/22 £
Cabinet approvals						
19/05/2020 & 09/12/2020	Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers. Continuation of 'payment by plan' (except where there is no evidence of care having taken place) for domiciliary care services until the 31 March 2021, with delegated authority to the Executive Director of ASC approved 09 Dec. £319,000 approved by Cabinet on 19 May and £1,359,324 on 9 December (2021/22 expenditure funded from COMF)	307,829	0	307,829	0	0
12/08/2020 & 10/02/2021	Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers – £500,000 approved by Cabinet on 12 August 2020 and £900,000 approved by Cabinet on 10 February 2021. Further to the £200,000 approved by Cabinet on 19 May 2020 (2021/22 expenditure funded from COMF)	651,237	0	651,237	0	0
19/04/2021	Expected shortfall in 2021/22 savings requirement for Money Home Job, given the increased work for managing Covid business grants – Savings target of £925,268 with £421,818 expected to be delivered plus £197,000 use of Homelessness Prevention grant, leaving shortfall of £306,450. Initial Gold approval on 15/04/21, and subsequent approval by Leader/Portfolio Holder at briefing 19/04/21, and Cabinet 21 July 2021. Now funded from service underspend.	0	306,450	306,450	0	0
21/07/2021 & 20/10/2021	Additional placement costs relating to a significant increase in domiciliary care numbers during the pandemic and a shortfall of client contributions - £2.2m approved by Cabinet on 21/07/21 and a further £1.15m – <b>subject to approval at this meeting</b>	0	3,358,953	3,358,953	1,175,761	3,358,953
21/07/2021	Increased workforce costs above the current budget due to increased demand in safeguarding and backlog of assessments. Safeguarding has seen an increase in number of concerns every month over the last six months resulting in additional agency staff being required to cover the additional demand - includes £80,074 Add workload in ASC learning disabilities and £265,014 agency social workers to address demand in safeguarding as approved by Gold on 24/06/21 and 01/07/21 respectively	0	502,421	502,421	128,508	500,000
21/07/2021	Increased costs relating to circa 55 looked after children due to delays in children stepping down and leaving care and reduced availability of appropriate placements	0	2,068,756	2,068,756	881,065	2,103,356
21/07/2021	Increase in waste disposal costs based on 2020/21 tonnage arising from people being home more and continuation of blended working	0	735,000	735,000	323,351	177,480
21/07/2021	Funding of one-off shortfall in 2021/22 savings - total £904,942 less £306,450 MHJ approved by Leader on 19/04/21 as above	0	598,492	598,492	429,327	598,492
20/10/2021	Legal support - Barristers fees - approved by Gold 16/09/21 – <b>subject to approval at this meeting</b>	0	292,682	292,682	125,752	292,682
Total Cabinet approvals to date		959,066	7,862,754	8,821,820	3,063,763	7,030,962
Gold Control approvals >£50k						
02/11/2020	Social distancing measures, signage etc	52,623	0	52,623	12,035	28,881
18/03/2021	EHC assessment – managing the backlog of Education Health Care Plans – April to June 2021	0	191,950	191,950	191,950	191,950
24/06/2021	Vaccination bus costs for 10 weeks- £85,370 funded from Contain Outbreak Management Fund 2021/22 allocation	0	0	0	0	0



Date	Approval	Approved allocation 2021/22			Forecast 2021/22	
		Carried forward from 2020/21 £	2021/22 allocation £	Total approval £	Actual to August 2021 £	Forecast Annual 2021/22 £
05/08/2021	Vaccination bus – Option 3 to extend bus programme for a further 4 weeks for 1st vaccination uptake and continue buses for a further 8 weeks beyond this to support 2nd vaccinations (total 19 weeks) £248,831 (£137,572 funded from COMF and £111,259 from CCG)	0	0	0	0	0
07/10/2021	Additional costs in soft IFM (Cleaning, Caretaking and Catering 2021/22 schools related)	0	136,178	136,178	60,489	136,178
<b>Total Gold approvals to date</b>		<b>52,623</b>	<b>328,128</b>	<b>380,751</b>	<b>264,474</b>	<b>357,009</b>
<b>Silver Control approvals &lt;£50k</b>						
28/01/2021	Administration of One Source Programme – extension of experienced ICT Project Management contractor (in place since Nov 2019) to cover the implementation phase for the payroll module Feb – May 2021 and the wrapping up of the programme (May – June 2021)	29,250	0	29,250	28,575	28,575
08/02/2021	Additional Vodafone charges being incurred whilst working remotely for the period April 2021 – September 2021	0	32,400	32,400	27,000	32,400
15/02/2021	ICT resource to enhance customer service – included ICT traded services to schools – April 2021 – March 2022	0	32,863	32,863	10,824	31,614
15/03/2021	Children's system development – project support resource to manage and implement changes to Capita and Mosaic. 5 months until Aug/Sept	0	50,000	50,000	35,401	50,000
30/03/2021	Support to domiciliary care market – additional capacity by bringing extra providers onto the community based services framework – Q1 2021/22	0	16,002	16,002	16,002	16,002
12/04/2021	Shared lives - £1,000 per 27 households who receive long term shared lives carers to receive recognition and recompense for and due to the ongoing Covid restrictions and in light of their continued support to individuals in placement – April 2020 – March 2021	27,000	0	27,000	27,000	27,000
28/04/2021	Bulk email costs - for emailing monthly update newsletter to citizens Apr-2021 - March 2022	0	4,200	4,200	1,750	4,200
<b>Total Silver approvals to date</b>		<b>56,250</b>	<b>135,465</b>	<b>191,715</b>	<b>146,552</b>	<b>189,791</b>
<b>Total Cabinet / Gold / Silver approval for additional cost pressures 2021/22</b>		<b>1,067,939</b>	<b>8,326,347</b>	<b>9,394,286</b>	<b>3,474,789</b>	<b>7,577,762</b>

### Appendix 3 - Walsall Proud - Benefits 2021/22 currently identified as potentially at risk of delayed delivery

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
<b>Resources and Transformation</b>								
OP59	HR restructure	Enabling Support Services	100,000	100,000	0	100,000	Restructure not finalised yet but first quarter to understand and develop proposals and then second quarter to implement once the proposals are organisationally understood.	A number of posts are being held vacant whilst the restructure work is being finalised.
Various	Admin & business support wave 1 implementation	Enabling Support Services	552,062	153,308	0	153,308	Shortfall on centralisation and restructure phase1 and delay in phase 2 expected.	The service will aim to mitigate the in year pressure ongoing through further work with directorates to identify any further benefits and the completion and implementation of the full restructure of the service. For 2021/22 one off underspends from vacant posts are being used to support the mitigating actions. Both the service & Finance are confident that this will be mitigated in year and will continue to be monitored closely.
OP49A	Consolidation of shadow IT and ITOM efficiencies	Third Party Spend	64,000	64,000	0	0	Revision of ITOM blueprint has put delivery of these benefits at risk in year. Benefit is dependent on the implementation of full original ITOM blueprint. This puts the deliverability of this £64k at risk. ITOM is not in place as at 1 April, therefore any benefit achieved in 2021/22 will be part year.	The full ITOM blueprint has been revised with an affordable model addressing the priority of cyber security, enterprise architecture and business relationship management to be implemented. Further work required.

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
OP48A	Infrastructure & Technology Changes - Cloud Navigation / Fibre	Third Party Spend	150,000	120,000	120,000	0	Currently behind schedule due to increased working from home, power cuts and other impact of Covid-19. Current focus is on delivering essential services to keep the core business of the council running.	Progress delayed by Covid-19 and benefit requested to be funded via Covid-19 unringfenced grant for 2021/22.
OP35	Efficiencies savings within legal services	Enabling Support Services	66,666	33,333	0	33,333	Further efficiencies yet to be confirmed.	Efficiencies have been identified from legal non-staffing budgets.
OP113	Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	78,433	78,433	0	18,333	Next phase of work not yet identified, planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £18k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
OP109	Admin & business support cross council efficiencies	Enabling Support Services	47,060	47,060	0	11,001	Next phase of work not yet identified, planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £11k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
<b>Total Resources &amp; Transformation</b>			<b>1,058,221</b>	<b>596,134</b>	<b>120,000</b>	<b>315,975</b>		
<b>Children's Services</b>								
OP7	Mother & Baby - Daisy Project	Third Party Spend	739,980	295,992	295,992	0	Issue around implementation dates, Director working to find a solution.	Project delayed due to Covid-19 issues with recruitment. Gold/Cabinet proforma has been presented for approval for saving to be funded from Covid-19 unringfenced grant for 2021/22. Service are working to identify additional families to work with throughout this financial year in order to achieve the saving in full from 2022/23 onwards.

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
OP113	Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	169,706	169,706	0	64,912	Next phase of work not yet identified, planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £40k is mitigated corporately in year with a further £25k mitigated by service underspends, actions to have been requested from services.
OP109	Admin & business support cross council efficiencies	Enabling Support Services	101,823	101,823	0	38,947	Next phase of work not yet identified, planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £24k is mitigated corporately in year with a further £15k mitigated by service underspends, actions to implement the remaining saving have been requested from services.
<b>Total Children's Services</b>			<b>1,011,509</b>	<b>567,521</b>	<b>295,992</b>	<b>103,859</b>		
<b>Customer Engagement</b>								
OP98A, B, D & E	Restructure within Money Home Job	Customer Access & Mgt	690,266	236,922	0	236,922	Up to six month delay in completion of restructure within MHJ due to Covid-19 as officers are required to deal with the unusual circumstances at present.	This is funded by grant contributions and vacant posts.
OP113	Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	43,462	43,462	0	10,161	Next phase of work not yet identified, planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £10k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
OP109	Admin & business support cross council efficiencies	Enabling Support Services	26,076	26,076	0	6,095	Next phase of work not yet identified, planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £6k is mitigated corporately in year, actions have been requested.
<b>Total Customer Engagement</b>			<b>759,804</b>	<b>306,460</b>	<b>0</b>	<b>253,178</b>		

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
<b>Adult Social Care</b>								
OP89 & OP90A	Older People & Front Door	Third Party Spend	2,375,570	1,528,548	0	0	Work currently being undertaken to identify and understand the enablers required to reduce inflow into social care. Awaiting detailed plans, however there is likely to be a delay in implementation.	Further work is required by the directorate to identify a mitigating action plan. This is part of the c£1.5m STP saving included within the ASC reported overspend in this report.
OP94A & OP95	Joint Funding Arrangements	Income Generation & Cost Recovery	2,900,000	2,118,488	0	0	Awaiting variation of Section 75 agreement.	Further work is required by the directorate to identify a mitigating action plan. This is part of the c£2.1m STP joint funding saving included within the ASC reported overspend in this report.
OP87	Commissioning hub new ways of working/staff reconfiguration	Designing Ways of Working - Hub	149,394	31,325	0	0	Limited progress/evidence on the delivery of this saving, Hub work stream review ongoing.	Further work is required by the directorate to identify a mitigating action plan. This is part of the c£31k STP saving included within the ASC reported overspend in this report.
OP113	Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	113,401	113,401	0	26,508	Next phase of work not yet identified, planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £27k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
OP109	Admin & business support cross council efficiencies	Enabling Support Services	68,042	36,517	0	15,905	Next phase of work not yet identified, planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £16k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
<b>Total Adults Social Care</b>			<b>5,606,407</b>	<b>3,828,279</b>	<b>0</b>	<b>42,413</b>		
<b>Economy, Environment and Communities</b>								
OP104	Charging for pre licensing – business licenses	Income Gen & Cost Recovery	7,350	7,350	0	7,350	Review of fee increases required taking into account the impact of Covid-19 on these sectors.	£7k to be mitigated on an ongoing basis through deep dive review of budgets, replacing previous benefit proposal.

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
OP103A, B, C, D & OP116	Fee increases within resilient communities	Income Generation & Cost Recovery	98,022	98,022	0	98,022	Includes trading standards, food standards, taxi licencing etc. Review required taking into account the impact of Covid-19 on these sectors.	For current year mitigated by a combination of Covid-19 grant funding and holding vacant posts open in the Directorate and other service underspends. On an ongoing basis £78k expected to be as benefits states and £20k through deep dive review of budgets, replacing previous benefit proposal.
OP72A, B,C,D,E,F OP101, OP102A/B	Restructure within resilient communities	Customer Access & Mgt**	713,668	356,834	0	356,834	6 month delay implementation of the restructure within resilient communities.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends.
P13	Consider ceasing of pest and animal control service	Income Generation & Cost Recovery	87,606	43,803	0	43,803	Current expected delay to October new structure implementation.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends.
OP102C	Efficiency savings within Community protection service	Customer Access & Mgt	52,135	26,068	0	26,068	6 month delay due to the implementation of the restructure within Community protection.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends.
OP20A	Restructure of planning services	Customer Access & Mgt	85,000	85,000	0	85,000	New structure has been designed and now going through relevant approvals/stages. It is anticipated that structure will not be in place until Feb/March 22.	The STP benefit mitigated by holding posts vacant and non-essential spend within services.
OP82	Increased membership retention across active living centres	Income Generation & Cost Recovery	45,000	45,000	45,000	0	Delay in implementation due to Covid-19 and ALC's being closed, impact on sector being reviewed.	Mitigated by Covid-19 reserve under loss of income.
P17	External marketing and promotion partnership across active living centres	Designing Ways of Working - Hub	62,000	62,000	62,000	0	Delay to implementation due to Covid-19 and ALC restrictions. Expected that the service will need time to build usage/membership numbers back up to pre Covid-19 levels.	Mitigated by Covid-19 reserve under loss of income.

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
OP80	Management restructure across active living centres (ALC's)	Customer Access & Mgt	28,762	28,762	0	28,762	Delay due to recruitment to Head of Service post, who will lead on implementation.	Mitigated by underspends elsewhere in the Service.
OP114 & OP115	increasing out of hours burial services and associated fees	Income Generation & Cost Recovery	6,346	6,346	0	6,346	Discussions are ongoing re viability of implementation.	£6k expected to be mitigated on an ongoing basis through deep dive review of budgets, replacing previous benefit proposals
OP61	Increasing the number of fixed penalty notices issued	Income Generation & Cost Recovery	50,000	23,214	12,500	10,714	The service are currently refocused on Covid-19 priorities.	Mitigated partly by Covid-19 unringfenced grant and by underspends elsewhere in the Service.
OP67	Private sector or sponsorship funding of Christmas lights	Income Generation & Cost Recovery	5,000	5,000	0	5,000	Plans for delivery currently limited.	Mitigated by underspends elsewhere in the Service.
P16	Biodiversity	Designing Ways of Working - Hub	88,249	88,249	0	88,249	Refocus from wild to managed sites will impact level of benefit achievable.	Mitigated by underspends elsewhere in the Service.
OP81	ALC - Concessionary 'Move it' leisure scheme fee increase	Income Generation & Cost Recovery	63,000	63,000	63,000	0	Fees increased, however sites operating at reduced capacity, with longer delay expected until usage/ membership back up to pre Covid-19 levels.	Mitigated by Covid-19 unringfenced grant and loss of income.
OP113	Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	94,998	94,998	0	94,998	Next phase of work not yet identified, planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £22k is mitigated corporately in year with a further £73k mitigated by service underspends, actions to implement the recurring saving have been requested from services.

Benefit Ref	Benefit	Proud Workstream	Original Full Benefit	Benefit identified as high risk of non delivery	Value to be funded by Covid-19 Grant	Value mitigated by service in year	Reason	Mitigating Actions
			£	£	£	£		
OP63 & OP111	Review of MOT charging	Income Generation & Cost Recovery	28,785	18,910	0	18,910	Fees increased, however activity volumes have reduced. Not fully clear if this links to the price rise or Covid-19.	Mitigated by underspends elsewhere in the Service.
OP109	Admin & business support cross council efficiencies	Enabling Support Services	56,999	56,999	0	56,999	Next phase of work not yet identified, planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £13k is mitigated corporately in year with a further £44k mitigated by service underspends, actions to implement the recurring saving have been requested from services.
<b>Total EE&amp;C</b>			<b>1,572,920</b>	<b>1,109,555</b>	<b>182,500</b>	<b>927,055</b>		
<b>Total</b>			<b>10,008,861</b>	<b>6,407,949</b>	<b>598,492</b>	<b>1,642,480</b>		



## Appendix 4: Summary of potential risk

POTENTIAL RISK – HIGH RISK ITEMS ONLY	POTENTIAL COST OF RISK £m
<b>Adult Social Care</b>	
Impact of the increase in client numbers above business as usual rates seen in the first 4 months of the year continuing for the remainder of 2021/22 (August to March).	4.03
Adult social care benefit proposals currently identified as 'not fully guaranteed' (Amber), mainly relating to mitigating actions including single handling, review of learning disability packages and joint funding arrangements.	2.32
Payment of Section 117 recharges to Walsall CCG for 2019/20 and 2020/21 (awaiting formal response from CCG).	3.98
<b>Total Adult Social Care</b>	<b>10.33</b>
<b>Children's Services</b>	
Increase demand and costs relating to legal fees.	0.15
In 2019/20, there was a net increase of 108 children & young people entering care in comparison to 48 in 2020/21. If this spike were to happen again in 2021/22 costs could increase over and above expected growth included in current budgets.	1.20
Demand for EHCP assessments continue to increase above capacity of the educational psychologist team, therefore incurring additional agency cost.	0.10
Risk of overspend on agency staff to meet EHCP assessment demand. Funding has been approved for permanent posts, but interim cover may be needed in the short term to meet demand whilst recruitment is underway.	0.06
Home to school transport – not achieving service action plan.	0.25
<b>Total Children's Services</b>	<b>1.76</b>
<b>Economy, Environment and Communities</b>	
Clean & Green – further increase in waste tonnages	0.44
Active Living Centre further income shortfalls	0.18
Reduction in bereavement income (increased competition)	0.12
<b>Total Economy, Environment and Communities</b>	<b>0.74</b>
<b>TOTAL HIGH RISKS</b>	<b>12.83</b>

## **Appendix 5 – Details of (use of reserves) / transfer to reserves by Directorate**

<b>Reserve</b>	<b>Use of Reserve £</b>	<b>Transfer to Reserve £</b>	<b>Details of use of reserve</b>
<b>Adult Social Care &amp; Public Health</b>			
improved Better Care Fund 2 (iBCF2)	(583,041)	813,456	Costs associated with social care activity/intermediate Care.
Better Care Fund	(506,613)	0	Funding of the Quality in Care Team and Integrated Community Equipment Service system upgrade.
Public Health	(427,286)	1,065,469	Funding of various one-off projects i.e., Homelessness, Housing First and Mental Health. Transfer to reserve is mainly due to under spend on staffing and contracts.
Social Care Grant – Doctor's assessments	(130,900)	0	To support back log of Best Interest Assessors / Deprivation of Liberty safeguard assessments.
Covid – unringfenced funding	(3,824,732)	0	Additional placement costs relating to a significant increase in domiciliary care numbers during the pandemic and a shortfall of client contributions.
Covid-19 – Infection control	(1,326,330)	0	Support to care providers.
Covid-19 – Rapid testing	(1,214,700)	0	Support to care providers.
Covid-19 – Contain Outbreak Management Fund	(8,058,301)	0	Costs to support local test, trace and contain activities as well as wider measures to protect public health and local economies.
Covid-19 – Community testing	(800,198)	0	Cover costs of community testing.
Aven House Worker (IFRS)*	(37,000)	0	Support homelessness within the borough.
National Development Team for Inclusion Project	(111,825)	0	Specific grant to fund the project carried forward from 2020/21.
<b>Total Adult Social Care &amp; Public Health</b>	<b>(17,020,926)</b>	<b>1,878,925</b>	
<b>Children's Services &amp; Education</b>			
Covid-19 – unringfenced funding	(2,641,890)	0	Primarily used to offset pressures relating to children and young people in care resulting from Covid-19.
Proud – invest to save	(33,945)	0	Funding development posts linked to transformation plan benefits.
IFRS*	(1,548,273)	347,768	Use of funding for School Improvements, Housing First Scheme, Safeguarding Families and Protecting Children and Family, Drugs and Alcohol Court. Transfer to reserve is balance of Troubled Families funding.
Looked after children complex cases	(316,785)	0	To fund pressures, including social workers and placement costs, of complex cases relating to young people in care.
Looked after children demand	(302,025)	0	To fund risks relating to volatility of costs relating to children and young people in care.
External partner contributions	0	21,718	Transfer of underspends on Safeguarding Partnership and Youth Justice Board to reserves, as both services are significantly funded by external partner contributions.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Covid-19 - Wellbeing for education	(75,523)	0	Grant funding that seeks to better equip education settings to support children and young people's wellbeing, resilience and recovery in the context of Covid-19.
Dedicated Schools Grant (DSG)	(463,099)	0	Funding of pressures within the schools high needs block.
Family, Drugs and Alcohol Court (FDAC)	(109,783)	0	To part fund 3 year FDAC contract. Delay in utilisation due to Covid-19.
<b>Total Children's Services &amp; Education</b>	<b>(5,491,323)</b>	<b>369,486</b>	
<b>Children's Services Customer Engagement</b>			
Covid – Business rates administration	(240,720)	0	To cover the additional work to be completed for audit of the Covid-19 grants.
Crisis Support scheme	(328,000)	0	Funding to deliver the scheme.
Houses in multiple occupation (HMO) licences	(6,625)	0	Staff support costs of the HMO licences.
Proud – invest to save	(30,000)	0	Contact centre out of hour's contract.
IFRS*	(622,410)	0	Grant funding for Housing First scheme and other smaller projects.
Redundancy	(11,804)	0	Redundancy costs.
Housing Enforcement fixed term staffing costs	(9,452)	0	Housing enforcement support.
<b>Total Children's Services Customer Engagement</b>	<b>(1,249,010)</b>	<b>0</b>	
<b>Economy, Environment &amp; Communities</b>			
Covid-19 – unringfenced funding	(2,856,670)	0	Costs associated with the response to Covid-19 including loss of income for active living centres, car parks, libraries, licencing and increase waste disposal costs.
Covid-19 – Clinically extremely vulnerable	(452,541)	0	Covid-19 funding to support clinically extremely vulnerable residents.
Covid-19 – Community champions	(432,500)	0	Costs of supporting residents who are most at risk of Covid-19.
Town centre masterplan	(200,000)	0	Town Centre Masterplan.
Brexit funding	(50,000)	0	Support for European union residents applying for settled status.
Bus lane enforcement ring fenced income	(47,311)		Funding of refreshment of road markings.
External donations	(3,000)	0	Public donations - planned expenditure by the leather museum.
Economic growth programme (EGP)	0	342,695	In accordance with Cabinet approvals this will be rolled forward to support EGP in future years.
IFRS*	(813,809)	155,877	Primarily relates to grants / contributions carried forward where spend was delayed due to Covid-19 or spend spans more than 1 financial year.
Feasibility / options appraisals	(250,000)	0	To fund expenditure which cannot be capitalised / aborted scheme costs.
Growth Deal - pipeline works	(227,000)	0	Support for research & development of future projects including Willenhall masterplan.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Housing Improvement projects	(88,054)	0	Contribution to Willenhall Master Plan.
Phoenix 10	(27,295)	0	Land investigations at various sites within Phoenix 10.
Grounds maintenance	(23,917)	0	Grass cutting, tree maintenance and weed treatments.
Street cleansing initiatives	(164,950)	0	Enhancements to the street cleansing service.
<b>Total Economy, Environment &amp; Communities</b>	<b>(5,637,047)</b>	<b>498,572</b>	
<b>Resources and Transformation</b>			
Covid-19 – unringfenced funding	(706,152)	0	Costs associated with the response to Covid-19 including legal support and loss of income from Bistro and box office.
Redundancy	(1,041)	0	Redundancy costs.
Proud investment plan / PWC costs	(1,272,668)	0	PWC support costs and investment to drive Proud programme.
IFRS*	(64,285)	47,219	Primarily relates to grants carried forward where spend was delayed due to Covid-19 or spend spans more than 1 financial year.
Growing Places	(5,000)	0	To support programme management costs and other revenue costs such as abortive development work that cannot be capitalised.
Corporate landlord	(104,227)	0	Funding of an asset condition survey post.
Economic growth programme	(189,279)	0	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
Elections	(256,000)	0	Elections delayed due to Covid-19 – c/f to fund costs in 2021/22.
External partner contributions	(14,690)	0	Heseltine funding to support Technical Assistance Programme.
Enterprise Zones		232,000	Generated from surplus business rates to fund the costs of future capital schemes.
Improvement projects	(16,059)	0	Fund asset management software.
Pleck boxing club	(19,740)	0	Contribution towards club rent.
Walsall works	(32,000)	0	To support apprenticeships and care leavers into work.
Youth Employment Initiative (YEI) Overheads		71,725	15% overhead costs claimed on YEI, this is used to support any ineligible costs going forward.
<b>Total Resources and Transformation</b>	<b>(2,681,141)</b>	<b>350,944</b>	
<b>Capital Financing</b>			
Borrowing re-scheduling	0	4,690,936	To fund borrowing re-scheduling costs.
Minimum revenue provision	(780,000)	0	To smooth MRP costs as per approved MRP policy.
Pensions – upfront payment borrowing costs	(632,532)	0	To fund borrowing costs of funding pension payments upfront for 3 years to release savings.
Covid-19 – unringfenced funding	(1,949,600)	0	To cover loss of dividend income.
<b>Total Capital Financing</b>	<b>(3,362,132)</b>	<b>4,690,936</b>	

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
<b>Centrally Held</b>			
Growth Deal Programme - pipeline works	(100,000)	0	Contribution to Town Centre Master Plan.
Transformation one off investment	(157,668)	0	Funding of one-off investment in relation to transformation.
Irrecoverable losses income (collection fund)	(2,560,517)	0	Government grant used to fund collection fund losses arising from Covid-19.
PFI Street lighting	(450,000)	0	One off funding to cover savings delayed till 2022/23.
Contractual obligations	(227,506)	0	To cover shortfall of commercial income arising from Covid-19.
Mediation	(14,057)	0	To cover legal costs.
Redundancy		3,000,000	To fund future redundancy and pension costs.
Transformation		3,906,708	Investment costs relating to the Proud programme.
Enterprise Zones (EZ) - proportion of section 31 grant		18,338	Transfer of business rates income relating to EZ.
Pensions		821,355	Transferred to smooth pension increases in future years.
Crisis Support scheme		1,000,000	To fund the scheme in 2022/23 and 2023/24.
Covid-19 – unringfenced funding		9,652,164	Transfer of unringfenced Covid-19 funding received in 2021-22 to the reserve.
Project reserve (windfall income)		5,964	Windfall income transferred to fund future projects.
<b>Total Centrally Held</b>	<b>(3,509,748)</b>	<b>18,404,509</b>	
<b>TOTAL RESERVES</b>	<b>(38,951,328)</b>	<b>26,193,372</b>	

*\*IFRS – this relates in the main to grants and contributions received in prior years where spend spans more than one financial year and any balance is carried forward as a reserve in line with accounting standards.*

## Appendix 6: Financial Health indicators – August 2021

<b>Treasury Management</b>	<b>2020/21 Actual</b>	<b>2021/22 Target</b>	<b>2021/22 Actual</b>
Average Interest Rate (Borrowing)			
- Excluding OLA	3.46%	3.30%	3.59%
- Including OLA	3.54%	3.46%	3.67%
Gearing Effect on Capital Financing Estimates	3.58%	5.00%	3.70%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.44%	12.50%	4.64%
Capital Financing Requirement (£m)	380.886	417.360	417.360
Authorised limit for external Debt (£m)	472.173	498.300	498.300
Investment Rate Average (excl Property fund)	0.59%	0.27%	0.38%

<b>Balance Sheet Ratios</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21 (draft)</b>
Current Assets: Current Liabilities	1.86	1.03	1.68	2.39	2.01
Useable Reserves: General Revenue Expenditure	0.63	0.65	0.72	0.73	1.02
Long Term Borrowing: Tax Revenue (Using both council tax and NNDR for tax revenue)	1.41	1.20	1.36	1.43	1.83
Long Term Assets: Long Term Borrowing	2.29	2.34	2.05	1.86	1.83
Total School Reserves: Dedicated School Grant	0.05	0.05	0.06	0.05	0.08

<b>Revenues Performance</b> % collected for financial year	<b>2019/20 Actual Collected in total @ 31.08.21</b>	<b>2020/21 Actual Collected in total @ 31.08.21</b>	<b>2021/22</b>	
			<b>Profiled 2021/22</b>	<b>Actual 2021/22</b>
Council tax %	96.4%	94.4%	43.2%	42.0%
Total Council Tax collected (£m)	£134,308,442	£132,993,687	£66,050,000	£64,297,737
National Non Domestic Rate %	98.4%	92.2%	43.2%	40.4%*
Total NNDR collected (£m)	£72,033,723	£44,390,033	£28,250,000	£26,407,182

\* The NNDR collection % is no reflective of actual performance due to mass rebilling at end of 3 month retail relief

<b>Debtors and Creditors Performance</b>	<b>2020/21 Actual</b>	<b>2021/22</b>	
		<b>Target</b>	<b>Actual</b>
Sundry Debtors Collection – Average number of days to collect debt	24 days	30 days	24 days
Average number of days to process creditor payments*	7 days	14 days	6 days

<b>Management of Resources</b>	<b>2021/22</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services			
- Children's and Education	61,207,068	61,214,685	7,617
- Customer Engagement	4,219,509	3,855,669	(363,840)
Economy and Environment	36,772,785	36,327,742	(445,043)
Adult Social Care	55,414,270	60,084,799	4,670,529
Resources and Transformation	24,215,495	23,962,001	(253,494)
Council Wide	42,254,929	41,054,929	(1,200,000)
NNDR/Top Up	(91,538,275)	(91,538,275)	0
<b>Total Net Revenue Expenditure</b>	<b>132,545,781</b>	<b>134,961,551</b>	<b>2,415,770</b>
General Reserves	<b>Minimum £6.6m Maximum £16.5m</b>	<b>N/A</b>	<b>N/A</b>
Council Funded Capital Expenditure	95,886,653	54,584,838	(41,301,815)
External Funded Capital Expenditure	132,338,804	82,451,579	(49,887,225)
<b>Total Capital Expenditure</b>	<b>228,225,457</b>	<b>137,036,417</b>	<b>(91,189,040)</b>
Capital Receipts	4,231,584	4,196,062	(35,522)

<b>Management of Resources</b>	<b>2020/21</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services			
- Children's and Education	78,111,424	78,073,649	(37,775)
- Customer Engagement	6,485,189	5,006,868	(1,478,321)
Economy and Environment	55,284,700	54,859,268	(425,432)
Adult Social Care	68,043,629	67,014,429	(1,029,200)
Resources and Transformation	34,157,780	33,526,225	(631,555)
Council Wide	(22,348,507)	(19,198,830)	3,149,677
NNDR/Top Up	(92,168,077)	(92,168,077)	0
<b>Total Net Revenue Expenditure</b>	<b>127,566,138</b>	<b>127,113,532</b>	<b>(452,606)</b>
General Reserves	<b>Minimum £6.2m Maximum £15.5m</b>	<b>N/A</b>	<b>N/A</b>
Council Funded Capital Expenditure	64,051,292	25,184,486	(38,866,806)
External Funded Capital Expenditure	153,126,757	77,789,577	(75,337,180)
<b>Total Capital Expenditure</b>	<b>217,178,049</b>	<b>102,974,063</b>	<b>(114,203,986)</b>
Capital Receipts	3,262,622	531,038	(2,731,584)

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

The figures for 2020/21 represent the actual budget and spend for each area within the authority. This will include all internal recharges such as office accommodation, central support services, and accounting adjustments for pension liability in line with FRS17 and capital charges. Capital charges and pension liability year end transactions can change substantially at year end as this is when revaluations of assets and figures from the actuary are received and budgets updated to reflect any changes.



## 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 schools reserves are at an appropriate level.

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

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

## Appendix 7: Prudential indicators – August 2021

### National Indicators – as per CIPFA Prudential Code

Ref	Prudential Indicator Description	2020/21 Actual £m	2021/22 Target £m	2021/22 Actual £m	Variance to Target	
Prl 1	Capital Expenditure	102.837	223.170	223.170	0.000	0%
Prl 2	Ratio of financing costs to net revenue stream	5.17%	8.71%	7.24%	-1.48%	-17%
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£28.49	£52.43	£52.43	0.000	0%
Prl 4	Capital Financing Requirement	380.886	417.36	417.36	0.000	0%
Prl 5	Authorised Limit for external debt	472.173	498.300	498.300	0.000	0%
Prl 6	Operational Limit for external debt	429.248	453.000	453.000	0.000	0%


Ref	Prudential Indicator Description	2020/21	2021/22
Prl 7	Gross Borrowing exceeds capital financing requirement	No	No
Prl 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes

Ref	Prudential Indicator Description	2020/21 Actual £m	2021/22 Target £m	2021/22 Actual £m
Prl 9	Total principle sums invested for longer than 365 days must not exceed	15.0	25.0	15.0

Ref	Prudential Indicator Description	Upper Limit	Lower Limit	Actual 2020/21	Actual 2021/22
Prl 10	Fixed Interest Rate Exposure	95.00%	40.00%	94.31%	89.54%
Prl 11	Variable Interest Rate Exposure	45.00%	0.00%	5.69%	10.46%
Prl 12	<b>Maturity Structure of Borrowing:</b>				
	Under 12 months	25.00%	0.00%	10.48%	18.65%
	12 months and within 24 months	25.00%	0.00%	21.72%	17.58%
	24 months and within 5 years	40.00%	0.00%	19.84%	11.88%
	5 years and within 10 years	50.00%	5.00%	0.54%	2.06%
	10 years and above	85.00%	30.00%	47.42%	49.83%

## Local Indicators – As recommended by Treasury Management Panel

Ref	Prudential Indicator Description	2020/21 Actual	2021/22 Target	2021/22 Actual	Numerical Variance to Target	% Variance to Target	Met
L1	Full compliance with Prudential Code.	Yes	Yes	Yes	N/A	N/A	Y
L2	Average length of debt (years)	16.23	25.00	16.81	-8.03%	-32.76%	Y
L3a	Net borrowing costs as % of net council tax requirement.	7.02%	20.00%	7.21%	-12.79%	-63.94%	Y
L3b	Net borrowing costs as % of Tax Revenue.	4.44%	12.50%	4.64%	-7.86%	-62.89%	Y
L4	Actual debt vs. operational debt.	80.92%	85.00%	72.93%	-12.07%	-14.20%	Y
L5	Average interest rate of external debt outstanding excluding former WMCC debt	3.46%	3.30%	3.59%	0.29%	8.67%	N
L6	Average interest rate of external debt outstanding including former WMCC debt	3.54%	3.46%	3.67%	0.21%	6.15%	N
L7	Gearing effect of 1% increase in interest rate (expressed as the potential increase to the rate shown in L6 i.e. shows what the rate included in L6 would change to).	3.58%	5.00%	3.70%	-1.30%	-26.00%	Y
L8	Average interest rate received on STI vs. At Call rate.	580.00%	374.00%	680.00%	306.00%	81.82%	Y
L9							
L9a	AT call investments.	0.10%	0.05%	0.04%	-0.01%	-20.00%	N
L9b	Short Term Investments.	0.68%	0.25%	0.35%	0.10%	40.00%	Y
L9c	Long Term Investments.	1.57%	0.80%	1.25%	0.45%	56.25%	Y
L9d	Property Fund Investments	4.10%	3.82%	3.74%	-0.08%	-2.09%	N
L10	Average interest rate on all ST investments (ST and AT call)	0.46%	0.24%	0.25%	0.01%	5.53%	Y
L11	Average rate on all investments (excluding property fund)	0.59%	0.27%	0.38%	0.11%	39.43%	Y
L11a	Average rate on all investments (including property fund)	1.01%	0.68%	0.79%	0.11%	16.23%	Y
L12	% daily bank balances within target range.	100%	99%	100%	1.00%	1.01%	Y

 <b>Walsall Council</b>	<b>Medium Term Financial Framework (MTFF)</b>  Updated : October 2021
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# 1. INTRODUCTION

The main objectives of the medium term financial framework (MTFF) are to set out how the council will structure and manage its finances now and in the future and to ensure this approach facilitates delivery of the council's vision, aims and objectives. It is central to the delivery of priority outcomes in the Corporate Plan in an affordable and sustainable way over a four year period. It helps the council to respond, in a considered manner, to pressures and changes as a result of many internal and external influences. This is particularly important during a period when the council faces unprecedented changes and challenges.

In practice the MTFF is very much a part of the council's mainstream activity, and whilst this document seeks to bring together in one place the major components of the Framework, in practice elements of it are evident in a range of council documents such as the Corporate Plan, and monitoring reports, and of course in our activities, processes and culture. The MTFF document considers a wide range of issues, under the following headings:

- Our key financial objectives
- The principles adopted in strategically planning our finances
- Our operational principles
- The identification and management of risk
- The impact of joint plans with other stakeholders
- The resulting medium term financial outlook (MTFO)

The principles are intended to remain relatively constant thus providing a robust and consistent approach that maintains the council on a sound and stable footing, whilst enabling us to deliver better outcomes for our citizens, take out waste and radically change the way we deliver our services. Although intended to remain broadly constant, these principles will continue to be reviewed and refreshed each year to reflect our learning and our adaptation to the changing demands of our citizens.

The national and local context elements will vary more frequently and influence the baseline position and future outlook. For those reasons, these elements of the MTFF will change more substantially each year, whilst remaining true to the principles established.

Risk will be managed using our established best practice principles. Prevailing risks will be identified and managed within that framework and updated regularly, according to the nature of each risk. We also use this process to identify and maximise opportunities.

Councils increasingly operate within the wider local, sub-regional, regional and national communities; working with a range of partners and other stakeholders to deliver joint aims and objectives. It is essential, therefore, that the financial implications of joint work are considered and addressed, demonstrating how the MTFF has contributed to the delivery of the council's own vision, and those of partners and stakeholders either collectively or individually. All the above components inform the production of a medium term financial outlook (MTFO). This effectively translates the Framework into a practical plan of action for the council. The MTFO for 2022/23 – 2025/26 is included within this document.

Best practice financial management requires that the MTFF is regularly updated to take into account the changing environment within which we work. The CIPFA Code of Financial Management was introduced in 2020/21 as a shadow year. Our assessment is that the council is substantially compliant, with a number of areas for improvement. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating financial resilience and sustainability. This will provide assurance that authorities are managing resources effectively

Full compliance with the Code is expected in 2021/22. The Code sets out the principles of good financial management to ensure that an authority is financially sustainable and resilient. The approach taken is intended to be one of self-regulation, with reliance on the local exercise of professional judgement, rather than prescription of the financial management processes needed.

The Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. It identifies risks to financial stability and introduces a framework of assurance which is built on existing successful practices and sets explicit standards of financial management.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making; and

The MTFF has been reviewed and updated in the context of the Code.

## 2. INTEGRATED PLANNING & PERFORMANCE

The Walsall Corporate Plan serves as a support or guide for the delivery and improvement of services to ensure the appropriate level of governance is maintained.

The council exists to benefit the public, responding to their needs to ensure the delivery of effective local services. We do this with limited resources and so must always work to ensure that public money is targeted to where it is most needed and used in the most efficient way possible. This means we need to listen to the demand coming from local people and build up a thorough understanding of how we can better serve them by equipping our staff with the skills, knowledge and freedom to respond. It also means we need to look outside our own organisation and work with partners in the public, private and voluntary sectors.

The plan will be achieved through the council improving the way it operates through our ambitious transformation programme (Walsall Proud Programme) that takes out waste, spends less, improves customer service and changes the way we do our business. This is underpinned by good governance and upholding high standards of conduct. But as well as a specific programme of change, this is also a culture that will become embedded within the council.

Our vision, objectives and priorities, underpinned by our values are expressed in the Corporate Plan 2021/22, as approved by Council on 27 February 2020. This year's Corporate Plan is a refreshed edition covering one year – 2021/22 – and is offering a summarised review of impact of the Covid-19 pandemic this year (2021) across the borough. The Corporate Plan, in conjunction with other plans and our work with partners, plays an important role in ensuring that the council's strategic objectives are achieved for the people and borough of Walsall.

The 2021/22 plan presents the council's five priorities with 10 identified outcomes, which will be measured against 20 markers of success. This process ensures transparency and accountability as the council will measure achievements and identify gaps with the focus on reducing inequalities and maximising all potential across the borough.

The plan outlines how the council matched resources to the delivery of outcomes in 2020/21 and highlights some of the feedback from 'The Impact of Covid-19: Residents' experience and wellbeing survey', which was carried out in October 2020.

All of the learning from the feedback will assist in developing the medium term strategy for 2022 to 2025, with the next Corporate Plan being published in April 2022.

The corporate priorities are themed into five broad areas:

- **Economic Growth** for all people, communities and businesses;
- **People** have increased independence, improved health and can positively contribute to their communities;
- **Internal Focus** – all council services are efficient and effective;
- **Children** have the best possible start and are safe from harm, happy, healthy and learning well;
- **Communities** are prospering and resilient with all housing needs met in safe and healthy places that build a strong sense of belonging and cohesion.

In March 2020, the council had to adapt its plans in response to the national emergency response to the Covid-19 pandemic which has been unprecedented. The lockdown



and associated measures are having a significant impact on the services that the council provides to its residents and services users and how it provides them, and has required implementation of a number of new support measures. It is unclear how long the impact and associated measures will be in place or the cost of recovery and reset. The council has and continues to play an active role in the overall national response to Covid-19.

There remains considerable uncertainty at this point as to the impact on the national and local economy and on public finances following the extension of step 4 of the Government's roadmap out of lockdown to 19 July 2021, and it is expected that this will have implications into the medium term, impacting the council's reserves and budgets into 2022/23 and potentially beyond. This will require Government to review the now delayed review of Relative Needs and Resources (formerly the Fair Funding Review) expected during 2022/23, and in particular the quantum of funds made available to council's to ensure their continued financial stability.

Council on 25 February 2021 approved a balanced budget which was predicated on a number of assumptions e.g. council tax and business rates income collection of £206m, receipt of £43m of fees and charges income, and the delivery of £29m of savings in 2021/22 through the Proud Programme. Our local response to Covid-19 has impacted on these assumptions, and plans adjusted accordingly to ensure a balanced in year budget.

### 3. THE FINANCIAL FRAMEWORK

The financial framework is an integral part of our planning process and comprises a series of documents and processes which together facilitate our strategic financial planning and operational financial management. The framework sets out the council's strategic approach to the use and management of its financial resources and provides a robust framework within which decisions can be made.

The financial framework does not exist in isolation; it is inextricably entwined with other planning processes, most notably the various levels of service planning, risk management and employee performance.

The key aspects of the financial framework are as follows:

THE FINANCIAL FRAMEWORK					
CATEGORY	OVERALL	REVENUE	CAPITAL	TREASURY MANAGEMENT	RISK MANAGEMENT
Strategies	Medium Term Financial Framework				
	Income & Commercial Policy	Tax Strategy	Capital Strategy	Treasury Management (TM) Strategy	Corporate Risk Management Strategy
Guidance	CIPFA Code of Financial Management				
	CIPFA and technical guidance	Budget & Budget Management Guidelines	Capital Guidelines	CIPFA Code of Practice for TM	Risk Management Toolkit
Plans	MTFO	Annual Budget	Capital Programme and Strategic Asset Plan	Treasury Management Policy Statements	Strategic and Directorate Risk Registers
Governance	Constitution  Contract and Finance Rules  Council	Governance Framework and Annual Governance Statement  Cabinet  Scrutiny Committees		Prudential Indicators & Annual TM Report  Cabinet and Council	Risk Register reporting  Audit Committee
	Internal and External Audit Plans and our response to inspection and audit				

The responsibilities for key documents are outlined in **Appendix A**.

## **4. KEY FINANCIAL OBJECTIVES**

The key objectives of the MTFF are to:

- Provide financial parameters within which budget and service planning should take place;
- Focus and re-focus the allocation of resources so that, over time, priority areas receive appropriate resources;
- Ensure services are defined on the basis of a clear alignment between priority and affordability;
- Ensure the council sets a balanced budget;
- Ensure that the council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area;
- Ensure value for money for rate payers and residents;
- Plan the level of fees, charges and taxation in line with levels that the council regard as being appropriate and affordable to meet the council's aims, objectives, policies and priorities whilst reducing the council's reliance on central Government funding;
- Manage financial resilience to meet unforeseen demands on services;
- Manage unexpected shocks in financial circumstances.

A main objective for the council is to maintain good long-term financial health. Achieving this allows us to deliver good quality, value for money services, shaped by our customer demand. Services that are modern, efficient, effective, and fit for purpose. This requires a framework that delivers both continuous, adaptive improvement and core strength.

How we will achieve this is through:

1. Financial Governance and Leadership
2. Financial Planning
3. Finance for Decision Making
4. Financial Forecasting and Monitoring
5. Financial Reporting

### **Financial Governance and Leadership**

1. Our senior management will be financially literate and able to understand fully the financial environment in which the council and our partners operate. Senior management and budget holders will operate within the approved financial framework at all times.
2. The organisation will actively apply the principles and standards contained within the CIPFA Code of Financial Management and the CIPFA / SOLACE Delivering Good Governance in Local Government Framework.

### **Financial Planning**

1. Our financial planning will be inextricably linked to the council's strategic and corporate planning process. Our financial plans will reflect the councils key strategic priorities.

2. The council will take a longer term approach to financial planning and budget setting, allowing for a more strategic focus to service re-design and savings aligned to the longer term priorities of the council. This annually updated medium term financial outlook will integrate current expenditure plans and investment programmes with cash-flow and balance sheet projections, developed in the context of a longer-term strategy, which supports the council's corporate plan.
3. The council will carry out and report on a financial resilience assessment as part of the budget setting process.
4. The council will seek to develop a longer term financial strategy to support an improved understanding of its prospects for financial sustainability. This will require development of a longer term financial strategy and longer term strategic plan.

### **Finance for Decision Making**

1. In developing our strategic and corporate plans we will consider the value for money achieved by allocating resources to different activities.
2. We will understand the financial implications of current and potential alternative policies, programmes, and activities.
3. We will analyse our cost profiles and cost drivers and how they will behave under different circumstances
4. We will understand the whole-life costs associated with capital investment.
5. We will consider all tax related implications, as outlined in the council's tax strategy, in all decisions made.

### **Financial Monitoring and Forecasting**

1. Senior management will assure itself that financial performance to date and forecast financial outturns are accurate and in line with the plan, including cash-flow and balance sheet projections.
2. Variances will be identified as soon as possible, so that management can either take corrective action to manage unfavourable variances or apply any favourable variances to corporate priorities.
3. The underlying costs of the organisation's key activities and how these are profiled over time will be monitored and reviewed.
4. Financial information will be integrated with non-financial performance and activity information. Together, such information forms the basis for financial forecasts and enables value for money to be monitored.
5. The financial information used both for setting the budget and internal accountability, monitoring and forecasting throughout the year is derived from the same systems that are used to generate the results reported externally in the organisation's statutory financial statements.

### **Financial Reporting**

1. To run the organisation effectively, senior management will have up-to-date financial and non-financial performance information on a timely basis.

2. One Source will provide all budget managers with the ability to self-serve – a streamlined one access system for HR, Finance and Procurement activities, with support available as required.
3. Reports will be presented in a form that is tailored to user needs, are easy to understand and highlight the key financial issues that they need to be aware of.
4. For its part, senior management needs to provide timely, accurate and balanced information about its stewardship and use of resources and its non-financial performance to the organisation's different stakeholders. Such information will be presented in a form tailored to meet their needs.

The principles within which we will work to deliver our aims and objectives are described in the next section.

## 5. STRATEGIC PRINCIPLES

Our strategic principles relate to how we will deliver our overarching objectives, ensure good governance, a strong control environment and consistently adopt a longer-term perspective in all aspects of financial planning.

### **A: LEVELS OF REVENUE RESERVES AND CONTINGENCY FUNDS**

**CONTEXT:** The council shall maintain a prudent level of general reserves, which, in the same way as central revenue contingency, will be index linked to the level of the gross revenue budget and continue to be informed by a financial risk assessment. A prudent central capital contingency will also be established.

- A1 The council will establish opening general reserves of, but not be limited to, between 1% and 2.5% of the gross revenue budget approved by Council each year.
- A2 A central revenue contingency of between 0.1% and 0.15% of the year's gross revenue budget will be established for each financial year. In addition, specific earmarked reserves and provisions will be established as required, on the advice of the s151 Officer (CFO).
- A3 The precise level at A1 and A2 being informed by risk assessment and set by the s151 Officer (CFO) and reported within the S25 Statement
- A4 The level of reserves and contingency will be reviewed each year by the s151 Officer (CFO) and reported to Cabinet, informed by a comprehensive risk assessment and consideration of the opportunity costs of maintaining reserves at certain levels.

### **B: MANAGEMENT OF FINANCIAL RISK AND OPPORTUNITY**

**CONTEXT:** The council embraces the concept of risk and opportunity management, taking a proactive approach to the identification and management of risk to ensure we are best placed to seize the opportunities that we have.

- B1 Financial activity will take place within the principles set out in the corporate risk management strategy.
- B2 In constructing and assessing the annual budget for the forthcoming year, a comprehensive financial risk assessment will be undertaken for all parts of the budget, including sensitivity analysis and active steps will be taken to manage identified risks.
- B3 We will not be risk averse, and will seek to seize and maximise opportunities by the appropriate identification and management of risk.
- B4 The council will utilise the CIPFA Resilience Index to inform its annual financial resilience assessment.
- B5 Within our annual financial resilience assessment, we will extend testing to a broad range of alternative scenarios to aid planning and risk management.

### **C: INCOME**

**CONTEXT:** The council will seek to maximise income generation potential in accordance with our income and commercial policy, and receive all types of income as promptly as possible.

- C1 We will seek to maximise income in accordance with the council's priorities and explore commercial opportunities to bring in additional funding to support service delivery.
- C2 We will annually review all charges aligned to the annual budget process.
- C3 Where we charge for a service, we will recover costs of service delivery on a fair and transparent basis, to sustain and support service delivery and development and seek to reduce the reliance on government grants.
- C4 We will seek to recover the total costs of service delivery and generate a surplus, to contribute toward corporate costs, unless there is a legal barrier to doing so or it has been otherwise agreed by Cabinet.
- C5 We will assess our total costs using a standard method of assessing total cost, which includes directorate and corporate overheads.
- C6 We will only trade where we are confident that by doing so we are contributing to our corporate objectives and can do so on a sustainable basis.
- C7 Where we decide locally to subsidise services, including providing any concessions, we do so based on a clear understanding of the rationale, link to our objectives and outcomes and associated income potentially foregone.
- C8 We will seek payment in advance, or at point of sale, unless there is a rationale for not doing so, and will develop and use the most cost efficient collection channels available.
- C9 We will have a consistent framework and approach, led corporately, and using service understanding of demand and volume to forecast income within our budget planning and reporting processes.
- C10 Charging should be used to promote fairness and to influence public behaviour where appropriate to do so.
- C11 We will seek to promptly receive and recover all income due to us.

## **D: RESOURCE ALLOCATION**

**CONTEXT:** The council will allocate resources in line with council priorities, outcomes and objectives and with regard to our statutory obligations.

- D1 Capital and revenue resources will be allocated according to the vision, objectives, and priorities approved by Council.
- D2 Within the remit of D1 above, resources will be allocated through an options appraisal process, which has regard to: current and future required levels of service delivery and delivery methods and performance, investment needs to secure service improvement and/or invest to save, legislative changes, best practice development, affordability tests and whole life costing where appropriate, in order to demonstrate value for money.
- D3 The council will demonstrate value for money by critically examining services that meet citizen demand and how they meet quality cost and delivery metrics.
- D4 All Government funding intended for schools will be passed through to schools unless there is a clear objective policy decision to do otherwise.
- D5 No other predetermined earmarking of revenue funding will occur i.e. unringfenced grant will be pooled centrally to meet priorities, unless approved otherwise by Cabinet.

## **E: ACCOUNTABILITY**

**CONTEXT:** The council requires senior managers to formally acknowledge they recognise their responsibilities to deliver services within budget, and to implement any savings and investment allocated to their areas. Relevant members and managers are required to participate fully in all aspects of the financial processes.

- E1 All senior managers (i.e.: chief executive, executive directors, directors, heads of service, budget holders, etc) and members of the Cabinet are required to participate fully in budget setting and management processes.
- E2 Managers are personally accountable for delivering their planned service outputs within the cash limited budget allocated to them.
- E3 The council (through the s151 Officer) will regularly review its financial management arrangements to ensure they remain fit for purpose.

## **F: LOCAL TAXATION AND TAX STRATEGY**

### **CONTEXT:**

In relation to local taxation (council tax), our aim is to see that our council tax is appropriate to support the provision of good quality, value for money council services.

The council's Tax Strategy puts the council's tax affairs onto a formal basis. It outlines how the council will approach its tax obligations; how it will cooperate with tax authorities, i.e. HM Revenue and Customs (HMRC); and the council's attitude towards risk in its tax dealings. The Strategy also outlines the governance and tax reporting arrangements within the council; the appropriate level of tax knowledge required across the council and how tax risks will be managed.

- F1 The council will establish and maintain local tax at a level that ensures adequate ongoing income sufficient to support planned levels of expenditure.
- F2 In setting the local tax level each year, the council will ensure that the annual increase is sufficient to ensure adequate resources are available to provide both the current and planned levels of service provision reflected in the annual budget and adequate specific and general reserves in the context of the medium term.
- F3 The council will publish indicative increases for future years where this is required, and if not required, where this is possible and appropriate.
- F4 The use of future funding mechanisms such as Tax Incremental Financing (TIF), Enterprise Zone business rate uplifts, etc. will require full analysis and approval before adoption.
- F5 The council will comply with its tax obligations and will only engage in reasonable tax planning that is aligned with commercial and economic activity.
- F6 The council will maintain an open and transparent relationship with HMRC.
- F7 We will utilise tax incentives or opportunities for obtaining tax efficiencies where these:
  - do not carry significant reputational risk or significant risk of damaging our relationship with HMRC,
  - are aligned with the intended policy objectives of the government which introduced the incentives,
  - do not have a material adverse impact on the councils financial position; and
  - are aligned with business or operational objectives.
- F8 The council will manage tax risk in such a way as to ensure that key risk areas are monitored and material risks minimized.
- F9 The council will comply with the requirements of CIPFA's Standard of Professional Practice for Tax Management.



## **G: TREASURY MANAGEMENT**

**CONTEXT:** We have a successful track record of effective treasury management, securing low cost borrowing to fund capital investment. Our aim is to continue to do so within the requirements of the prevailing policies and Codes of practice.

- G1 All borrowing and/or investment activity will be carried out in accordance with the Prudential Code, the Code of Practice for Treasury Management, the council's approved Treasury Management and Investment Strategy and Treasury Policy Statements and within approved prudential indicators, having the highest regard for prudence, affordability and sustainability in the longer term.
- G2 The overriding Investment Strategy will be to protect the principal, ensuring liquidity, whilst minimising risk. Maximising yield will always be subsequent to these.
- G3 Appropriate use will be made of the Prudential Code for capital investment within approved prudential indicators and subject to medium term affordability and sustainability.
- G4 The treasury management panel, chaired by the s151 Officer (CFO) will oversee treasury management activities and report on performance regularly to Cabinet. This will include prudential indicators, financial health indicators, borrowing and investment performance and outturn against budget.

## **H: CONSULTATION**

**CONTEXT:** The council consults with stakeholders in advance of the budget being set, the outcomes of which are used to inform the final budget.

- H1 Residents, service users, business ratepayers, employees' and their representatives, and other stakeholders will be consulted on the budget.
- H2 The authority will engage where appropriate with key stakeholders in developing its longer term financial strategy, medium-term financial plan and annual budget.
- H3 An equality impact assessment will be conducted both for individual service policy and organisational structure changes prior to submission of the budget to full Council for approval. Cumulative impact will be assessed. Actions arising from those assessments will be implemented, and corporately monitored.

## **I: CAPITAL PROGRAMME**

**CONTEXT:** The capital programme represents, in financial terms, the council's capital investment priorities. This is a complex, regulated area and is governed by a defined Capital Strategy and guidance. The council has comparatively limited council funds available for capital investment and therefore will focus on use of external and match funding to maximise a range of funding sources and the use of the Prudential Code, where appropriate and affordable, to deliver the council's objectives.

- I1 The capital programme will be constructed in accordance with the principles outlined in the council's approved Capital Strategy, and aligned with the corporate Asset Management Strategy.
- I2 Borrowing limits will be in line with the advice of the s151 Officer (CFO) and the Treasury Management Strategy approved by full Council.
- I3 The council will use an appropriate documented option appraisal methodology to demonstrate the value for money of its capital investment decisions.

## **J: INTERNAL CONTROL AND REPORTING**

**CONTEXT:** The maintenance of a sound governance framework and internal control environment is paramount, and the council has worked hard to embed good corporate governance. Within the prevailing internal and external protocols and guidance we will strive to deliver best practice in this important arena.

- J1 The council will adopt the CIPFA/SOLACE Delivering Good Governance Framework and operate a Local Code of Governance.
- J2 The council will maintain a fit for purpose overarching financial governance framework as set out in this MTFF and ensure it is kept up to date as appropriate, to reflect the changing financial environment and best practice.
- J3 The council will maintain at least an adequate overall internal control environment.
- J4 The Internal Audit service will provide an annual opinion to those charged with governance, on the overall internal control environment and this will be used to inform the Annual Governance Statement (AGS). The AGS will report on the overall effectiveness of the internal control environment, including any areas for improvement and plans to address these.
- J5 Financial monitoring and reporting will be undertaken in accordance with the budget management and control framework and in line with the published corporate financial monitoring and reporting timetable. The council will report on the current and estimated year-end financial position, including progress against investment, efficiency and savings targets, and use of general and earmarked reserves, at regular intervals to both members and management.
- J6 The council will publish each year an annual statement and summary accounts that provide stakeholders with a clear statement of the operating and financial performance of the council compared to targets.
- J7 The council will publish on a quarterly basis a set of financial health indicators that are readily available to all stakeholders.

## **K: COMMERCIAL**

**CONTEXT:** The council will seek to maximise commercial opportunities, to ensure value for money is achieved on services the council provides.

- K1 We will maintain an overarching income and commercial policy.
- K2 We will seek to maximise commercial opportunities in the commissioning of council services, in accordance with the council's priorities.
- K3 The Council should look to use mechanisms such as profit share in commercial agreements on outsourcing in order to continue to benefit from future revenue.
- K4 Where services to the public and businesses are provided externally on the Council's behalf then they should also have regard to the overriding income and commercial policy (see section C on income above).
- K5 We will seek to promptly receive and recover all commercial income due to us.

## **6. OPERATIONAL PRINCIPLES**

Our operational principles relate to how the council will conduct its day to day business in financial terms. These are set out below:

### **L: CALLS ON RESERVES AND CONTINGENCIES**

- L1 The central revenue and capital contingency will be allocated under the delegated authority of the s151 Officer (CFO), in accordance with prevailing designated criteria set out in the budget management and control manual.
- L2 Services are required in the first instance to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets in any particular year. This is to be managed collectively between budget managers, and senior managers. A request for use of general reserves and contingencies should only be considered after all mitigating action has been exhausted.
- L3 If general reserves are committed during a financial year, alternative savings will be identified and implemented in order to both mitigate the impact and replenish the general reserves in-year as much as possible.
- L4 Any use of general reserves in a particular year by an individual service that is not replenished in that year of account may be paid back in the following financial year, by the identification and implementation of savings and efficiencies. It is recognised that on occasions this will be achieved over more than one financial year; this will be permitted only on the prior agreement of the s151 Officer (CFO) and be referred to as a “licensed deficit”.
- L5 Any calls on the use of general reserves, which will take reserves below the minimum level required in the MTFF, are required to be reported to Council for consideration and approval. Council will take advice from the s151 Officer (CFO) before committing any expenditure that would take reserves below the minimum required.
- L6 Calls on general reserves above the minimum but below the maximum level required in the MTFF (A1 under Strategic Principles) can be allocated by Cabinet, following written confirmation from the s151 Officer (CFO) that the intended use is appropriate and subject to L2-L4 above.
- L7 General reserves above that required by the MTFF will be appropriately and prudently earmarked in-year or at year-end by the s151 Officer (CFO), in consultation with the Cabinet member with responsibility for finance.

### **M: WORKING WITH PARTNERS**

- M1 The MTFO will reflect partnerships and other arrangements to give an overall picture of funding, as appropriate.
- M2 Any one-off and/or ongoing council contributions to the funding of and/or support in kind to partnership working will always be on the basis of:
  - A clear policy decision to do so (approved by Cabinet) rather than by default.
  - The existence of a formally agreed service level agreement (SLA) and (where appropriate) agreement to the accountable body protocol.
  - The existence of a clear, robust and achievable exit strategy at the point of consideration for approval of any funding and/or support. The council will not automatically undertake to fund any ongoing additional costs at the end of any time-limited external funding of any kind.

## **N: BUDGET AND FINANCIAL MANAGEMENT PROCESSES**

- N1 The detailed principles applying to all aspects of financial management, including monitoring, operation of virement rules, reporting, internal control, etc. are set out in the council's Constitution and budget management and control manual. Council managers and employees are required to adhere to the principles set out within these.
- N2 The annual budget process will be governed by the annual budget framework approved by Cabinet.

## **O: INCOME**

- O1 When acting as accountable body for grant funding, the council will at all times operate in accordance with its agreed practices, including complying with the grants manual and accountable body protocol.
- O2 An annual review of fees and charges will be undertaken, aligned to the budget process, in accordance with the income and commercial policy, and the corporate framework outlined in the budget management and control manual.
- O3 Each review will be undertaken within the requirement of a total cost recovery approach or as determined by statute or regulations i.e. building control income, including the recovery of total overheads, unless a decision otherwise is made by Cabinet.
- O4 Any requests by services for use of surplus income will be considered using the councils existing windfall protocol and carry forward protocol and will be subject to a council wide outturn within budget.
- O5 All one-off, unplanned "windfall" income will be returned to the corporate centre and pooled for the "corporate benefit" and will not be utilisable by the service, unless prior approved by Cabinet. Its use will be determined by the windfall protocol, the details of which are set out in the budget management and control manual.
- O6 The windfall protocol requires windfall income to be pooled centrally. A proportion of the resulting fund is transferred at year end (subject to the council outturning within budget) to the project reserve. The remaining proportion is to be utilised to manage volatile areas of spend and/or new pressures in year. The exact proportion within each is to be determined by a risk assessment and set by the s151 Officer (CFO) in consultation with the portfolio holder for finance. The detailed arrangements for managing and utilising this, is to be set out in the budget management and control manual.

## **P: COMPARATIVE SPEND & PERFORMANCE**

- P1 Comparative spend and benchmarking data will be used to inform the budget setting process, where this is appropriate (and available). The demonstration of public value and value for money will be from a quality, cost and delivery matrix.

## **Q: CAPITAL PROGRAMME**

- Q1 The annual capital programme will be approved alongside the revenue budget and all known revenue costs arising out of capital spend will be included in the revenue budget.
- Q2 The capital programme will be compiled in accordance with the principles set out within the Capital Strategy.
- Q3 In addition to the annual capital programme, a prudent capital central contingency will be set, not exceeding 10% of the annual council funded element of the capital programme requirement, to accommodate unforeseen /

unbudgeted expenditure (i.e. where, due to the level of uncertainty, the financial impact is not certain at the time of setting the programme). The exact level of the capital contingency is to be determined by a risk assessment and set by the s151 Officer (CFO) in consultation with the portfolio holder for finance.

- Q4 As an incentive, a small proportion of newly identified usable (non-ringfenced and/or not subject to secretary of state approval) capital receipts (i.e.: up to 10% of the usable/non-ringfenced element only) are permitted to be recycled to projects either within the geographical area or service from which the receipt arises, with approval for any such earmarking being sought in advance from Cabinet.
- Q5 Where there is a statutory obligation to ring-fence receipts (e.g. playing fields or allotments) for a specific purpose, these receipts will be treated as specific, earmarked receipts. The spending allocation for these receipts will be required to be approved by Cabinet.
- Q6 In exceptional circumstances, earmarking may occur where there is a specific proven business case, approved in advance by Cabinet.
- Q7 Other than Q4, Q5 and Q6 above, no other earmarking or underwriting of capital receipts is permitted in the interests of prudent corporate financial management and to enable corporate allocation using our policy-led medium term principles and in accordance with the Capital Strategy.
- Q8 Reallocation of existing capital funding within years is permitted, subject to compliance with the Constitution, Finance Rules, and s151 Officer (CFO) delegations and as set out in the budget management and control manual, provided that funds are guaranteed to be available and that the allocation aligns with the council's defined priorities.
- Q9 Where applicable, reserve list items approved by Cabinet and in priority order, are permitted to be started should funds become available, for example, by services reporting underspends and returning these back to the corporate centre.
- Q10 Prudential borrowing can be used in the following circumstances:
- For schemes of strategic importance to the council, approved in advance by Cabinet and where a defined revenue stream is identified to fund the repayment of principal and interest.
  - To cover temporary cash flow requirements in advance of a capital receipt, approved by Cabinet in advance.
  - To support one-off invest to save schemes where there is an identifiable net saving to be gained, with an acceptable payback period.
- Q11 Borrowing under Q10 and the Council's borrowing limits must be in line with the advice of the s151 Officer (CFO) and the prevailing guidance in the Treasury Management and Investment Strategy and policy statements.
- Q12 The council will establish a Flexible Use of Capital Receipts Policy and make use of this where it is appropriate and prudent to do so. This will be annually reviewed for usage and delivery of benefits as part of the updated Capital Strategy and in accordance with Statutory Guidance.

## **R: BUDGET REALIGNMENT**

- R1 All budget realignment will be undertaken within the framework identified throughout this Strategy document.
- R2 All potential budget reductions will be fully financially and operationally appraised and risk and impact assessed before approval and any one off delivery costs identified and reported alongside the reduction.
- R3 All approved budget reductions will be implemented according to a pre-determined delivery plan.

- R4 Each approved budget reduction will be allocated to a named individual who is accountable for the planning, implementation and delivery of that budget reduction in the timescale required.
- R5 Where it is determined in-year that a budget reduction cannot be fully implemented, the accountable manager will implement a corrective action plan and, where required, seek alternative offsetting reductions within finance and virement rules and agreement by Members as appropriate.
- R6 Any proposed investment funding will be fully financially and operationally appraised and risk assessed before approval.
- R7 All approved investment funding will be implemented according to a pre-determined implementation plan.
- R8 All approved investment funding will be allocated to a named individual who is accountable for its planning, full implementation and post implementation review in the timescale required.
- R9 The investment will be held centrally until implementation has commenced. Where it is determined in-year that a budget investment cannot be fully implemented, the investment will be returned to the corporate centre in the year that it occurs, except where this is due to genuine slippage, as determined by the s151 Officer (CFO).
- R10 Revenue and capital budget realignments in year can be undertaken subject to compliance with the Council's Constitution, Finance rules (virements) and s151 Officer (CFO) delegations.

## **S: CONSULTATION**

- S1 This will be achieved using the most appropriate methods, which may include opinion polls, questionnaires, focus groups, residents panels, presentations, the website and other methods and media, in accordance with the council's consultation strategy.

## **T: CARRY FORWARD PROTOCOL**

- T1 A carry forward protocol will be used to reward sound budget management, by allowing the carry forward of *planned* revenue underspends and/or achieved revenue savings, up to a maximum of 50% of said underspend/saving, excluding the use of windfalls/ unplanned underspends/savings. This is dependent on achievement of planned service delivery targets/ outcomes and no overspends appearing elsewhere within the service and a balanced position council wide at year end.
- T2 Where it is proven that expenditure originally planned to fall in the previous year will now fall into the next year for sound operational reasons, up to 100% (dependent on requirements) will be permitted to be carried forward. This will be permitted to be spent on that item only and any excess not required will be returned to corporate reserves.
- T3 Where it is clearly demonstrated that an overspend has occurred for any operational service reason and/or financial management reason, between 25% and 75% of the overspend may be carried forward into the following year. The percentage will depend on the ability to recoup, the nature of the service, the track record of the relevant service, and the reason for the overspend. This would not be applied where it can be clearly demonstrated that the expenditure was unforeseeable at the time the budget was set and beyond the control of the individual manager or the directorate management team, and where the directorate had made robust attempts to mitigate its impact.

- T4 For capital projects, 'carry forward' is a means for carrying forward budgets from one year to another to cover definable commitments that have moved from one year to another, and not a means to carry forward underspends.
- T5 Any carry forward request, both revenue and capital, needs to be approved by the s151 Officer (CFO) in consultation with the portfolio holder for finance, and evidence will need to be presented on what the defined commitment is.

#### **U: PERFORMANCE MANAGEMENT**

- U1 The delivery of required service outcomes and the achievement of financial performance will be reviewed by line managers as an integral part of the council's performance management framework through various mechanisms including but not restricted to: service plan reviews, APC's and performance boards.
- U2 The principles outlined throughout this document will be used as objective measures of managers' performance.

## 7. THE IDENTIFICATION AND MANAGEMENT OF RISK

Walsall council has long embraced risk management as an integral and important part of its business processes. The concept and practices are a key element in the management of the council and it is an integral part of our governance culture.

The principles of corporate governance apply as much (if not more) in the public sector as they do in the private sector in exercising our community leadership role, working with a wide range of partners, providing diverse and sensitive services and making decisions that impact on the lives of residents, visitors, businesses and other stakeholders.

The council will continue to use the risk management framework to identify, analyse and manage the risks associated with our activities with the objective of:

- Providing objective information to decision makers;
- Reducing health, safety and environmental risks as far as reasonably practicable;
- Minimising financial and reputational losses;
- Maximising opportunities;
- Identifying cost effective risk treatment options.

The councils approach to risk management is set out in its Corporate Risk Management Strategy (CRMS) which designates responsibility for the management of risk across all members and officers of the council and was updated and approved by Audit Committee on 14 January 2019.

The responsibility for ensuring that the council meets its statutory requirements as stipulated in the Account and Audit Regulations 2015 rests with the s151 Officer (CFO), with oversight provided by the Audit Committee, together with the responsibility for reviewing the mechanisms for the management and assessment of risk; giving assurance about the process and ensuring that corporate business risks are being identified and actively and effectively managed. A set of risk registers is maintained which are structured and reported as follows:

ELEMENT	REPORTED TO	FREQUENCY
Strategic Risk Register (SRR)	Corporate Management Team (CMT) Audit Committee and Directorate Leadership team	2 - 4 times per year 2 - 4 times per year
Directorate Risk Registers	Directorate Leadership Teams	2 - 4 times per year

The SRR is reported to Audit Committee, which selects risks for further scrutiny. Directorate risks are reviewed and discussed at directorate management teams/performance boards. Directorate risk registers are obtained quarterly and CMT receive details of all of the directorates' top risks and consider any for evaluation onto the SRR.

Financial risks are evaluated both within regular financial monitoring reports to Cabinet and CMT and within the annual budget report to Cabinet and Council. The s151 Officer (CFO) uses this risk assessment to inform her decision on the appropriate levels of general reserves, contingencies and specific reserves. This is reported within the S25 Statement of the Section 151 Officer on the robustness of estimates and adequacy of reserves contained in the annual budget report. The council will also undertake a financial resilience assessment which will be used to inform this Statement.



## **8. FINANCIAL CONTEXT AND MEDIUM TERM FINANCIAL OUTLOOK**

### **Financial Context**

The council continues to be financially stable in the normal local government context, however it is experiencing, as other local authorities are, an extremely challenging financial position arising from reducing funding, increased cost pressures and the ongoing impact of the pandemic. The 2021/22 budget was set using our long standing policy-led approach which delivered a balanced budget with a council tax increase of 4.99% (3% of which relates to a precept for Adult Social Care) in line with Government referendum principles. A detailed financial risk assessment was undertaken to appraise and manage the potential impact of various demands on the budget.

### **Spending Review and Multi-year Settlements**

Spending reviews set government departmental budgets over several years. It is then up to departments to decide how best to manage and distribute this spending within their areas of responsibility. The next Spending Review will be published on 27 October 2021 and is expected to be a multi-year announcement to cover the period from 2021/22.

Local Authorities have experienced significant and sustained reduction in government funding since 2010 and continue to face severe financial pressures for the foreseeable future. Total reductions in central Government funding for the period from 2010/11 to 2021/22 for Walsall equate to c£107m.

More specifically the council is expecting to manage:

- The existing and future unknown ongoing impact of Covid-19, including ongoing cost pressures and reductions in income as a result of a reduced take up of Council services.
- Limited scope to increase council tax and fees and charges;
- Government reliance on individual council's ability to raise income through council tax increases, rather than providing national ongoing funding to support social care pressures, etc;
- Welfare reform, including universal credit;
- Continued reductions in core government grant funding, for example:
  - The impact of full business rate retention (BRR) and revaluation;
  - The impact of the Government's next Spending Review on 27 October 2021; and implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) to include the setting of new baseline funding allocations now expected in 2022/23, subject to confirmation;
  - Continuation or otherwise of other specific grants e.g. public health, improved better care fund, social care, troubled families, etc;
- Increases in social care demand:
  - From an aging population, with increased costs in care packages and the impact of Covid-19 putting a strain on local authority systems both in financial and operational terms. For example, adult social care packages and placements costs have risen by £15.87m from £56.21m in 2010/11 to £77.64m in 2020/21;
- The Government announced on 7 September 2021 a Social Care Reform Paper 'Build Back Better – Our Plan for Health and Social Care' to make an additional

£12 billion per year for health and social care on average over the next three years, which aims to support LA's being put on a sustainable financial footing post the pandemic. This will be funded by a new, UK-wide 1.25 per cent Health and Social Care Levy introduced from April 2022, ringfenced for health and social care. This will be based on National Insurance contributions (NICs) and from 2023 will be legislatively separate, and will also apply to individuals working above State Pension age. It is as yet unclear how much of this funding will come to social care and when.

- For children and young people in care, and the associated impact on numbers of social workers, and costs required to support these children. In March 2018, there were 930 children and young people receiving care or support from the local authority (644 looked after children / 286 non looked after children) with an average cost per placement of £735 per week for looked after children and £141 per week for non-looked after children.

In comparison, in March 2021 there were 1063 children and young people receiving care or support from the local authority (673 looked after children / 390 non looked after children) with an average cost per placement of £1,089 per week for looked after children and £198 per week for non-looked after children.

This cost increase is mainly attributable to annual increases in market cost as well as an increase in the complexity and level of support needed for some children and young people currently receiving care and support from the local authority. For information, non-looked after children includes placements such as supported accommodation, special guardianship orders, care leavers & residence orders.

Financial planning for these reductions has been made more difficult because of the volatility and uncertainty around the timing of these reductions.

Beyond the 2021/22 one year spending round, funding allocations still remain uncertain. The Spending Round (SR20), announced on 25 November 2020, confirmed that the Government will not proceed with the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021/22. The reset of accumulated business rates growth will also not take place in 2021/22. These decisions were reported as allowing both the Government and councils to focus on meeting the immediate public health challenges posed by the Covid-19 pandemic. It is thought that this will now come into effect in 2022/23, subject to any update as part of the Spending Review on 27 October 2021.

## **Medium term Outlook**

The council produces and regularly updates a medium term financial outlook, which integrates current expenditure plans and investment programmes with cash-flow and balance sheet projections, and which supports the council's corporate plan.

Our latest monitoring reflects many national and regional spending patterns. As with all councils and public sector organisations, there are pressures in current and future years that need to be funded. A particular issue for us is the impact on Government funding mentioned above, alongside the as yet not fully known impact of recent and future expected Welfare Reforms. Alongside this, the implementation of the referendum requirement and a reduced income yield available from council tax restricts our ability to generate income overall to offset cost pressures.

The starting point for the MTFO is the approved 2021/22 base budget and provisional estimates for future years. These have been updated to reflect currently available information. In particular the following assumptions are used:

- A focus on a policy-led budget setting approach using corporate priorities established by Council;
- Provision for inflationary increases on contracted services and pay related pressures for all services;
- All education schools spend to be funded via dedicated schools grant and other specific education grants where applicable;
- Business rates and council tax continues at the current collection rate, although there is no guarantee that existing income levels will be maintained; council tax increases are expected to be in line with referendum principles, once published;
- Forecast included in relation to the impact of the pandemic on income losses and cost pressures.

The table below shows the council tax requirement for 2022/23 to 2025/26, the level of savings identified to date and those requiring identification. The 202/23 is provisionally balanced, subject to the Spending Review and core funding Settlement to be published in October. A total gap of £43.89m remains for 2023/24 to 2025/26.

<b>Table 1: Council Tax requirement</b>				
	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
Council tax Requirement	132.55	136.14	139.82	143.60
Cost Pressures:				
Growth / Investment (Appendix 1)	23.64	11.21	10.40	10.10
Central growth – Pay/Pensions	4.52	6.82	5.32	5.32
Savings plans identified (Appendix 2)	(20.14)	(6.09)	(0.26)	
Other savings to be identified – see movement in target in table 2 below		(10.25)	(18.41)	(15.23)
Other movements / funding changes:				
Other changes including grants / income	(1.95)	(5.86)	4.31	0.56
Core Funding changes	(0.66)	4.12	2.42	3.12
Collection fund (surplus) / deficit	1.32	0	0	0
Transfer to / (from) reserves	(3.14)	3.73	0	0
<b>Revised Council Tax Requirement</b>	<b>136.14</b>	<b>139.82</b>	<b>143.60</b>	<b>147.47</b>
<b>Council Tax Increase</b>	<b>1.99%</b>	<b>1.99%</b>	<b>1.99%</b>	<b>1.99%</b>

## KEY DOCUMENTS – RESPONSIBILITIES

## MTFF - APPENDIX A

Document	Brief Description	Detailed Drafting	Officer Approval	Member Approval	Reporting Date	Review Frequency
Medium Term Financial Framework (MTFF)	Sets out how the council wishes to structure and manage its finances now and in the future and to ensure this approach facilitates delivery of the council's vision, aims and objectives.	HOF	S151 Officer (CFO)	Cabinet	Summer/Autumn	Annual
Capital Strategy	The council's intentions for its capital income and expenditure to deliver the organisation's aims and objectives.	HOF	S151 Officer (CFO)	Cabinet	February as part of Annual budget report	Annual
Treasury Management Strategy and Policy Statements and Annual Report	The council's overarching strategy and operational procedures in the management of its debt portfolio and investments. Annual report on performance.	HOF	S151 Officer (CFO)	Cabinet & Council Cabinet Cabinet	Strategy: Feb/Mar Policy Statement – Sept/Oct Annual Report – Summer	Annual
Corporate Risk Management Strategy	The council's approach to managing risks to avoid unnecessary cost and reduce liability, whilst still maximising opportunities available.	HOF / IA	S151 Officer (CFO)	Audit Committee	As per Audit Committee work plan	Every 2 Years
Budget Framework	Guidance to practitioners on the construction of the annual revenue budget and capital programme.	HOF	S151 Officer (CFO)	N/A	Summer	Annual
Statutory / CIPFA guidance	Annual Governance Statement Code of Financial Management Codes of Practice Prudential Code	CIPFA	Implementation - HOF / CFO / IA	N/A	Various	As required

Document	Brief Description	Detailed Drafting	Officer Approval	Member Approval	Reporting Date	Review Frequency
Medium Term Financial Outlook (MTFO)	The revenue budget plan.	HOF	S151 Officer (CFO)	Cabinet	Summer	Annual
Budget Management and Control Manual	Detailed guidance for practitioners on the management and control of budgets and allied activities.	HOF	S151 Officer (CFO)	N/A	Winter / Spring	Every 2 Years
Annual Governance Statement (AGS)	Statement setting out the council's approach to implementing and reviewing governance procedures, including internal control mechanisms in order to ensure the management of the council is adequate, including the reduction of risk.	HOF	Approval - CEO Implementation – CEO / EDs / CFO / MO / HOF / IA	Leader and Audit Committee	As per Accounts and Audit Regulations	Annual
Revenue Budget	The annual budget used for setting the council tax and the allocation of financial resources to the services	HOF	S151 Officer (CFO)	Cabinet Council	February February/March	Annual
Capital Programme	The annual capital programme	HOF	S151 Officer (CFO)	Cabinet Council	February February/March	Annual
Strategic Asset Management Plan (SAMP)	The overall plan setting out the council's approach to managing its asset base and securing value for money in their deployment	HOCL	Executive Director – R&T	Cabinet	Autumn	As required
Constitution	The overarching document setting out the council's governance arrangements	HL&DS (MO)	CMT	Cabinet Council	As required	As required
Contract Rules (CRs) & Finance Rules (FRs)	Detailed guidance setting out procedures to follow in procuring goods and service, securing value for money and ensure the financial management of the council is adequate and safeguarded	HOLNC/HOF/HOP	MO / CFO	Consultation: Cabinet Approval: Council	As required	As required
CEO - Chief Executive Officer CFO - Chief Finance Officer/S151 Officer CMT - Corporate Management Team ED - Executive Director		HOF - Head of Finance HOCL – Head of Corporate Landlord IA – Internal Audit Director of Governance (Monitoring Officer)		HOLNC – Head of Law (Non Contentious) HOP – Head of Procurement DHOF – Deputy Head of Finance		

## MTFF - APPENDIX B - GLOSSARY OF TERMS

<b>Accountable body</b>	Responsible body for finance and governance purposes, accountable for ensuring financial and governance arrangements are adequate.
<b>Annual Performance Conversation (APC)</b>	The process for reviewing the performance of individuals, which translates the priorities from directorate, service and team plans into individual targets. It demonstrates how each person contributes to service priorities and the council's vision.
<b>Base budget</b>	The amount required for services to continue at their current level, adjusted from the previous year's budget for inflationary pressures, not changes in service levels provided.
<b>Baseline</b>	The starting point for financial planning. The current position taking into account all currently known financial issues.
<b>Benchmarking</b>	The process by which a council service, process and/or cost is compared with that of other councils, organisations, prices and/or functions.
<b>Billing authority</b>	Walsall Council is the billing authority responsible for the collection of the council tax and non-domestic rates, which includes amounts from the local precepting authorities – the West Midlands Fire and Rescue and Police Authorities.
<b>Business rate retention</b>	Funding scheme for local government implemented in 2013/14 to replace the previous Formula Grant funding scheme.
<b>Capital expenditure</b>	Expenditure on major items e.g. land and buildings, which adds to and not merely maintains the value of existing fixed assets.
<b>Capital grants</b>	Specific targeted grants to cover capital expenditure.
<b>Capital programme</b>	The annual plan of capital spending and how it is funded, approved by full council each February/March.
<b>Capital receipts</b>	Money received from the sale of council assets e.g. land.
<b>Capital strategy</b>	The council's intentions for its capital income and expenditure to deliver the organisation's aims and objectives.
<b>Carry forward protocol</b>	The process by which annual underspends are carried forward between financial years to either reward good financial management.
<b>Central contingency</b>	A small budget set aside each year to cover unforeseen items of expenditure.
<b>Collection fund</b>	A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of council tax, NNDR and residual community charge accounts.
<b>Corporate Plan</b>	Our current corporate plan covers the period 2018 - 2021 and sets out the main objectives the council will be pursuing to improve services and make Walsall a better place. The plan looks at our priorities now and in the future.
<b>Council tax</b>	The tax levied on domestic properties, which depends on the 'band' of value for the property based on estimated property values at 1 April 1991.
<b>Council tax base</b>	The total number of band D equivalent properties upon which the council tax can be levied.
<b>Council tax support localisation</b>	Local scheme of council tax discounts replacing council tax benefits, which was abolished from April 2013.

<b>Earmarking</b>	The process of setting aside a specific sum of money for a specific activity, liability or incident.
<b>Financial standing</b>	The council's financial health and solvency.
<b>Governance</b>	The arrangements in place to ensure that the council fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical manner.
<b>Internal control</b>	Mechanisms and systems to ensure that the arrangements for financial management are adequate and public money is safeguarded.
<b>Levies</b>	Charges made upon Walsall council by other organisations which serve several authorities (e.g.: Passenger Transport Authority, Environment Agency)
<b>Licensed deficit</b>	A specific permission (given in advance) for a service to overspend and for that overspend to be temporarily funded from general reserves. Any such overspend would have to be for a particular reason to a predetermined level. Any such permission is given on the basis of an agreement to pay it back in full over a defined period, usually the following financial year.
<b>Medium-term financial outlook (MTFO)</b>	Consideration and forward planning of the council's finances over a period of at least three years.
<b>Medium term financial Framework (MTFF)</b>	The main objectives of the Framework are to set out how the council will structure and manage its finances now and in the future and to ensure this approach facilitates delivery of the council's vision, aims and objectives.
<b>National non-domestic rates (NNDR)</b>	A tax levied on business properties, also referred to as business rates. NNDR poundage is set annually by the Government. A new Business Rates Retention scheme introduced in 2013/14 whereby local authorities retain 50% actually collected, with the remaining passed to government to be reallocated to councils in the form of a top up grant. As part of the West Midlands Combined Authority, we are currently a pilot to 100% retention.
<b>Net council tax requirement</b>	The amount of council spending needed to be financed by council tax, following the receipt of central Government formula grant, other specific grants, use of reserves and external fees and charges.
<b>Options appraisal</b>	The process by which several possible courses of action are assessed against a range of objective criteria to determine the best way forward.
<b>Policy led budgeting</b>	A system of budgeting where resources are linked to council priorities to ensure that projects with the highest priority receive the funding necessary to implement them.
<b>Precepting authority</b>	An authority e.g. police and fire which sets a 'precept' on billing authorities, who collect it on their behalf.
<b>Prudent</b>	The minimum the council has to do to ensure financial health, manage financial risks and deliver services.

<b>Reserves</b>	The total level of funds the authority has accumulated over the years. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves (also known as balances) arise from an accumulation of previous years' surpluses and deficits and are available to support one-off revenue expenditure.
<b>Revenue expenditure</b>	Expenditure on the day-to-day running costs of services e.g. employees, premises, furniture and equipment.
<b>Revenue support grant (RSG)</b>	The main central government grant paid to each authority to finance its general expenditure. This is no longer payable following implementation of 100% business rates retention.
<b>Ring fenced</b>	This refers to the statutory requirement for certain funds to be separately maintained.
<b>Risk management</b>	A systematic and proactive way of evaluating potential risks and identifying practical ways in which those risks can be reduced or eliminated so that the objectives of the council can be achieved without interruption.
<b>Risk register</b>	A comprehensive list of risks to the delivery of services at a project, service, directorate or corporate level.
<b>Service plans</b>	A document setting out what a service plans to do for a specified time period. It gives clear direction about priorities and targets and sets out how they will be delivered and resourced.
<b>Tariffs and Top Ups</b>	Calculated by comparing an individual authority business rates baseline against baseline funding levels.
<b>Treasury management</b>	The proactive management of the council's loans portfolio and cash flow, seeking to minimise interest on borrowing whilst maximising funds for capital expenditure to deliver the council's objectives.
<b>Prudential borrowing</b>	Borrowing where interest and repayment costs are funded from the council's revenue budget.