

Cabinet – 8 February 2012

Corporate Budget Plan and Treasury Management and Investment Strategy 2012/13

Portfolio: Councillor C. Towe – Finance & Personnel

Service: Finance – council wide

Wards: All

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1. This report presents the final draft revenue and capital budget plan for 2012/13 following consideration of the draft budget proposals by scrutiny panels and public consultation, and for recommendation to full Council, along with draft precepts.
- 1.2. This report also sets out the treasury management and investment strategy as required by the CIPFA Code of Practice. It includes details on the Prudential Code Indicators (PCIs) for the next three years and asks Cabinet to approve them and recommend adoption of these to full Council. The strategy both complies with the Local Government Act 2003 and also provides an additional framework over and above the statutory minimum for monitoring performance.

2. Recommendations

- 2.1 To note and approve:

Revenue

- a) That at the time of despatch of this report, the precepting authorities (fire and police) had not formally notified the authority of their final council tax levels. (We have been advised that they will both be approved following meetings scheduled for 13 and 16 February respectively, so we will provide final figures at the Council meeting on 23 February 2012). Current estimates have been used within this report based on informal communication from each precepting authority.
- b) That at the time of despatch of this report, the levy authorities (Environment Agency and Centro) had not formally notified the authority of their final demand. Current estimates have been used within this report based on informal communication from each authority. (The final levy for Centro is expected to be approved on 6 February, so we will provide an update at the Cabinet meeting on 8 February, with the final Environment Levy to be included within the final papers to Council).

- c) That the aggregate income includes the council tax freeze grants for 2011/12 and 2012/13.
- d) The Walsall council draft net council tax requirement for 2012/13 of £109.25m - resulting in no change to the council's own band D council tax of £1,384.64.
- e) On the basis of (a), (b) and (c) above, the provisional (i.e.: subject to formal confirmation of precepts) overall council tax level is expected to be frozen, resulting in no change to the total band D council tax of £1,531.92.
- f) Subject to Council approving the budget in the same form as set out herein, that Cabinet approves the budget plan and all the recommendations, proposals and changes to policies and procedures set out in the plan, and further delegates authority to the relevant executive directors to implement the same.
- g) That delegated authority be given to the Chief Finance Officer to make any necessary amendments, in consultation with the portfolio holder for finance and personnel and the Leader, to take account of the final levies and precepts which have not yet been notified, and to make any necessary amendments to the statutory determinations to take account of those changes and the resulting final analysis of the budget for 2012/13 and for amendments to those to be submitted to Council at its meeting on 23 February 2012.
- h) That delegated authority be given to the Executive Director (Neighbourhood Services) to arrange with the Borough Management Team for the allocation of the 2012/13 Community Safety grant of £151,719 in accordance with Safer Walsall Partnership strategic priorities. It is also recommended that Cabinet agree to receive a report on a six monthly basis to note allocations, and the activity being funded. Performance will also be monitored through the Safer Walsall Partnership Board.

Capital

- i) The capital programme for 2012/13 of **£38.07m**, comprising mainstream capital £11.58m and externally funded schemes £26.49m. The leasing programme is £4.44m which includes £0.89m of new starts in 2012/13.

Treasury Management

- j) The 2012/13 treasury management and investment strategy document set out in **Section 2** and the adoption of the Prudential Indicators set out in **Annex 7**.

2.2 To note, endorse and recommend to Council:

2.2.1 Revenue

- a) The recommendations of the Chief Financial Officer (CFO) in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves as set out in **Annex 4**.
- b) That the net draft levies below for outside bodies **be noted**. At the time of despatch of this report, we had not been formally notified by the authorities of their final levy. (The final levy for Centro is expected to be approved on 6 February, so we will provide an update at the Cabinet meeting on 8 February, with the final Environment Levy to be reflected in a revised resolution to be provided to the Council meeting of 23 February 2012. An estimate has been used within this report based on informal notification from the authorities).

DRAFT LEVY	AMOUNT (£)
West Midlands Passenger Transport Authority	14,271,000
Environment agency	82,360

- c) That approval be given to an opening working balance for 2012/13 set at a prudent level in line with the council's medium term financial strategy.
- d) That the following statutory determinations **be noted and approved** (references are to the Local Government Finance Act, 1992) with subsequent changes in the Localism Act 2011:
- I. **£652,949,411** being the aggregate gross expenditure, which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Localism Act 2011.
 - II. **£543,703,807** being the aggregate income which the council estimates for the items set out in Section 31A(3) (a) to (d) of the Localism Act 2011.
 - III. **£109,245,604** being the amount, by which the aggregate at (d) (I) above exceeds the aggregate at (d) (II), calculated by the council in accordance with Section 31A(4) of the Localism Act 2011, as its council tax requirement for the year.
 - IV. **£1,384.64** being the amount at (d) (III) above, divided by the council tax base of **78,898.20**, calculated by the council in accordance with Section 31B of the Localism Act 2011, as the basic amount of its council tax for the year (average council tax at band D)

V. Valuation bands

Being amounts given by multiplying the amount at (d) (iv) above by the number which, in the proportion set out in Section 5 (1) of the Local Government Act 1992, is applicable to dwellings listed in valuation band D, calculated by the council in accordance with Section 30 and 36 of the Act as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

A	B	C	D
£923.09	£1,076.94	£1,230.79	£1,384.64
E	F	G	H
£1,692.34	£2,000.04	£2,307.73	£2,769.28

- e) That the **estimated** precept from the Fire and Civil Defence Authority and the **estimated** precept for the Police Authority, issued to the council in accordance with Section 40 of the Local Government Finance Act, 1992, for each of the categories of dwelling shown below **be noted and approved** and that the final figures **be substituted** for these provisional ones once they are available at the Council meeting on 23 February 2012.

PRECEPTING AUTHORITY	VALUATION BANDS			
	Police	A	B	C
£66.30		£77.35	£88.40	£99.45
E		F	G	H
	£121.54	£143.64	£165.74	£198.89
Fire & Civil Defence	A	B	C	D
	£31.89	£37.20	£42.52	£47.83
	E	F	G	H
	£58.46	£69.09	£79.72	£95.66

- f) That having calculated the aggregate in each case of the amounts at (d) (v) and (e) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts of council tax for 2012/13 for each of the categories of dwellings shown below. This represents no change in council tax levels approved in 2011/12.

A	B	C	D
£1,021.28	£1,191.49	£1,361.71	£1,531.92
E	F	G	H
£1,872.34	£2,212.77	£2,553.19	£3,063.83

- g) That notice **be given** of the council tax within twenty one days of it being set by publishing details of the same in the "Walsall Advertiser" newspaper circulating in the Authority's area.
- h) That the Chief Financial Officer **be instructed** to take all necessary action in relation to council tax, community charge and national non-domestic rates, including, where appropriate, the signing of all documents, the giving of notices and the taking of necessary steps to ensure collection thereof.
- i) **Approve** the budget plan, including the opening cash limits, savings and investment proposals set out in the annexes.

2.2.2 Capital

- a) That the draft capital programme set out in the following tables be approved bearing in mind the principle that unless affordable from within current resources, specific projects funded by unsupported borrowing will not be commenced until a payback agreement is in place. Schemes funded from grant will commence when final allocations are published.

DRAFT CAPITAL PROGRAMME 2012/13	
MAINSTREAM SCHEMES	ESTIMATED VALUE £
Prior Year Approvals	
Council wide IT planned rolling replacement and upgrade	929,175
Headstone safety in Cemeteries	80,000
Shop maintenance	120,000
Aids and adaptations	1,500,000
General reactive / planned property maintenance	450,000
Demolition of redundant buildings to save on rates	200,000
Fire risk assessment	200,000
ICT support to Smarter Workplaces programme	400,000
Supporting independent living – transformation of Social Care	236,200
Preventative adaptations – transformation of Social Care	1,000,000
Hatherton multi storey car park – safeguarding income	200,000
Health through warmth and related Retro-fit schemes	1,000,000
Highways maintenance	1,200,000
Greenspace improvement plan	150,000
Refurbishment of Leckie building in Walsall Arboretum	10,000
Capital insurance reserves – Risk management	100,000
Capital insurance reserves – Uninsured property damage	200,000
Capital insurance reserves – Asbestos removal	155,000
Capital insurance reserves – Control of legionella	275,000
Capital insurance reserves – Statutory testing of buildings	300,000
Capital insurance reserves – Lighting invest to save	250,000
New Bids	
Refurbishment of Stroud Avenue Family Centre (net of expected capital receipt from sale of Dale Street)	525,000
Children's Services - IT investment in mobile working	79,000
Regenerating Walsall	380,000
Improving the customer experience on visit to Council House	330,000
Enabling works to office development (Gigaport)	650,000
New Bentley Community facility (funded from capital receipts of associated sites)	0
Restoration and renovation of Broadway West Playing Fields	410,000
Retained housing land	100,000
ICT – replace essential Wide Area Networks	92,400
ICT – network internet and external security essential upgrade	33,000
ICT – upgrade or new mapping software package	29,700
Total	11,584,475

DRAFT NON-MAINSTREAM CAPITAL PROGRAMME – SCHEMES FUNDED FROM GRANT 2012/13	
NON MAINSTREAM SCHEMES	ESTIMATED VALUE £
Basic need	2,097,621
Devolved formula capital	684,079
Capital maintenance	3,530,556
Academies	8,120,156
Walsall arboretum restoration programme	2,215,911
Walsall arboretum restoration programme – illuminated park	100,000
Willenhall townscape heritage initiative - HLF	350,000
Willenhall townscape heritage initiative - VIEW	175,000
Disabled facilities grant	1,215,000
Black country property investment programme	2,250,000
Innovative alternative to residential care and service redesign	749,829
Local transport plan	2,000,000
Red routes	3,000,000
Total	26,488,152

DRAFT LEASING PROGRAMME 2012/13	
PORTFOLIO	TOTAL BUDGET £
Environment portfolio	4,441,250
Total	4,441,250

2.2.3 Treasury Management

- a) That the 2012/13 treasury management and investment strategy document set out in **Section 2**, and the adoption of the prudential indicators set out in **Annex 7** be approved.
- b) That decisions to effect movements between conventional borrowing and other long term liabilities, such as leases, be delegated to the Chief Finance Officer.
- c) That decisions to use capital receipts or unsupported borrowing within the framework of approved prudential indicators be delegated to the Chief Finance Officer.

2.2.4 A final resolution will be despatched or tabled at Council to include final precepts and any final amendments to the budget.

3. Report detail

- 3.1 A statement on current and recommended reserves is included in the budget report. The council prudently maintains an appropriate level of general reserves and uses a risk assessment to determine the exact level. The opening balance at 1 April 2012 will be in line with the medium term financial strategy. The opportunity cost of maintaining this level of reserves is considered by the Chief Financial Officer who is satisfied that the benefits accrued in maintaining these at the recommended level outweigh the potential lost opportunity from investing these reserves in other ways.
- 3.2 The council is expected to end 2011/12 with a borrowing portfolio of £273m against an asset base of £485m and short term investments of between £125m and £155m. These will be proactively managed to minimise borrowing costs and maximise investment returns within a robust risk management environment. In 2012/13 estimated annual interest payments are £12.69m and investment interest income c£1.24m. The net budget for capital financing in 2012/13 is £23.28m.
- 3.3 All financial activities by the council are covered by the strategies. Funds are managed on behalf of schools and they receive the benefit from interest gained.
- 3.4 The budget proposals assume no increase in council tax for 2012/13, to be funded from the Government's one off council tax freeze grant.
- 3.5 The final formula grant settlement was announced on 31 January 2012. This is the second of a 2 year published settlement (covers the period 2011/12 to 2012/13).

4. Council priorities

- 4.1 The budget process follows council priorities, including the agreement to use a value for money strategy to drive through savings proposals linked to working smarter and service redesign.

5. Risk management

- 5.1 Budget Plan: The council reviews corporate financial planning and budget principles in accordance with the medium term financial strategy (MTFS). The budget setting process includes a corporate financial risk assessment to determine key risks and their impact on the budget. Services undertake risk assessments of their budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate corporate budgetary provision is available to cover unforeseen future events. This successful approach is now embedded and is used to inform the level of earmarked and general reserves.
- 5.2 The identification of risks, and level of reserves, is referred to in the CFO statement at **Annex 4**. It is, however, highly unlikely that all risks identified will arise. Managers are required to deliver services within the available budget. Any known changes in service demand or costs arising from legislative or government demands are identified and dealt with, within the overall draft revenue budget, as an investment bid. The level of reserves is sufficient to cover the high and medium risk items. Any in-year use of general reserves may require replenishment to ensure the opening level of reserves is as required by the MTFS.

6. Financial implications

- 6.1 The council must set a balanced budget to meet its legal requirements as set out under legal implications.

7. Legal implications

- 7.1 Councils must set and maintain a budget sufficient to cover known expenditure and deal with unknown contingencies. CFOs are required to report to members on the robustness of the estimates used for the purpose of calculating the budget and the adequacy of the proposed reserves. This is provided at **Annex 4** of the budget plan.
- 7.2 The Local Government Act 2003 and supporting Regulations require the council to 'have regard to' the Prudential Code and to set prudential indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Act requires the council to set out its treasury strategy for borrowing and to prepare an annual investment strategy (as required by investment guidance issued subsequent to the Act); this sets out the council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 7.3 In recent years central Government has capped the level of council tax rises. For 2012/13, as part of the Provisional Local Government settlement announced on 8 December 2011, local authorities will need to seek approval of their electorate via a local referendum if they propose to increase council tax levels above 3.5% of their relevant amount of council tax (i.e. excluding levies). Capping principles are determined on a year by year basis. The proposals within this report include a council tax freeze.

8. Property implications

- 8.1 There are direct implications from this report as part of the draft capital programme, with the earmarking of some capital receipts, and investment into council assets.

9. Staffing implications

- 9.1 There are some staffing implications arising from this report, and consultation with employees and unions is undertaken in accordance with required procedures.

10. Equality implications

- 10.1 An equality impact assessment is undertaken on the budget, on the impact of proposed savings, and on capital projects.

11. Consultation

- 11.1 The council is statutorily obliged to consult with representatives of non-domestic ratepayers before setting the budget for the following financial year. Comprehensive public consultation started in September 2011 and included:
- Budget consultation packs sent to key community and voluntary sector organisations, and also published on the council's website.

- Interviews of older people at Age Concern road shows
- Discussions held with service users and young people, a meeting with people with learning disabilities, and feedback at the Centre for Independent Living
- Business consultation with representatives from the business community
- Consultation with representatives of the community and voluntary sector
- On line budget simulator tool for residents to review budget prioritisation
- JNCCs to consult with employee representatives and discuss budget options
- Consultation with schools on schools budgets.

Detailed reports were presented to Cabinet on 9 November and 14 December 2011 providing consultation findings in order for Cabinet to take these into consideration in finalising their budget proposals.

- 11.2 Service managers of all levels are responsible for delivering targets and service outputs on time, to standard and within budget. With their teams, they are involved in budget construction, bidding for investment and working up savings options. The corporate management team and Cabinet have continuously reviewed the evolving budget. All scrutiny panels received the draft revenue budget proposals in September / October 2011, with updates during November / December 2011. The draft revenue budget and draft capital programme 2012/13 was referred on to scrutiny panels in January 2012, where the draft programme has been noted, with no proposed amendments. Social Care and Inclusion Scrutiny and Performance Panel advised of their concern regarding the potential impact on service users as a consequence of the reduction in budgets.
- 11.3 Feedback from the various consultation mechanisms have been used to inform the draft budget proposals.
- 11.4 The treasury management strategy has been approved by the finance Treasury Management Panel, an internal governance arrangement comprising the Chief Financial Officer, Head of Finance and Corporate Financial Systems and Treasury Manager. All officers involved in treasury management follow approved treasury management policies and procedures.

Background papers

- Various financial working papers.
- Financial Plan 2012/13 to 2014/15 - Draft Revenue and Capital Budget Proposals for consultation – Cabinet 14 September 2011
- Second draft Revenue and Capital Budget Proposals 2012/13 for consultation – Cabinet 9 November 2011
- Budget Consultation Feedback 2012/13 – Cabinet 9 November 2011
- Draft Revenue and Capital Budget Proposals 2012/13 for consultation, and Corporate Financial Performance for 2011/12 – Cabinet 14 December 2011
- Budget Consultation Feedback 2012/13 – Cabinet 14 December 2011
- Council Tax Base 2012/13 – Cabinet 18 January 2012
- Medium Term Financial Strategy
- Equality Impact Assessments

Authors:

Vicky Buckley, Head of Finance, ☎ 01922.652349, buckleyv@walsall.gov.uk

Stuart Wootton, Financial Planning Manager, ☎ 01922.653554, woottons@walsall.gov.uk



James Walsh
Chief Finance Officer
2 February 2012



Councillor C Towe
Finance and Personnel
2 February 2012

Corporate Budget Plan and Treasury Management and Investment Strategy

2012/13

February 2012

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1. Purpose of this document

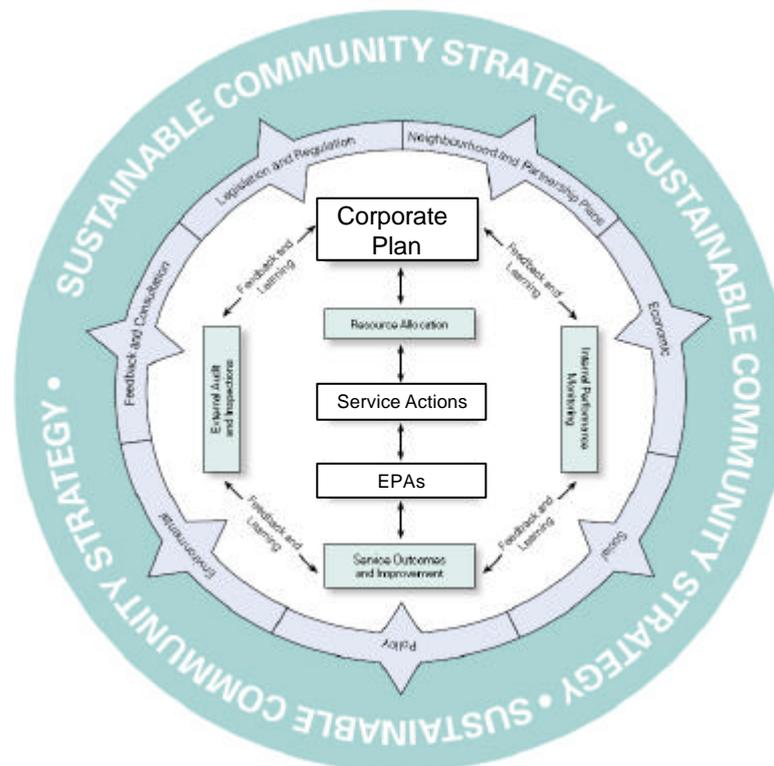
The council's budget is a financial representation of the organisation's plans for the forthcoming financial year and beyond. Therefore, the budget is constructed as an integral part of the council's planning processes and aligned to its priorities and objectives:

- the sustainable community strategy, in conjunction with our partners
- the council's vision, aims, objectives, policies and strategies
- portfolio plans for future service delivery
- the medium term financial strategy

The above plans and strategies are informed by an understanding of the people, nature and demographics of our Borough, captured within a comprehensive document "People & Place Perspectives: A Picture of our Community". This combines a range of primary data, analysis and stakeholder feedback, and has been used, with other information, to undertake needs analyses to support the design and delivery of our services, through service planning and therefore demonstrated in our budget plans.

The diagram below shows how services are designed, delivered and performance managed, and shows how financial planning connects to the council's aims and objectives. This shows how services and activities are regularly measured and monitored to enable effective decision making, helping to ensure the council delivers efficient, customer focussed services that provide real value for money.

Figure 1: The Council's planning framework



2. The Council's Vision for the Borough

Through the framework provided by the Walsall Partnership, the council has worked with other local organisations including the police, the NHS, local businesses and community & voluntary groups, to develop a clear vision for the borough of Walsall, looking ahead to the year 2021. This vision is set out in detail in partnership plans for the borough, including the Sustainable Community Strategy, the overarching community plan for the borough.

Our shared vision for the borough is that 'Walsall will be a great place to live, work and invest, where...

- people get on well with one another
- people can get around easily and safely
- people support and look after one another
- there are more and better jobs for local people
- people can live an independent and healthy life
- there are a wide range of facilities for people to use and enjoy
- people consider the impact of what we do now on future generations
- high-quality and distinctive designs of buildings and spaces exist
- growing up is as good as it can be and young people fulfil their potential
- people are our strength and have the skills and attitude required by employers
- everyone has the chance to live in a home fit for their purpose and fit for the future
- people feel proud to live in Walsall.

This is the council's vision for the borough of Walsall, its communities, and its residents - it is our focus as we plan our services, and allocate resources, for the year ahead, and into the future. We recognise the diversity of our communities and the different needs of different areas. We have established six Area Partnerships, each made up of between two and four council wards. Each Area Partnership will:

1. Engage with local communities to identify issues and agree the key priorities for the Area to be included in the Area Plan;
2. Empower communities to solve local problems by supporting local action and giving people influence over the resources allocated to their Area;
3. Co-ordinate service providers and hold them to account for delivery, to ensure better outcomes for our communities and a more effective use of resources.

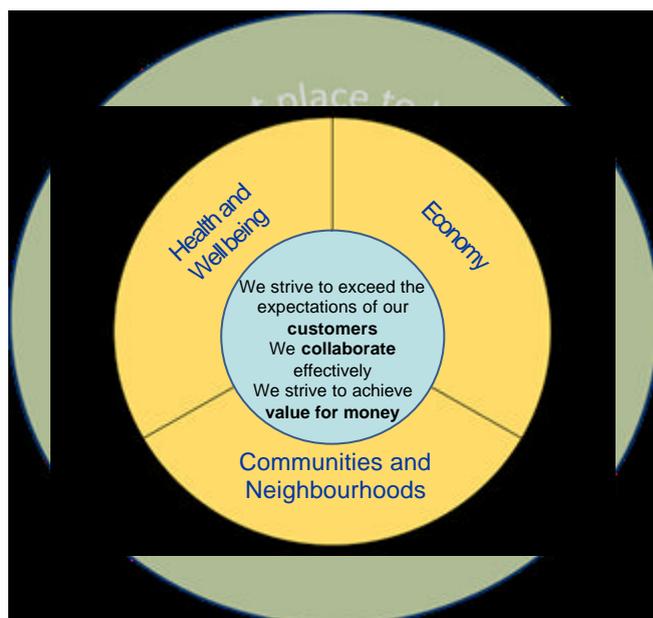
We want Area Partnerships to become a powerful partnership between communities and organisations, to be a driver for improvement, efficiency and better outcomes locally and for Walsall as a whole. Working smarter means increased working across services and agencies at a local level, to meet local needs.

Each Area Partnership is working to develop its own Area Plan showing how the priorities contained within the Sustainable Community Strategy will be delivered in the Area. Area Plans will reflect local circumstances, and include actions to address locally determined priorities where there is evidence of need and where engagement has demonstrated strong local demand. Each 'workstream' has been developed locally through Area meetings. Whilst action to tackle anti social behaviour and crime, or to achieve a cleaner, greener Walsall, are priorities for all Areas, the range of initiatives to address those priorities and to achieve improvements may differ from Area to Area, reflecting local concerns, with services focussing on local issues.

Our Priorities

Whilst working towards this shared partnership vision for 2021, it is important that as an organisation we focus on what we need to deliver in the shorter term. As such we have committed to three priorities to focus on between now and 2014. These are: communities and neighbourhoods; the economy; and health and well-being. These priorities will support our ambition to make Walsall a great place to live, work and invest and they will be supported by our core values.

Figure 2: The Council's key policies



Communities and Neighbourhoods

- Residents are happy with local services
- Residents feel they can influence decisions locally
- Streets are well maintained and clean
- Residents recycle more waste
- Communities feel safe from crime and anti-social behaviour
- Young people engage in positive activities
- More residents volunteer locally
- Communities are cohesive

The economy

- Residents are supported to sustain / gain work
- Our living / housing environments retain and attract the workforce required to develop our economy
- Businesses are satisfied with the support they receive from the council
- Workforce skills are improved / developed to match current and future business needs
- Climate for a thriving local economy is supported where existing companies and jobs are sustained
- New environments are supporting the creation of new companies and sustainable jobs

- Child poverty levels are reduced and family well-being and prosperity is improved

Health and Well-being

- Fewer infant deaths
- Less childhood obesity leading to healthier adult lifestyles
- More people take part in healthy physical activity
- Gaps in life expectancy in the least and most deprived areas of the borough are reduced
- Fewer vulnerable adults and older people need intensive support, and for shorter periods
- More vulnerable adults live meaningful lives in their own homes, with fewer people living in long term residential or nursing care
- Fewer unnecessary hospital admissions, and more rapid discharge home from hospital
- Fewer children need to be looked after by the council but those children who do, stay in the system for less time

3. Our Purpose

In order to achieve this shared vision the council has a clear focus on what it needs to achieve, reflected in our Corporate Plan which can be accessed via our website-

http://cms.walsall.gov.uk/corporate_plan-2.pdf

This plan provides a focus for the whole council – the decisions that are taken, and the actions that are taken as a result by each of our directorates, and the services, teams, and individual members of staff working within them.

The council's stated purpose is to:

Maintain and improve the physical and economic environment for the health and well-being of all our residents within financial constraints. Operate efficiently and collaboratively within a one council model and with partners to ensure value for money for tax payers and other funders

The council exists to benefit the public, responding to their needs to ensure the delivery of effective local services. We do this with only 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 what local people want and build up a thorough understanding of their needs and wishes. It also means we need to look outside our own organisation and work with partners in the public, private and voluntary sectors.

This plan will be achieved through the council working more smartly in the way it operates. **Working Smarter** is an ambitious change programme that attempts to bring this about through taking out waste and spending less, improving customer service and changing the way we do our business. But as well as a specific programme of change, working smarter is also a culture that will become embedded within the council, underpinned by nine key principles:

- Right first time
- Devolved problem solving
- Accountability for your actions
- Take personal responsibility
- Control exercised at the lowest possible level
- Unity of purpose - one council
- We exist only to serve residents
- Innovate to improve
- Mutual trust and integrity

The Way We Work

The council is committed to delivering for our customers in a way that is right, fast and simple.

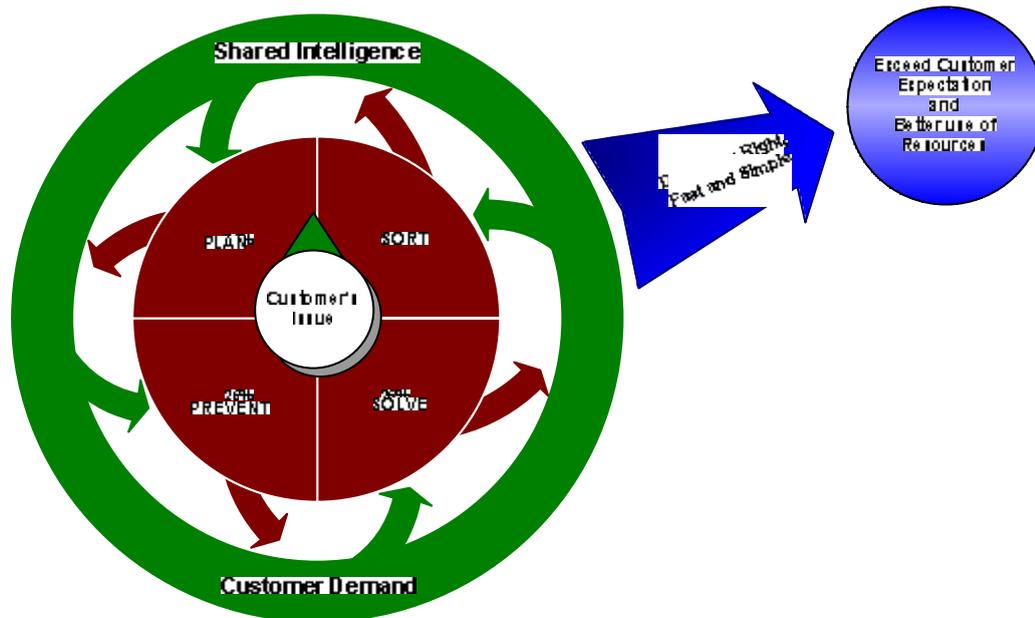
Right - We should strive to ensure our customers' needs are met effectively. The way we work should drive out the need to repeat processes because an issue was not resolved first time around. Right also means that appropriate action was taken and all necessary information was taken into account.

Fast - All processes should be stream-lined in such a way as to avoid unnecessary delays and improve efficiency.

Simple - We recognise that not every issue is simple but our processes or communications should never make it more complicated than it needs to be. Our aim should always be to make things as simple as possible for our customers.

If we do this then we will meet and even exceed customer expectations and make better use of our resources. It will be achieved through an operating system that empowers front line staff and encourages joint working. This way of working is set out in **Figure 3** below.

Figure 3- Delivering Right, Fast and Simple



The model explained

Different issues will require a different type of delivery. There are four types of delivery that have been identified; these are Sort, Solve, Prevent and Plan.

- **SORT** – frontline workers are empowered to fix simple problems;
- **SOLVE** – more complicated problems are fixed using a team-based approach, potentially involving multiple services and partners;
- **PREVENT** – processes are redesigned to avoid problems repeating themselves;
- **PLAN** – anticipated future demand requires strategic priorities to be set in a way that allows demand to be met.

All four delivery types inform, and are informed by, intelligence about customer demand and other influencers (e.g. national policy).

Our Values

This way of working requires every member of staff to act in a way that supports the model. A set of values have been developed to guide us in our day-to-day work, governing our contact with people and those who use and rely upon our services, and our relationships with partner organisations. These values are:

- We strive to exceed the expectations of our **customers**
- We **collaborate** effectively
- We strive to achieve **value for money**

4. Understanding our community

Using data and feedback

The Walsall Performance Framework is underpinned by the use of primary data, analysis and stakeholder feedback to undertake needs analysis to support the design and delivery of services. Assessments of Community Safety, Children and Young people, Economic and Health and Well-Being datasets together help provide this understanding. 2011 saw a refresh of the national census; updated census results for the borough will start to be available from late 2012. In the meantime some key socio-demographic headlines illustrating the wider context in which the council works include:

The latest population estimates give Walsall a population of 256,900 (as at mid 2010). Since 2001 the number of residents in the borough increased, reversing a period of decline throughout the 1990s.

The borough's population structure is broadly similar to the national one:

- A peak of people in their early 60s, corresponding to the post-World War 2 baby boom. As these people retire in the next few years, their skills and experience will be lost from the workforce.
- and people in their 40s, from a peak in births in the 1960s. There was a drop in births around the start of the millennium, but the rate appears to be increasing slightly again.

This structure has implications for Walsall's future, particularly due to the changing size of the potential workforce and the number of older and younger people that will be dependent on the rest of the population for support. Walsall has a relatively high dependency population. 17.6% of the population are above 65 years compared to 16.5% nationally. Having fewer people of working age is likely to increase the need for council services. 32.6% of residents are aged under 25, compared to a national average of 30.7%. (ONS 2010 Mid Year estimates)

- Latest figures (November 2011) show 6.6% of Walsall's working age population claiming Jobseeker's Allowance compared with 3.8% for Great Britain (Source: Nomis)
- For all out-of-work benefits, in May 11, Walsall's claimant rate was 17.6% of the working age resident population, compared with 11.8% for Great Britain (Source: Nomis)
- The Indices of Deprivation 2010 (ID 2010) provides a *relative measure of deprivation* in small areas across England. According to a recent update deprivation has worsened and Walsall is now the 30th most deprived local authority (out of 326), putting it in the most deprived 10% of districts. Walsall is more deprived in relation to the rest of England in 2010 than it was in 2004, when it was within the most deprived 15%. Within Walsall, there is considerable variation between the levels of deprivation across the borough.
- According to the 2001 Census, just over 85% of Walsall's residents are white British, meaning that almost 1 in 6 Walsall residents are from a minority ethnic group. More recent estimates suggest this figure has increased by 5,600 to 2007, driven by migration and higher than average birth rates.

- Of the approximately 34,400 minority ethnic residents in Walsall, their backgrounds are predominately Indian (40%), Pakistani (27.1%), Bangladeshi (7.3%) and Black groups (10.2%)
- Almost a quarter (25%) of Walsall's housing stock was owned by registered social landlords, including Walsall Housing Group (WHG) and Walsall Association of Tenant Management Organisations (WATMOS). (Source: CLG 2010)

Fair, accessible and equitable service delivery

The council endeavors to make sound financial decisions that lead to excellent services and value for our communities. It makes sure that decisions taken are in line with the general public sector equality duty in having due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- advance equality of opportunity between people from different groups; and
- foster good relations between people from different groups.

To these ends:

- Information to customers about services is provided in accessible formats, based on their particular needs as far as reasonable and within resources available.
- Staff are competent to serve diverse groups of customers and receive training to understand barriers experienced by people with protected characteristics under the Equality Act 2010.
- Managers are competent and actively demonstrate their commitment to equality in all aspects of employment, including recruitment, career development, pay, training, promotion and welfare.
- Managers are responsible for ensuring that their staff are competent around equality and diversity and that Walsall Council's workforce, as far as reasonable, reflects the make-up of the local population.
- Managers are responsible for assessing equality impact on key decisions and initiatives affecting customers and staff. This is to ensure that there is no detrimental impact on people with protected characteristics. This assessment is done by carrying out equality impact assessments.

Equality Impact Assessment on 2012/13 Budget process

Under the remit of the Corporate Equality Group, the Finance and Equality, Safety and Wellbeing teams made an initial assessment of the 2012/13 revenue and capital budget proposals. All managers responsible for proposals were required to submit an Equality Impact Assessment (EqIA) or provide justification as to why one was not necessary. The EqIAs and justifications were considered and advisory feedback provided by Equality, Safety and Wellbeing.

For every assessment there were four possible outcomes and more than one may have applied to a single proposal;

1. No major change required - When no any potential for discrimination or adverse impact is identified and all opportunities to promote equality have been taken.
2. Adjustments were needed to remove barriers or to better promote equality.
3. Continue despite possible adverse impact - For important relevant proposals, compelling reasons were needed.
4. Stop and rethink the proposal - Actual or potential unlawful discrimination is identified, the proposal was reviewed

An action plan was produced if one or more of the last 3 outcomes applied. In all cases where potential barriers were identified remedial action plans were put in place. The council considers the budget proposals for 2012/13 fair and fit for purpose.

Budget Consultation

Listening to local people

For our services to meet the needs of local residents, and of the community at large, it is essential that our plans and policies reflect the views of local people, and others who use our services. We aim to be a listening organisation and we use a wide range of consultation methods to understand better what matters to residents. As a result, we have amassed a great deal of information, which has been used to inform both the service planning and budget processes.

Budget consultation 2012/13

For many years we have undertaken specific consultation to inform our budget setting processes. The budget plan has been informed by a broad range of consultation findings, undertaken in line with the council's consultation strategy and principles of the Local Compact.

2012/13 budget consultation process

Each year the council consults residents and stakeholders as part of its budget process. This year consultation has gathered the views of local residents, the community and voluntary sector, children and young people, older people, representatives from the business community and others. The council is statutorily obliged to consult with representatives of non-domestic ratepayers before setting the budget for the following financial year. Public consultation was undertaken using a range of approaches and tools including an interactive online budget simulator which allows residents to set their own budget against 17 council spending areas. Interactive discussions, meetings and interviews were also held with individuals and community groups.

Findings from consultation have been reported to Cabinet and Scrutiny throughout the process. As far as possible, and in response to these findings, the budget focuses on protecting front line services.

Section 1 – Revenue and Capital Budget Plan

5. Financial planning and management: matching resources to the vision

The Medium Term Financial Strategy (MTFS)

The MTFS is a strategic framework and policy document within which the council's finances are constructed and managed. It is part of a suite of policy documents that together comprise the council's approach to effecting sound governance and good practice (i.e. the Walsall Performance Framework). It is the translation of our vision, aims and objectives into a financial plan, which thereby facilitates delivery of these through the service planning process.

The MTFS is a key document in bringing together the level of available resources with the demands for service delivery and investment, facilitating sound financial and service risk and opportunity management. It also links to the impact on the council's capital resources and external funding opportunities.

Figure 4 shows the relationship between the various components of the financial framework. The MTFS is the overarching corporate financial policy sitting below the corporate plan and above the other elements of the financial cycle. It is the driver for all other financial activity, which is aligned with service planning and performance management activities within the Walsall Performance Framework. Below the MTFS sit the other financial strategies; the capital strategy and the treasury management strategy.

The main objectives for the council relate to maintaining good underlying financial health, adoption of a longer-term perspective, a desire to deliver good quality, value for money services which are modern, efficient, effective, and fit for purpose and to ensure this approach facilitates delivery of the council's vision, aims and objectives.

For a number of years the council has adopted a policy-led, medium term approach to financial planning. We seek to ensure our budgets are clearly linked to our vision, aims and objectives. We are committed to maintaining financial stability and delivering value for money through effective and efficient services.

The 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

Figure 4: Financial elements of the Walsall Performance Framework

THE FINANCIAL FRAMEWORK					
CATEGORY	OVERALL	REVENUE	CAPITAL	TREASURY MANAGEMENT	RISK MANAGEMENT
Strategies	Medium Term Financial Strategy				
			Capital Strategy	Treasury Management (TM) Strategy	Risk Management Strategy
Guidance	CIPFA & technical guidance	Budget Guidelines	Capital Guidelines	CIPFA Code of Practice for TM	Risk Management Toolkit
Plans	MTFP	Annual Budget	Capital Programme & Asset Management Plan	Treasury Policy Statements	Risk Management Action Plans
Governance	Constitution	Budget Management & Control Manual & Annual Governance Statement		Prudential Indicators & Annual Report	Risk Register reporting and regular review
	Contract & Finance Procedure Rules				Audit Committee Reports & Annual Report
	Internal & External Audit Plans and our response to inspection and audit				

Financial Governance and Leadership

1. Our top management will be financially literate and able to understand fully the financial environment in which the council operates.

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. An annual medium term financial plan, covering a five year time horizon, 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 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 and, 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.

Financial Monitoring and Forecasting

1. Top management will assure itself that financial performance to date and forecast financial outturns are 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, top management will have up-to-date financial and non-financial performance information on a timely basis.
2. Reports will be presented in a form that is tailored to user needs, is easy to understand and highlights the key financial issues that they need to be aware of.
3. For its part, top 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 Budget Process and Financial Arrangements

The budget process is a continuous annual cycle. Budgets are prepared using approved budget guidelines and updated as required. The draft budget provides for inflationary pressures (i.e. contractual inflation).

Process and timetable

A robust budget process is used within the overall context of the MTFS, using comprehensive budget guidelines and a detailed project timetable. The process starts annually in the spring/summer and the revised draft budget is complete by December to coincide with the draft government settlement. This enables budget meetings to take place with Cabinet, and formal scrutiny and public consultation. The final budget is set by full Council in February.

Member involvement

Both informal and formal member involvement is extensive, particularly through the cabinet portfolio holder for finance and personnel, individual portfolio holders in conjunction with executive directors, and budget meeting with the corporate scrutiny panel. Cabinet consider budget reports and have special meetings as required. Presentations and briefings are also made to political groups.

Consultation

Internal and external consultation is extensive using focus groups, presentations and reports. Consultation with residents and stakeholders is externally and independently facilitated, with views being reflected in the final budget. The consultation process included undertaking focus groups with local residents and the use of the on-line simulator, stakeholders and special interest groups borough wide.

Scrutiny

All scrutiny panels have the opportunity to scrutinise the draft budget. In addition, the corporate services panel scrutinises financial monitoring, budget and general finance related Cabinet reports.

Challenge

The draft budget is challenged many times; including at meetings of various directorate management teams, by the corporate management team, during budget meetings and during the scrutiny process itself.

Budget monitoring

Services finances are frequently and regularly reported to directorate management teams. Corporate finance reports are considered by the corporate management team on a regular basis, and by Cabinet on a quarterly basis. Scrutiny panels and Audit Committee also receive a quarterly monitoring report. Reports are open, transparent and written in plain English. The employee performance assessment process also requires review of financial performance for individual managers.

Ownership and accountability

The budget progresses through various filters during construction including endorsement by services and the corporate management team. Managers are accountable for delivering services within budget and implementing investment and savings proposals.

Current financial position

This is reviewed and reported consistently throughout the year to services, corporate management team, Cabinet, Scrutiny Panels and Audit Committee.

Key assumptions

The estimates used in the budget are derived from current intelligence, and prevailing trends. Demand changes are identified and are reflected in budget increases, where applicable. Fees and charges are reviewed annually and changes are reflected in the overall budget. The capital receipts used to fund the capital programme are based on professional estimates both of timing and value and are considered adequate to fund the programme. .

Financial risks

The budget setting process includes a corporate financial risk assessment to determine key risks and their impact on the budget. Services undertake comprehensive risk assessments of their budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate corporate budgetary provision is available to cover unforeseen future events. This successful approach has been in place for several years and is used to inform the level of earmarked and general reserves.

Managers are also required to deliver services within the available budget. Any known changes in service demand or costs arising from legislative or Government demands are identified and dealt with within the overall draft revenue budget as investment bids. The budgeted opening level of reserves is sufficient to cover the assessed financial exposure to the council. Any use of reserves in-year would require replenishment to ensure an opening general reserve required by the MTFS.

Included in the risk assessment is an analysis of the economy and pressures going forward. The economy has been subject to significant and rapid change. Funding remains uncertain beyond 2012/13 (see section 8: medium term financial outlook for more detail). Inflation has been low, however we are already seeing an increase and some sectors are predicting a sharp increase. Bank rates are expected to remain low at 0.5%, and are expected to remain at this level by the end of 2012/13, rising steadily to 2.5% by the end of 2014/ 2015.

The budget in context

The budget reflects the vision, aims, objectives and policies of the council, and is constructed with that in mind. The budget has been constructed in accordance with the principles and direction of the MTFS. Specific allocations are made to fund particular priorities. All efficiencies are appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. The council is working to improve performance outcomes on a range of activities. Plans link budget provision with corporate, portfolio and service priorities and budget provision is identified for the priorities outlined in the council's vision document.

Internal Audit

The council maintains a properly resourced internal audit function, and works with a private sector partner in delivering the annual audit plan. The annual audit plan is devised using a modern and comprehensive risk assessment approach. The service examines on a cyclical basis the adequacy of various systems, processes and arrangements within the council to ensure our financial management arrangements are sound

Staff

Staff engaged in financial management activity are recruited using a robust process which tests abilities, experience and competence. Each person has access to both general training and development and specific tailored training according to the needs of their jobs. Relevant financial and accountancy qualifications are required for senior finance posts, and all qualified staff are required to participate in the official continuing professional development schemes of their professional institutes.

6. Summary of the 2012/13 Revenue Budget

2012/13 Revenue Budget Headlines

The revenue budget has been constructed in accordance with the MTFS and all relevant corporate financial protocols and presents a balanced budget, resulting in:

- A focus on a policy-led, medium term, risk assessed budget setting approach using corporate portfolio priorities established by cabinet,
- A total net council tax requirement of **£109.25m**
- A council tax freeze, excluding precepts, equivalent to a Band D Council Tax of **£1,384.64**
- A council tax freeze, including precepts, but subject to final precepts being provided, equivalent to a Band D Council Tax of **£1,531.92**
- Provision for inflationary pressures of **£2.86m**
- Provision for other known budget pressures, including demographic and cost pressures, and reduced levels of income or grant, of **£3.29m**.
- Full year impact of growth approved in the 2011/12 budget of **£0.86m**
- New savings options of **£11.80m**
- Full year impact of savings approved in the 2011/12 budget of **£1.04m**
- Appropriate use of prudential borrowing to support capital investment where affordable and sustainable with revenue costs being reflected in this report
- Opening general reserves in line with the council's MTFS

The financial implications arising from the draft capital programme 2012/13 are contained within the draft revenue budget.

Net Council Tax Requirement

The gross revenue expenditure budget for 2012/13 will be **£652.95m**, and gross income will be **£543.70m**, resulting in a net council tax requirement of **£109.25m**.

It has been possible to commit to £7.01m (**Table 1 and 4**) to address key priorities and funding of essential cost pressures. This includes a 2 year investment for job creation – working with Walsall businesses to promote economic regeneration within the borough. There is also provision to fund inflationary pressures (i.e. contractual), and corporate cost pressures to fund for example, the revenue implications of the capital programme, pay and grading and pension realignments. Income targets have also been corrected in some areas, and also to address the impact from reduced levels of grant.

This commitment has been made possible by planned improvements in efficiencies and other savings. The council is transforming the way it undertakes its business through the working smarter programme, with a view to reducing overhead and transactional costs.

The change in council tax requirement from 2011/12 to 2012/13 is shown in **Table 1**. This includes presentational changes arising from the requirements of the Localism Act 2011.

Table 1 : Net council tax requirement 2012/13		
	£m	Reference
2011/12 Approved by Council on 24 February 2011:	246.09	
<i>Cash Limit Changes :</i>		
Inflationary pressures	2.86	Table 4
Corporate cost pressures	1.45	Table 4
Financing Options / Service Cost Pressures	0.75	Table 4
Job Creation 2011/12	1.09	Table 4
Full year effect of 2011/12 growth and fallout of one-off investment	0.86	Table 4
Full year effect of 2011/12 approved savings	(1.04)	Table 5
New savings 2012/13	(11.80)	Table 5
Reduction in Formula Grant funding	7.94	
Council tax revenue from revised council tax base	(0.26)	
Review of corporate budgets	(6.80)	
Council tax freeze grant – one off for 2012/13	(2.72)	
Changes from Localism Act 2011 - Formula Grant now part of budgeted income (includes ongoing 2011/12 Council Tax Freeze Grant)	(129.17)	
2012/13 Net Council Tax Requirement	109.25	Annex 3
Council Tax Increase	0%	

Figure 5 below provides a breakdown of the net spending by portfolio, and **figure 6** by directorate.

Figure 5 – Net council tax requirement by portfolio

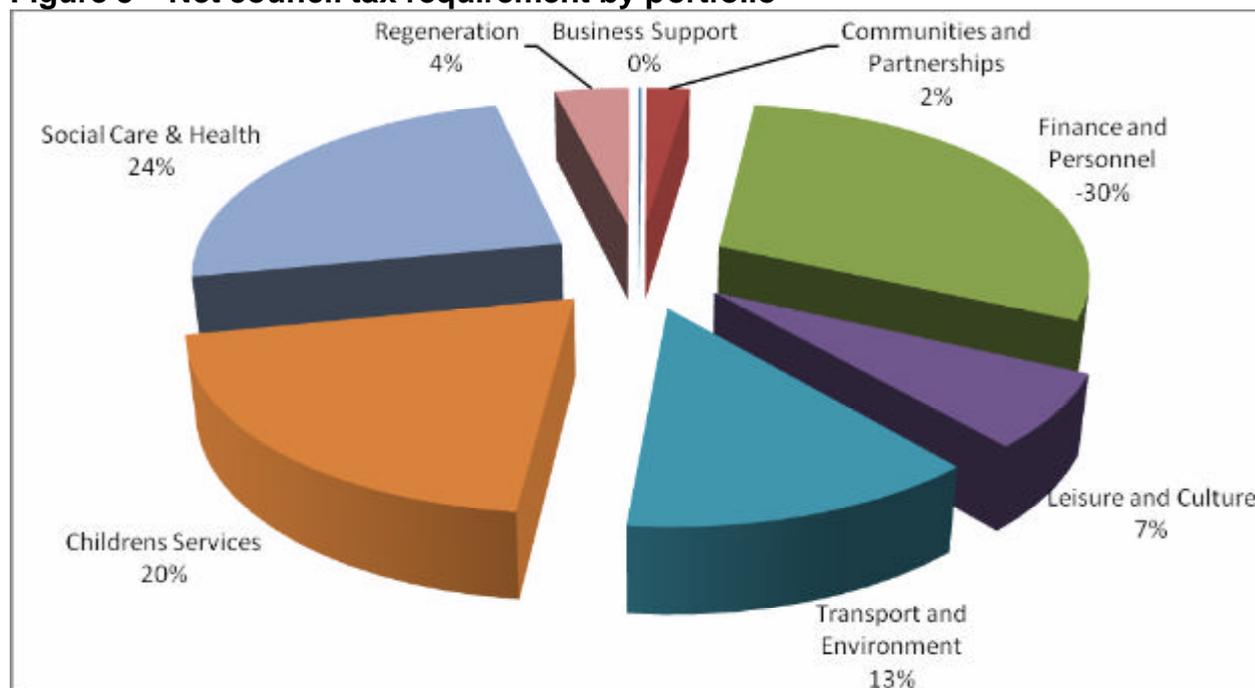
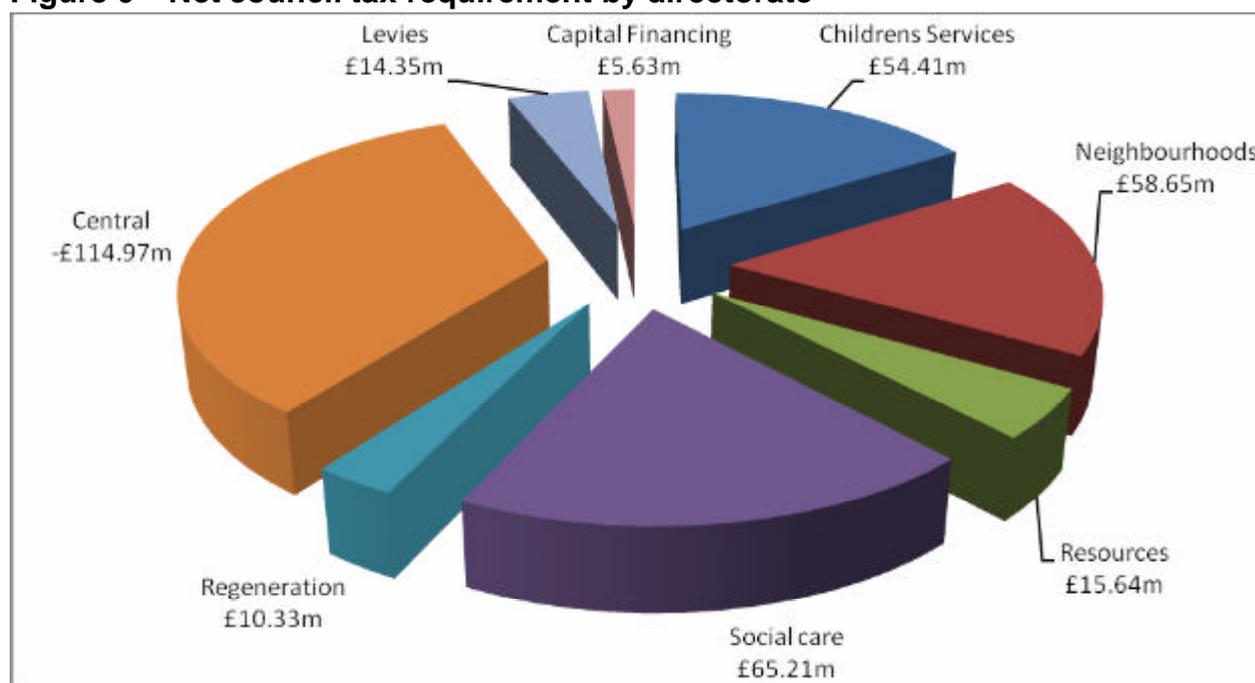


Figure 6 – Net council tax requirement by directorate



Note : Central allocation above includes Formula Grant of £129.17m

This would result in a band D council tax for the Walsall Council element only of £1,384.64, representing no change from the 2011/12 levels. Most properties in Walsall (67.54%) are in bands A or B. (**Annex 3**). **Table 2** shows the calculation at Band D.

Element of budget	2012/13 budget and grants £	Council Tax Band D £
WMBC element - required from council tax	109,245,604	1,384.64
Police precept (estimated)	7,827,149	99.45
Fire precept (estimated)	3,764,593	47.83
Total from council tax	120,837,346	1,531.92

NB: based on an approved council tax base of 78,898.20 band D equivalents.

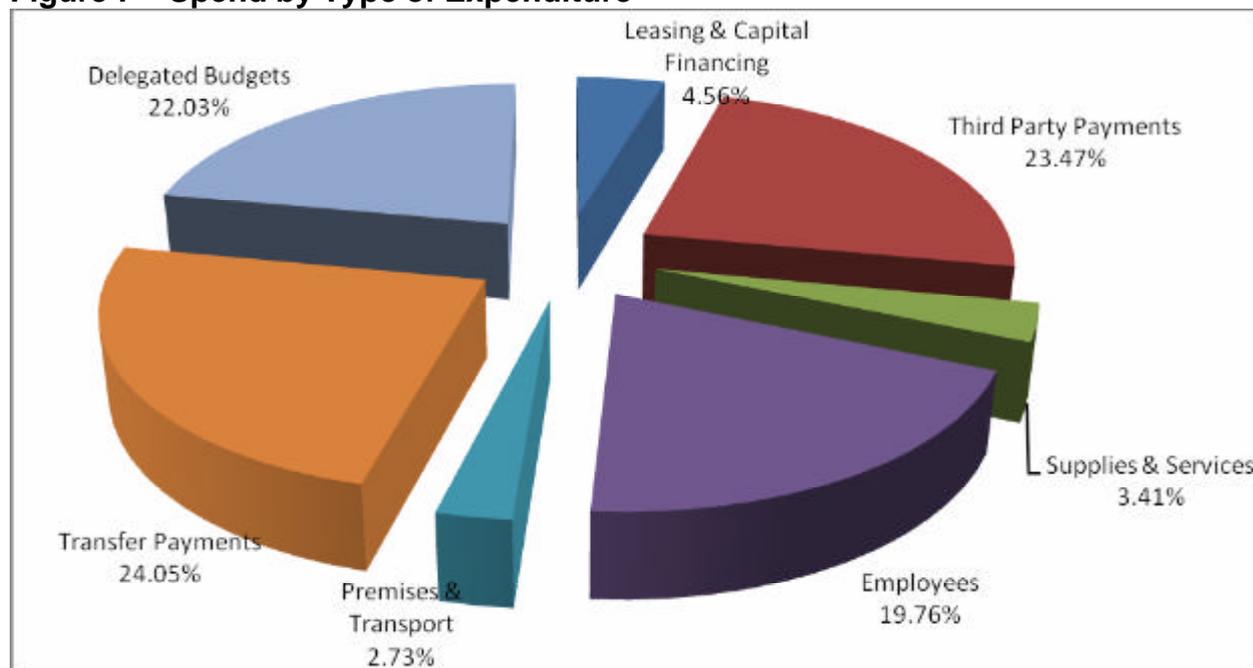
The Government has announced a one off council tax freeze grant in 2012/13, enabling the council to retain council tax at 2011/12 levels. Council tax freeze grant awarded for 2011/12 has now been rolled into formula grant, and will be funded for the remainder of the spending review period until 2014/15. We are not aware of how this will be treated beyond 2014/15.

Expenditure analysis

Table 3 details gross expenditure by category of spend:-

Table 3: Expenditure by Category of Spend	
Type of Expenditure	£ million
Employees	129.03
Premises and Transport	17.79
Supplies and services	22.27
Third Party Payments	153.27
Delegated Budgets	143.83
Leasing and Capital Financing	29.75
Transfer Payments	157.01
Total Expenditure (excluding Internal Recharges)	652.95

Figure 7 – Spend by Type of Expenditure



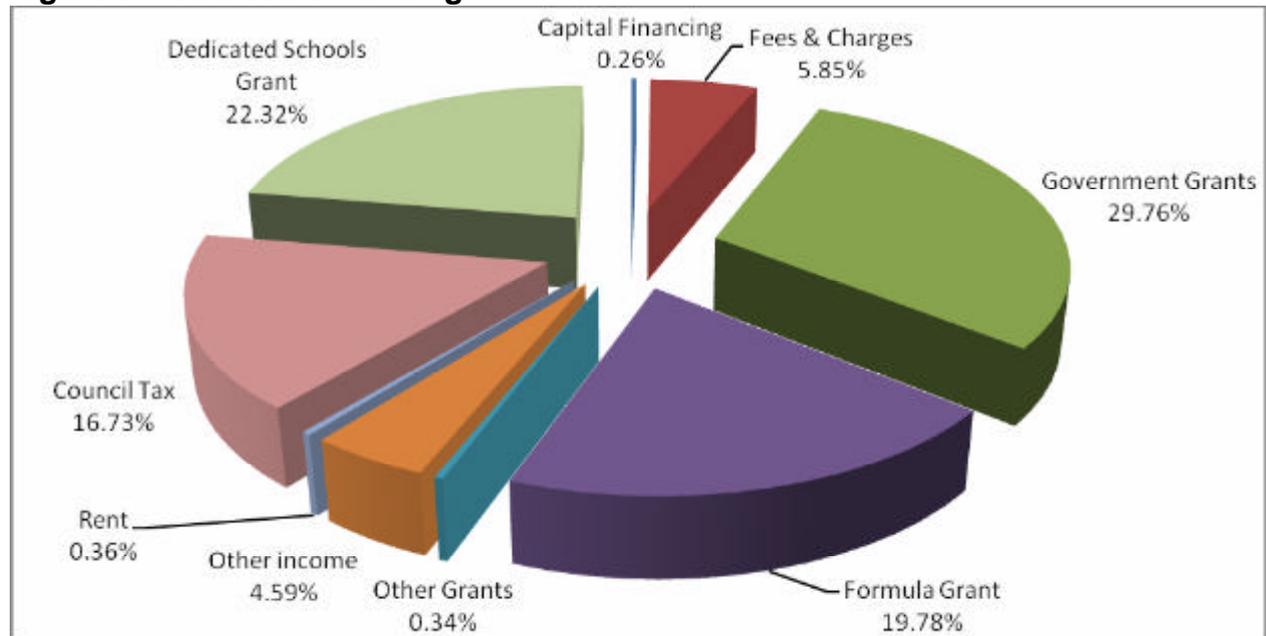
Notes

- Transfer payments include expenditure such as special education needs, rent allowances and social services direct payments – for example payments for which no goods or services are received in return by the local authority.
- Delegated budgets include budgets for schools, community associations and allotments.

Income analysis

The council receives income from a number of sources including council tax, central Government grant and specific grants to help pay for certain services including schools and social care. The council also charges for parking, use of leisure facilities and other services. In 2012/13 the council tax will account for 16.73% of total income. **Figure 8** shows all the main sources of income.

Figure 8 – Sources of funding



Inflationary Pressures / Financing Options / Service Cost Pressures

The 2012/13 revenue budget includes an increase of £0.86m in growth which relates to investment decisions made by Council in February 2011 where a part year cost effect only was included in 2011/12. A further £2.86m of inflationary (contractual) pressures are funded.

In addition further growth totalling £0.75m have been identified as a very high priority by Cabinet as being essential to meeting cost pressures and reduced levels of income and grant, with £1.45m to cover corporate cost pressures, and £1.09m for the funding of a 'Job Creation' scheme. Details can be found in each portfolio plan in **Part 9**, and summarised in **Table 4** overleaf. The budget assumes that any education-related pressures are accommodated from the schools DSG or other school's specific grants.

Portfolio	Inflationary Pressures £'000	Corporate Pressures £'000	Service Pressures £'000	Job Creation £'000	FYE of 2011/12 £'000	Total Pressures £'000
Regeneration	24	0	17	1,090	0	1,131
Communities and Partnerships	3	0	0	0	0	3
Leisure and Culture	48	0	0	0	0	48
Transport and Environment	1,123	0	164	0	0	1,287
Children's Services	294	0	0	0	0	294
Business Support	8	0	300	0	0	308
Finance & Personnel	602	1,449	266	0	(11)	2,306
Social Care and Health	758	0	0	0	874	1,632
Total Cost Pressures	2,860	1,449	747	1,090	863	7,009

Savings and efficiencies

In order to set a balanced budget, and after a review of available resources from formula grant and council tax, and taking into account additional known and likely pressures, new savings of £11.80m are included in the revenue budget within this report. Those savings requiring executive approval to proceed were approved by Cabinet on 9 November 2011 and 14 December 2011. Further full year effect savings of £1.04m are included relating to decisions taken in relation to the 2011/12 budget. Details can be found in each portfolio plan in **Part 9**, and summarised in **Table 5** below. The savings have enabled Cabinet to use available resources to target priority services.

Portfolio	New Savings £'000	FYE of 2011/12 £'000	Total Savings £'000
Regeneration	(635)	0	(635)
Communities and Partnerships	(84)	0	(84)
Leisure and Culture	(217)	(132)	(349)
Transport and Environment	(763)	(85)	(848)
Children's Services	(1,494)	0	(1,494)
Business Support	(159)	0	(159)
Finance and Personnel	(1,447)	(667)	(2,114)
Social Care and Health	(7,000)	(155)	(7,155)
Total Savings / efficiencies	(11,799)	(1,039)	(12,838)

Formula Grant

The Government provides funding to councils through the formula grant. Formula grant is a complex calculation within various blocks based on relative needs, population, demographic data, the tax base and "floor damping".

For Walsall in 2012/13 this is £129.17m (including the ongoing 2011/12 council tax freeze grant) and represents 19.78% of the council's overall gross income, and as such has a significant impact on the level of services the council can afford to provide. Any budget requirement over and above the level of grant has to be borne either via council tax payers and/or users/recipients of services.

The Government published a two year draft formula grant settlement on 13th December 2010 for 2011/12 and 2012/13, which was reported to Cabinet on 12th January 2011. The final settlement for 2012/13 was announced on 31 January 2012.

Our formula grant for 2012/13 of £129.17m represents a £10.66m or 7.65% reduction in funding over the adjusted 2011/12 figure of £139.83m.

Government published figure indicate a 7.3% reduction, however this is based on a new definition called "*spending power*" which encompasses an individual authority's council tax requirement, formula grant, specific grants and NHS funding for social care (the latter being spend which the council may have an influence over but does not control).

Whilst Walsall's adjusted formula grant decrease was below the national average in 2011/12 at -10.4% as opposed to a national metropolitan average of -11.3%, and the 2012/13 allocation is equal to the national average at -7.6%, the use of floor damping means our 2012/13 grant has been reduced by £3.8m (in addition to £7.2m in the previous year settlement period for 2011/12). The indications are that this 'damping' method will continue to be used.

The formula grant allocation for Walsall CSR2010 is set out in **Table 6** and Walsall's movement compared to the metropolitan average in **Table 7**.

Table 6 : Formula Grant Allocation			
	2010/11	2011/12	2012/13
	£m	£m	£m
Relative Needs Amount	106.0	114.2	103.3
Relative Resource Amount	-13.5	-15.9	-15.1
Central allocation – a 'top up' per head	49.7	35.5	31.6
Adjustment to Formula Grant baseline	-0.9	0.0	0.0
Total grant £m	141.3	133.8	119.8
Floor Damping	-5.0	-7.2	-3.8
Total grant (adjusted for damping) £m	136.3	126.6	116.0
Grants rolling in to Formula Grant	16.7	10.5	10.4
Council Tax Freeze Grant 2011/12	0.0	0.0	2.7
Adjusted grant (incl rolled in grants)	153.0	137.1	129.1
Formula grant from previous year £m	149.0	153.0	*139.8
Grant increase/-decrease (adjusted) - £m	4.0	-15.9	-10.7
Grant increase/-decrease (adjusted) - %	3.0%	-10.4%	-7.6%

*Adjusted 2011/12 grant to include council tax freeze grant for comparative purposes

Table 7 : Increase/(- Decrease) in Adjusted Formula Grant					
	2008/09	2009/10	2010/11	2011/12	2012/13
Walsall	4.90%	3.50%	3.00%	-10.4%	-7.6%
Metropolitan Borough Average	3.70%	2.90%	2.50%	-11.3%	-7.6%

Collection Fund

The collection fund is separate to the revenue general fund which accounts for income collected from council tax. In January of each financial year, an in-depth appraisal is undertaken to assess the estimated level of collection (as aggregated to include that relating to the current and previous years), the likely balance of the fund and to advise the precepting authorities (Fire and Police) of their share of the surplus/deficit to enable them to take this into account in their own budget calculations. Any surplus or deficit calculated as at January 2012 will impact on the final council tax increase/net budget requirement.

The assessment undertaken in January 2012 revealed an estimated break even position for the year.

Capping

In recent years central Government has capped the level of council tax rises. Capping principles are determined on a year by year basis.

For 2012/13, each authority will be required to determine whether their council tax increase requires a referendum seeking the support of the local electorate. Schedule 5 of the Localism Act introduced a new chapter into the Local Government Finance Act 1992, making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons. This act abolished the capping regime, with new principles effective from 3 December 2011 and relates to the 2012/13 budget setting process. We will be required to seek the approval of our local electorate in a referendum if, compared with 2011/12, we set council tax increases that exceed 3.5% of our relevant amount of council tax (i.e. the level of council tax excluding levies issued to the council). As we have opted to accept the Government's one off grant for 2012/13, and therefore freeze council tax at 2011/12 levels, we will not have to seek the support of the local electorate.

Levies and Precepts

Table 8 shows the levy to be made on Walsall Council by the West Midlands Passenger Transport Authority and the levy by the Environment Agency.

Table 8: Levies 2012/13				
Levy	2011/12 £	2012/13 £	Increase / (Decrease) £	Increase / (Decrease) %
WM PTA	14,546,656	14,271,000	(275,656)	(1.89)
Environment Agency	80,746	82,360	1,614	2.00
Total	14,627,402	14,353,360	(274,042)	(1.87)

Walsall's precepting authorities are the West Midlands Police and Fire & Civil Defence Authorities, as shown in **Table 9** below.

Table 9: Precepts 2012/13				
Precepting Authority	2012/13 Amount £	Band D 2012/13 £	Band D 2011/12 £	Band D Increase %
WM Police	7,827,149	99.45	99.45	0.00
WM Fire and Civil Defence	3,764,593	47.83	47.83	0.00
Total	11,591,742	147.28	147.28	0.00

Reserves

The council's strategy is to continue to demonstrate financial stability and ensure council and service wide financial pressures are well managed. The Chief Finance Officer (CFO) advises on this in accordance with best practice, professional opinion and the council's MTFs. The strategy is to commence 2012/13 with general reserves of between 4.9% (£5.35m) and 10.9% (£11.91m) of the overall net council tax requirement. Opening reserves are expected to be in line with this strategy.

In accordance with sections 25 – 27 of the Local Government Act 2003 and to comply with CIPFA guidance on local authority reserves and balances, the CFO is required to formally consider and report to members upon the robustness of the estimates used for the purpose of calculating the budget and the adequacy of reserves and balances in respect of the 2012/13 budget. This section of the report has been written by the council's CFO (Assistant Director of Finance), and deals with the requirements of the Act and professional guidance. Consideration of all these issues has been comprehensive and complex. **Annex 4** provides further information and signposts to the various activities, documents and other evidence that have contributed to the decision and declaration, and does not seek to reproduce them here.

Financial Risk and the Medium Term

The budget setting process includes a corporate financial risk assessment to determine key risks and their impact on the budget. Services undertake risk assessments of their budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate corporate budgetary provision is available to cover unforeseen future events. This successful approach has been in place for several years and is used to inform the level of earmarked and general reserves.

Managers are also required to deliver services within the available budget. Any known changes in service demand or costs arising from legislative or Government demands are identified and considered within the overall draft revenue budget as investment bids. The budgeted opening level of reserves is sufficient to cover the assessed financial exposure to the council. Any use of reserves in-year may require replenishment to ensure an opening general reserve required by the MTFs.

Included in the risk assessment is an analysis of the economy and pressures going forward. The economy has been subject to significant and rapid change. Funding remains uncertain beyond 2012/13. Inflation has been low, however we are already seeing an increase and some sectors are predicting a sharp increase. Bank rates are expected to remain low at 0.5%, and are expected to remain at this level by the end of 2012/13, rising steadily to 2.5% by the end of 2014/ 2015.

7. Summary of the 2012/13 Capital Programme

The council has an asset portfolio of over £485m. Therefore managing and maintaining these assets is a key issue for the council to ensure they continue to be fit for purpose and their value is maintained. The capital programme is key to delivering the councils vision and pledges.

Due to the diverse nature of capital expenditure, each capital scheme impacts on residents in different ways according to their use of council facilities and services. Cabinet approved the current Capital strategy on 15th December 2010. This document drives the construction and management of the capital programme. The strategy reflects and enables delivery of the council's vision and priorities and approved schemes must deliver that aim. It also requires the council to optimise successful partnership working for example through the Walsall Partnership, NHS Walsall, registered social landlords and regionally with other councils.

The capital programme has been constructed within the principles outlined in our capital strategy, which was assessed as good by the former Government Office West Midlands (the highest category available).

The 2012/13 capital programme totals £38.07m (excluding leasing) and is presented in three parts:

- Mainstream programme (£11.58m) - funded through unsupported capital borrowing and capital receipts (**Table 11**). Of this £1.3m is identified for capital insurance reserve projects.
- Non-mainstream programme (£26.49m) - funded from capital grants (**Table 12**).
- Leasing programme (£4.44m which includes £0.89m of new starts in 2012/13) – revenue costs of which are funded from service revenue budgets (**Table 13**).

Capital resources will continue to be limited in the future inevitably placing more pressure on existing programmes. Future funding will be more reliant on the council's ability to secure capital receipts from sale of land and buildings or afford additional borrowing. A strategic review of assets is currently being undertaken as part of the 'Asset Management' project, which will inform the revision of the Capital Strategy and formulation of future years capital programmes.

Mainstream Programme: Funded from Walsall's own resources

Funding

The council's mainstream capital programme is normally funded from supported and unsupported borrowing, capital receipts, and the carry forward of unspent allocations from previous years.

Supported borrowing allocations allow the council to borrow up to the amount of the allocation and Government provide an amount within Walsall's Formula Grant to fund the cost of borrowing (debt charges). The settlement announced by the Government on 13 December 2010 stated that there will be no supported borrowing for 2 years from 2011/12.

Funding for schemes previously supported by borrowing will now be provided by Government grant, but indications show that the amount of grant available will be considerably reduced.

General unsupported borrowing relates to additional borrowing which is funded from the council's own resources – generated through savings, and/or paid for via council tax. Councils are allowed to borrow in accordance with the Treasury Management Code of Practice. The current capital financing cash limit is forecast to be able to support £9m of additional unsupported borrowing to fund high priority items in 2012/13.

Capital receipt projections of £2.5m for 2012/13 (£1.5m forecast for other years) are based on professional estimates of property colleagues. **Table 10** shows currently estimated resources to fund the mainstream capital programme for 2012/13.

Category	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
General unsupported borrowing	7.22	7.81	5.79	5.68
Specific unsupported borrowing	0.65	0.73	0.73	0.73
Capital receipts projected	2.50	1.50	1.50	1.50
Carry forward of previous years underspends	1.21	0.00	0.00	0.00
Total Mainstream resources	11.58	10.04	8.02	7.91

Capital Schemes

For 2012/13, services were asked to review approved schemes in 2011/12 and the expected rephasing or underspends expected to help fund future capital programmes. In addition, new bids were considered in line with the capital strategy and portfolio plans. Details can be found in each portfolio plan in **Part 9**, and are summarised in **Table 11** below.

Portfolio	Prior Year Approvals £'000	New Bids £'000	Total Mainstream £'000
Regeneration	4,210	1,360	5,570
Communities and Partnerships	0	0	0
Leisure and Culture	230	410	640
Transport and Environment	1,650	100	1,750
Children's Services	0	604	604
Business Support	1,329	155	1,484
Finance and Personnel	300	0	300
Social Care and Health	1,237	0	1,237
Total Mainstream Capital	8,956	2,629	11,585

Schemes are recommended to go ahead as they represent council priorities, for a number of reasons:

- Corporate commitments - annual commitments that must be in the capital programme i.e. for infrastructure projects, though the amounts may be varied.
- Prior year approvals - projects that have started or received prior Cabinet/Council approval and funding in 2012/13 is required for their completion.
- Schemes which are critical for health and safety reasons or for future service delivery, are business critical or which will cost the council more in the long run.
- Capital insurance reserves: in a number of areas as insurance reserves to protect the council's position, for which funding is available should the need arise to draw it down.

All capital schemes were prioritised by the capital strategy board prior to formal approval by Cabinet for recommendation to Council. Whilst the overall demand for resources usually exceeds those available, schemes deemed to be a high priority in terms of reflecting the council's priorities can be funded, representing a balanced programme for the next three years.

Externally Funded (Non-Mainstream) Programme

Full details of externally funded schemes can be found in each portfolio plan in **Part 9**, and summarised in **Table 12** below. Many of these are indicative allocations pending formal notification from the respective funding bodies, and the capital programme will be adjusted in year to reflect known allocations. Certain schemes can go ahead as these are either fully funded by grant or have the necessary mainstream match funding already approved. If grant or mainstream funding is unavailable the schemes cannot go ahead.

Portfolio	Total Funding £'000
Regeneration	3,990
Communities and Partnerships	0
Leisure and Culture	2,316
Transport and Environment	5,000
Children's Services	14,432
Business Support	0
Finance and Personnel	0
Social Care and Health	750
Total Externally Funded Capital	26,488

Leasing Programme

The 2012/13 leasing programme totals £4.44m (£0.89m of new starts). Full details of the leasing programme can be found in each portfolio plan in **Part 9**, and summarised in **Table 13** below. Leasing minimises the call on capital resources by spreading the acquisition cost over some years. Revenue funds are needed to finance operating leases, which are included in the revenue budget.

Table 13 : Leasing Programme 2012/13 by Portfolio		
Portfolio	New Expenditure £'000	New Leasing £'000
Regeneration	0	0
Communities and Partnerships	0	0
Leisure and Culture	0	0
Transport and Environment	4,145	831
Children's Services	0	0
Business Support	296	60
Finance and Personnel	0	0
Social Care and Health	0	0
Total Leasing Programme	4,441	891

8. Medium term financial outlook – 2013/14 plus

The council has a longstanding commitment to medium term financial planning. In alignment with work ongoing to revise and enhance the Vision, we are ensuring that resources are available to deliver our aims and objectives and the priorities that flow from that.

Key sources of funding, in particular, fees and charges, formula and specific grant, are assessed on a regular basis, along with emerging cost pressures. The focus is on forward planning to ensure financial risk is managed and mitigated and all known liabilities are funded, including the cost of capital investment decisions.

The future financial environment continues to be challenging for councils. 2012/13 will be the second of a two year settlement. We are uncertain on the direct funding implications for the remainder of the current Government spending review period to 2014/15, although assumptions have been made in our medium term financial plan around overall reductions to Government spending for this period. One of the major thrusts will be for local authorities to keep the business rates generated within the area rather than pooling for national redistribution. There is little published information concerning funding beyond 2014/15.

Table 14 shows the anticipated further reduction in 2013/14 formula grant:-

Table 14 : Formula Grant Funding 2013/14 onwards			
	2012/13	2013/14	Movement
	£m	£m	£m
Formula Grant	129.17	124.63	(4.54)

This reduction of £4.5m relates to an anticipated 2% general reduction in funding of £2.6m, plus a £1.9m anticipated top-slice in funding to support specific grants for the new homes bonus.

Beyond 2013/14, funding allocations remain highly uncertain. The only certainty is that funding will decrease - the question is by how much? Various forecasts exist, but we are anticipating reductions of a further 7% for 2014/15, 9.8% for 2015/16 and 6.8% for 2016/17.

The medium term outlook is currently being assessed, with a number of planning scenarios being drawn up. A budget framework will be issued over the coming months to all services to commence the budget process beyond 2012/13.

It is essential that in setting a budget for a particular year, the council has regard to the medium term outlook. The medium term financial goals and targets are updated annually, including using a comprehensive risk assessment approach to analysing and assessing the appropriate level of reserves.

9. Portfolio Plans – 2012/13 onwards

9.1 PORTFOLIO: REGENERATION

A. Summary of Services provided by the portfolio

Services to regeneration include:

- Housing - supported housing, housing standards & improvements, and housing strategy & partnerships
- Planning and Building Control - development management (control), planning policy and building control
- Property Services - asset management, design & procurement of capital projects, and facilities management
- Strategic Regeneration, including economic well being, Walsall town and district centre support and transport planning & policy service
- Development and Delivery - natural environmental/built conservation team, landscape design team and Walsall markets

B. Purpose and future service delivery

Our overall purpose is to create conditions for sustained economic recovery and growth, by supporting the growth of companies and jobs in Walsall, ensuring that people have the skills and the environment to make the most of these opportunities.

Planning

To deal with your planning applications quickly and efficiently, in a way that suits me.

To improve the physical environment of the place I live.

To adopt a 'business friendly' approach to managing future development in the Borough

Housing

To deliver new and improved homes to increase my housing choice

To help me live independently and affordably in my own home

To help me if I encounter difficulties with my housing or my landlord.

Property

To create and improve our buildings to enable council staff to deliver better services for me.

To ensure that the Council's land and properties are used to help stimulate investment in my borough

Strategic Regeneration

To assist me in developing the right skills and experiences to obtain employment.

To help my business to thrive and grow and to assist in establishing new businesses.

To develop scheme to help me move around the Borough and tackle congestion.

Development & Delivery

To provide the right sites and premises to enable my business to thrive and grow and to help attract new businesses.

To improve my town, district and neighbourhood centres.

To meet these challenges, the directorate has changed the way it manages and delivers its business through the implementation of a new operating model, and the formation of a management hub to better co-ordinate our work. This is complemented by on-going reviews of service delivery, capacity, budget and structures, utilising the Working Smarter principles. We recognise that the private sector are best placed to create the jobs our economy needs, so we are focussing on working to support them in this aim.

C. Approach to delivering service improvements and cost efficiency

In our efforts to deliver service improvement and cost efficiency the directorate is:

- 1) Redesigning services and systems in keeping with Working Smarter principles around the 'customer experience'.
- 2) Optimising systems and streamlined key processes to improve productivity, take out waste and free up staff time to add value at the front line
- 3) Improving procurement methods: e.g. DFG's and home energy improvements.
- 4) Investing to save in earlier interventions - e.g. preventative adaptations and adaptations that support independence/reduce cost of 'high cost' social care cases.
- 5) Improving our approach to partnership working - align our resources to support only those partnerships judged to add value, ceasing our involvement in those that do not. Nurturing and developing effective partnerships including the development of the new Walsall Enterprise Partnership and links to the Black Country LEP. Building effective business driven partnerships to improve the economic and trading environment of the 5 district centres of Brownhills, Aldridge, Darlaston, Bloxwich and Willenhall.
- 6) Embedding VFM cultural change - early adopter of the council's "Working Smarter" programme, evidenced by our successful service redesign work in homeless accommodation services and Disabled Facilities Grants, and we continue to promote a culture of continuous improvement, encouraging our staff, through regular focussed briefings, to "spend it like your own".
- 7) Considering opportunities that may exist for both sharing of services and outsourcing of activities.
- 8) Following recognised property management best practice and that is firstly to review the asset base to minimise property holding which currently has an annual revenue cost of £11m, and secondly to design the property support service to this residual holding.
- 9) Reviewing the councils assets - the council was successful in being one of 7 pilot authorities to be selected for a RIEP programme looking at 'Transforming Local Government Property Asset Management'. One outcome is the 'Smarter Workplaces' programme which will help enable delivery of the councils new operating model. This new model has been applied to the Smarter Workplaces proposals – 'right, fast and simple.' Over a 5 year period this will reduce office floor space by 57%, reduce buildings down from 26 to 2, and achieve a steady state annual saving of approx £1m pa from the current £3.7m pa property costs. This represents a circa 27% saving of office accommodation costs and a 9% saving from the overall non-schools estate.
- 10) Redesigning the property support service – 'Total Facilities Management' - the redesign of the FM service will include hard and soft FM and also proposes extending this to include services not currently within property services such as corporate catering.

- 11) Modernising construction procurement - property services have established a range of frameworks and utilises national frameworks to deliver construction work.
- 12) Restructuring to improve customer service - changed skills to respond to customer needs. Multi-skilling of workforce, enabling generation of more income and development of service level agreements for customers.
- 13) Developing external funding opportunities - primarily focussed on the Sustainable Urban Development (SUD) programme which delivers a pot of £12m of ERDF funding that is now available for the north of the Black Country, at least £6m available for Walsall. This also interfaces with the marketing Birmingham led investing in the City Region programme which will facilitate a new, enhanced and integrated inward investment service for Walsall and the Black Country.
- 14) LEA development and information unit (economic development) - focussing on developing a deep economic understanding of the Borough to inform future programmes. Specifically this focuses on producing /maintaining a number of key / statutory documents; child poverty, worklessness assessment and local economic assessment / framework.
- 15) Continually developing a transport strategy to underpin enhanced economic performance. Securing from the Integrated Transport Authority (ITA) a capital allocation which is capable of supporting the design work / staff teams required to create and submit major scheme applications for funding consideration and approval (both locally and nationally) by the DfT; supporting the on-going maintenance / improvement of our road networks and supporting the delivery of agreed schemes.
- 16) Driving down costs / taking out waste – only 1% of current funding for strategic regeneration is council mainstream, the balance comes from external sources, all of which have application processes and criteria, in which we need to meet in demonstrating value for money, prior to its approval, we meet these requirements.
- 17) Identifying and bringing forward housing sites for redevelopment, supporting the housing targets set out in the Joint Core Strategy. In turn these developments will now bring a direct financial benefit to the council as the Government has confirmed that, as “reward” for new homes built and added to the council tax base over the 12 months to October 2010, the council will receive a payment of £911,506 for the first year from April 2011 and a total payment over the next 6 years of £5.469m.

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Housing strategy and partnerships - the quality of the services, including provided by Walsall’s housing strategy and partnership service compares favourably with neighbouring authorities and similar sized LSVT authorities.

Housing standards and improvements - the quality of Walsall's DFG service and the delivery of its energy efficiency service compares favourably with regional neighbours.

Supported housing - the quality of our housing options service compares favourably regionally and nationally as do the unit cost (the provision of general advice is £35 per head which is top quartile performance across the West Midlands).

APSE – The cleaning service continuously achieves upper quartile in the local authority benchmarking family group. Bidding and winning against the private sector for cleaning contracts thus retaining employment and income for the borough of Walsall. Short listed as most improved/best performer in 2009/2010 for cleaning services.

There are no qualitative measures as such for national comparison in planning and building control, or development and delivery, but we continue to monitor:

- appeal success as a local indicator together with advising members on progress of enforcement proceedings. The service out performs the nationally set targets and locally set targets which are based on the national average performance in the previous year. The latest available national published performance for year ending December 2010 is Major applications 71%, minor applications 79% and other applications 89%. At this time Walsall was operating at 72.9%, 81.27% and 88% respectively. This places the service above national average in terms of this measure although 'others' were actually 1% below at that time. A more rounded measure is the value for money review as referred to above which places the service ranked second when compared over a range of measures with our statistical neighbours.
- For land charges, complaints. There has not been a single complaint on this basis since 2005.
- Building control - is largely managed by way of a trading account as it operates in competition with other approved inspector private sector companies for work in checking compliance with the building regulations. Any surpluses or losses are ring fenced with an expectation that the service operates on a cost recovery basis over a three year period. The best measure of how well it delivers this service is therefore seen by how much business it undertakes by way of retention of market share. The service is well aligned to the planning service and is well regarded by customers which have seen it retain 78% of market share which compares well with other West Midlands authorities.
- Local land and property gazetteer – award for the winner for category 'Best in the West Midlands' for 2009 by the NLPG.
- For the development team and delivery team within the service, that make up the core elements of the service, we have therefore not drawn on an assessment of quality with our statistical neighbours but we have worked closely with our sub regional authority partners through the Black Country Local Enterprise Partnership (LEP) it has been independently recognised that Walsall is the most capable and advanced development team to deliver the LEP priorities and namely the emerging Enterprise Zone (EZ).

E. What will our services look like in the next 3 years?

The Regeneration service is pre-dominantly funded through Working Neighbourhoods Funding (NRF), which is time limited and ceases on a gradual basis from 2012/13. In addition we hold the lead role in terms of having a role in the financial and performance management of a £2.283m WNF funded external contractor supply chain (consisting of 19 contracts). A key focus is understanding those WNF intervention that have had the most impact and to develop the business case to support activity being mainstreamed by the Council and its partners.

Housing

Walsall's housing service currently costs less than the median costs. We have already agreed and implemented arrangements for "phase 2" of our Working Smarter service redesign, arrangements that we believe will move the housing service to the corporate target of best in class by March 2015.

Planning and Building Control

Development management - the service is already performing highly and is currently engaged with other Black Country authorities in the LEP Business Friendly Planning review. Following this it will undertake a re-run of the value for money exercise it undertook last year with statistical neighbours. It is also to participate in the national planning benchmarking exercise to be managed by the planning advisory service in June. Information gained will inform an action plan to achieve a nil cost to the council service by 2015.

Planning policy – the service already out performs the median authority and a review is to be undertaken of the service following a recent vacancy of a post in order to challenge best in class by 2015.

Land charges - already operating at best in class and costs will be reviewed in order to maintain a trading profit but to meet its legal requirement to charge on a cost recovery basis.

Building control - already operating at best in class regarding revenue costs (based on information to date) and these costs will be maintained as 26% was removed this financial year. Shared service opportunities with other Birmingham or Black Country authorities may achieve further savings but this needs to be evaluated.

Property Services

The best in class position is unknown until the CIPFA work is completed, but in any event the efficiency work the service has been undertaking will continue apace and includes:

- The total FM review (hard & soft)
- Further review of asset base including Libraries; Leisure centres; Young peoples and the non-operational estate
- Consideration that all council property building construction services to be joined up generating operational and cash efficiencies;
- Consideration that children's service schools asset management service should be consolidated within property services generating operational and cash efficiencies;
- Bringing together all energy functions in the council;
- Pursuing an opportunity for a shared property service and/or FM across the Black Country, either in or outsourced or via a 'wholly owned company'. The starting point for any merger is to identify costs savings within LA's prior to identifying other delivery vehicles;

Development and Delivery

The focus, supported through the Work Force Planning tool and Working Smarter initiative, has been to remove a reliance on grant income, develop a more focussed service based on actual customer demand and to align services more coherently across the regeneration directorate. This approach has seen certain services reduced and others ceased as part of service redesign. Within the directorate we are remodelling and re-engineering services against customer demand to ensure that we are as effective and efficient as possible in delivering against the corporate economic priority.

Key to the service redesign and realignment of priorities will be continued and more structured customer engagement and wider understanding of what constitutes best practice in the regeneration field. Through the Business Friendly Planning work, undertaken through the LEP and through the development of a Walsall developer forum we will continue to test and prod our service provision against customer experience elsewhere.

In addition through the Business Friendly Planning process we are investigating the potential to share services for those that can be delivered Black Country wide but do not necessarily require individual services in each authority.

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out below, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 15 : Regeneration Provisional Cash Limit 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Provisional revenue cash limit carried forward	9,832	10,328	8,737
Inflationary pressures			
Contractual Inflation	24	25	26
Service Pressures			
Joint European support for sustainable investment in city areas - contribution by each Black Country authority to this sustainable urban development scheme	17	0	0
New Investment - Job Creation	1,090	(1,090)	0
New Savings			0
Facilities Management - review of hard and soft facilities management functions via service redesign	(175)	(125)	0
Facilities Management - increased efficiencies within the cleaning services and review of income	(150)	(90)	0
Planning & Building Control - increase in fees and charges	(5)	0	0
Planning & Building Control - review of directorate support	(24)	0	0
Development & Delivery - removal of vacant post	(32)	0	0
Markets - renegotiation of contracts	(10)	0	0
Markets - Deletion of markets officer post	(28)	0	0
Housing - phase 2 of working smarter service redesign	(211)	(100)	0
Savings 2013/14 onwards to achieve best in class			
Planning & Building Control - potential for shared service	0	(10)	0
Planning & Building Control - potential for generation of income to cross subsidise the service	0	(10)	(10)
Housing	0	(63)	(63)
Planning & Building Control	0	(32)	(32)
Property Services	0	(80)	(80)
Development & Delivery	0	(16)	(16)
Notional Revenue Cash Limit	10,328	8,737	8,562

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

The draft programme is set out overleaf. Allocations beyond next year are not yet known so assumptions are that they will be in line with that year; however allocations may increase or decrease. There are no leasing implications for the portfolio.

Table 16 : Regeneration Provisional Capital Programme 2012/13 to 2014/15			
	2012/13 £'000	2013/14 £'000	2014/15 £'000
Council's own resources			
<i>Prior Year Approvals</i>			
Shop Maintenance - council obligation to tenants in the council's commercial shops estate	120	120	120
Aids & Adaptations - to maintain independence for disabled clients in their own homes by providing relevant equipment and adaptations to property	1,500	1,500	1,500
General reactive / planned property maintenance - to address health & safety items in connection with the council's building portfolio	450	500	500
Demolition of redundant buildings to save on rates - to enhance marketing opportunities for sites and mitigate financial health & safety risks	200	200	200
Fire risk assessment - works following surveys to ensure council's non-education buildings comply with fire legislation	200	200	200
Health through warmth and related Retro Fit schemes - to provide energy and fuel saving advice and energy efficient heating and insulation works to private homes	1,000	1,000	1,000
Refurbishment of the Leckie building located in Walsall Arboretum - required to enable the outcome of the lottery project at the Arboretum to be achieved	10	0	0
Asbestos removal - the council is required by legislation to manage asbestos in its properties and required removal in some areas.	155	155	155
Control of legionella - the council has a statutory duty to manage and control. This covers a programme of 3 yearly assessments	275	275	275
Work resulting from the statutory testing of buildings - legislative requirement to undertake electrical testing and carry out resulting work	300	300	300
<i>New Bids</i>			0
Regenerating Walsall - to create the environment to attract new investment into the borough	380	500	500
Improving the customer experience when visiting the Council House - includes front of house facilities, remodelling of parts of the ground floor, to enhance security for customers and staff, and to enable more public use of the building	330	700	0
Enabling works to office development (Gigaport) - to create the environment to enable new and existing businesses to create employment opportunities	650	0	0
Externally Funded Schemes (Grant subject to confirmation)			
Willenhall Townscape Heritage Initiative - Heritage Lottery Fund	350	150	150
Willenhall Townscape Heritage Initiative - VIEW funding (Visionary Investment Enhancing Walsall)	175	75	75
Disabled facilities grant - Department of Communities and Local Government	1,215	1,215	1,215
Black Country Property Investment Programme - European Regional Development Fund	2,250	3,000	2,750
Notional Capital Programme	9,560	9,890	8,940

9.2 PORTFOLIO: COMMUNITIES AND PARTNERSHIPS

A. Summary of Services provided by the portfolio

Community Safety comprises Community Safety, Anti-social Behaviour Unit, Reassurance Team (including Fair Trading Officers), Business Support and Community Cohesion.

Environmental Health administers statutory functions in respect of food safety, health and safety at work, statutory nuisances, (noise, smoke and odour) public health (Infectious diseases, drainage, waste accumulations, filthy premises and pest control), and licensing and registration (pet shops, food businesses, tattooists etc), environmental crime (litter, fly tipping and insecure premises), animal welfare and diseases, dog control, and highways enforcement (obstructions etc.).

First Stop shop – the customer contact centre.

Licensing - Processing applications for and issuing licences for hackney carriage and private hire drivers, vehicles and operators; for the sale and supply of alcohol, late night refreshments and public entertainment; gambling premises; sex establishments; scrap metal dealers and sundry other licences as well as collecting annual fees, where appropriate. In addition the service is responsible for managing and evicting unauthorised encampments by gypsies and travellers.

Trading Standards – to enforce and provide advice and guidance to business on the requirements of the legislation as well as investigating complaints and other breaches of the legislation. Officers also undertake an inspection and sampling programme to ensure compliance.

Walsall Partnerships

- Managing the overall working neighbourhoods funds and managing the external funding network
- Development of shared intelligence / data sharing protocols, shared communications and engagement strategy

Area Partnerships

- Delivering six Area Plans (operational / public)
- Bringing all key partners together at a local level to deliver what our customers have identified they want

Voluntary and Community Sector

- Coordination of support to the sector across the council
- Supporting asset management in relation to community buildings across the borough
- Managing the administration for the council in its role as a corporate trustee for a number of trusts and charities
- Managing the current Link contract
- Leading on the Healthwatch

B. Purpose and future service delivery

The purpose of the services within the communities and partnerships portfolio is to help improve the areas where people live in Walsall. We do this by:

- 1) Getting things done at a local level – our area partnerships work with local residents to identify local problems, get them fixed quickly and take action to prevent them happening again
- 2) Making sure people are safe – we work with the police and other agencies to reduce crime and the fear of crime, and in particular deal with anti social behaviour and other nuisances
- 3) Protecting people from harm – we take fair regulatory action to protect consumers, ensure a safe and healthy environment and promote the well being of all Walsall residents.
- 4) Making it easy to contact the council – our first stop shop, contact centre and first stop express provide a quick, reliable way to report problems and get things done
- 5) Involving local people – we support voluntary and community groups to involve local people and provide good services.

C. Approach to delivering service improvements and cost efficiency

In our efforts to deliver service improvement and cost efficiency the directorate is:

- 1) Redesigning services and systems in keeping with Working Smarter principles around the ‘customer experience’
- 2) Optimising systems and streamlined key processes to improve productivity, take out waste and free up staff time to add value at the front line
- 3) Restructuring and co-locating teams e.g. community safety teams, to deliver efficiencies and bring teams together in order to enhance coordination and efficiency.
- 4) Working through the installation of a new anti social behaviour IT system. This was identified as a major obstacle in the need to record and maintain the integrity of evidence and the necessity to produce clear, analytical data to inform service delivery and target resources. Additionally, the new system will bring us in line with the broader Public Safety Team and afford us the ability to spatially map incidents, allowing us to clearly identify trends and hot spot areas on an on-going basis.
- 5) Increasingly taking a risk based approach, e.g. in environmental health, allowing resources to be directed at the worst premises (food and health and safety). This coupled with the recent introduction of the national food hygiene rating system has introduced an element of enforced self regulation which will facilitate improved standards and allow resources to be directed elsewhere.
- 6) Developing alternative approaches to expedite enforcement processes including increased joined up and partnership working (joint enforcement/legal actions with partners for common problems) and more robust enforcement including seizure of disturbing noise equipment.
- 7) Within enforcement, identifying opportunities for joint working with other services to maximise efficiency, reduce duplication of effort and provide a consistent approach to the trade. This is reflected also in the development of a joint protocol with the police on managing unauthorised encampments which is now being reviewed after a period of operation to identify any areas for improvement.
- 8) Improving services, by holding ourselves open to external scrutiny. This has included the Trading standards underwent a process of Peer Review as a result of

which service improvements were identified, but also officers were trained to review other authorities and bring learning back to the service.

- 9) Alternative approaches to solving problems are frequently identified. For example the establishment of the Walsall Trader Register to provide a way for the elderly and vulnerable to find bona fide traders to undertake work on their property. Not only does this help with our aim of tackling rogue traders, but it helps other services meet their objectives in relation to independent living for the elderly and vulnerable, reducing cost of health care etc. Currently we are working on a strategic multi agency approach to tackling under age sale and consumption of alcohol.
- 10) Bringing partners together at a strategic level to identify joint ways of working to reduce waste and cost. Area Partnerships bring partners together at a local level to jointly agree how to tackle issues affecting our customers, some of these issues have been long-standing and are complex to deal with. By working together, we are identifying improved ways of delivering services, as well as identifying blockages in systems, which trigger service re-designs and reduce cost for the council, and its partners.

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Community safety services already delivers a comprehensive service below the median level. Other services have few qualitative performance measures in place regionally or nationally in which to form a picture. Benchmarking continues to be developed.

E. What will our services look like in the next 3 years?

Community Safety - The introduction of Police and Crime Commissioners in May 2012 will present community safety partnerships with challenges and opportunities. Although ministers continue to advocate and positively promote the benefit of a multi-agency approach to tackling crime and disorder, there is currently significant uncertainty within the sector around what form community safety partnerships will adopt. At this time, there is little direction from the centre and local authorities are responding to this uncertainty in different ways. In Walsall, our community safety partnership is still a strong, cohesive unit, with close and effective working links. Within the next 12 months or so, CSPs will lose their direct funding from the Home Office with the grant being held by the police and crime commissioner.

Environmental Health - Benchmarking exercises currently being undertaken by the service with other authorities in the Council's CIPFA family group aim to identify how the service can be improved and its costs reduced. Best practice will be adopted by the service in the light of this benchmarking. Elements of the service have also been subject to scrutiny, and others will be scrutinized, under the Working Smarter initiative.

Licensing - The licensing function is one which is required to be carried out by statute and many of the targets for processing applications are also laid down in legislation, particularly in relation to the Licensing Act 2003 and Gambling Act 2005. Under the Licensing Act 2003 the fees are set by government but the Gambling Act 2005 fees are set locally but subject to government scrutiny.

The licensing of HC and PH drivers, vehicles and operators is also a statutory function. Currently, the fees charges are set locally but the service must operate on a cost neutral budget. There are early signs that there may be a review of the taxi licensing regime in

the next few years although the impact of this is not known.

Trading Standards - The service is one of the areas chosen by the authority to investigate shared services. This has not reached an outcome yet and this will affect the shape of the service. Additionally, the Government is currently undertaking a review of the consumer landscape. First line consumer advice is provided currently by Consumer Direct under the auspices of the Office of Fair Trading. However, Consumer Direct will cease to exist in March 2012 as will the OFT. Many of the OFT's functions are likely to be put within the remit of trading standards. The review is ongoing and so the impact on this service is not known at this moment in time.

Walsall Partnerships - There is no median / best in class to compare to. To address this, we have researched other local authorities in order for a comparison to be made. Walsall Partnership – the cost, across partners, works out at 70p per head of population. The council's element of this cost works out at 28p per head of population. Area Partnerships – according to national external evaluations of neighbourhood management arrangements, we are already well below the average operating costs.

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out below, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 17 : Communities & Partnerships Provisional Cash Limit 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	3	4	5
	£'000	£'000	£'000
Provisional revenue cash limit carried forward	6,024	5,943	5,562
Inflationary pressures			
Contractual Inflation	3	10	11
New Savings			0
Environmental Health and Trading Standards - deletion of vacant technical officer post	(31)	0	0
Restructure within communities and partnerships	(53)	(33)	(33)
Savings 2013/14 onwards to achieve best in class			
Environmental Health and Trading Standards	0	(114)	(114)
Community Safety	0	(223)	(223)
Walsall Partnership (including voluntary and community organisations)	0	(21)	(21)
Notional Revenue Cash Limit	5,943	5,562	5,182

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

There are no capital requirements identified for this portfolio. Leasing – there is no planned new capital expenditure in 2012/13. The revenue implication of the current leasing

programme is £260,000 which is contained within the revenue budget.

9.3 PORTFOLIO: LEISURE and CULTURE

A. Summary of Services provided by the portfolio

Leisure and Community Health

- Sport & leisure
- Catering
- Greenspaces
- Technical admin & safety

Libraries, Heritage and Arts

- Libraries – operating through a network of 16 branch libraries, mobile library services and a school's library support service
- Museum services – through Walsall Museum and the Leather Museum
- Archive and local history services – through the Local History Centre
- Arts Services – through
 1. The New Art Gallery
 2. Forest Arts Centre and Music Service
 3. The Creative Development Team

Walsall Adult and Community College (WACC) - Learning and training services

Bereavement and registration services

- Cemeteries and crematorium
- Coroners service
- Registration services

Grounds Maintenance - maintenance of green spaces within the borough.

B. Purpose and future service delivery

The purpose of the services within the Leisure and Culture Portfolio is to help all residents improve themselves and the areas where people live in Walsall. We do this by:

1. Maintaining and enhancing the quality of green spaces – we work to improve our parks and open spaces in consultation with friends groups to make them relaxing and enjoyable places for residents and visitors alike
2. Encouraging active and healthier communities - we work to meet demand on our sport and leisure services, to improve our residents' overall health & well-being, focussing on the contribution they make to health improvement by encouraging more active lifestyles.
3. Provide a wide range of information and learning opportunities through the library service - we will continue to develop our local library service with greater community involvement to provide opportunities for people of all ages to engage in self-directed and often family orientated learning.
4. Promote lifelong learning - we will raise adults' skills for work for life, and for citizenship, by understanding and responding to the learning needs of the local community.

C. Our approach to delivering service improvements and cost efficiency

Our approach to delivering improvements includes:

- 1) Generating additional income, service redesign and restructures, with flexible working practices introduced.

- 2) Considering opportunities that may exist for both sharing of services and outsourcing of activities.
- 3) Redesigning services and systems in keeping with Working Smarter principles around the 'customer experience'
- 4) Optimising systems and streamlined key processes to improve productivity, take out waste and free up staff time to add value at the front line
- 5) Service modernisation such as the Library Modernisation Programme 2006-2009, which provided for the replacement or refurbishment of most of the library network.
- 6) Staff from leisure and green spaces have undertaken the three day Vanguard training and this underpins our approach to taking out waste. Sport & leisure and green spaces are already actively involved with the working smarter programme.
- 7) Making effective use of partnerships both within the council and with external partners to deliver enhanced services such as learning hubs, ICT based skills training and reading and literacy groups for people with special needs.
- 8) Improved procurement to drive down costs e.g. libraries are part of a Black Country Consortium for purchasing stock.
- 9) Use of LEAN Systems Thinking in libraries to evaluate new models of delivery and new and emerging technologies to create efficiencies and free the service from its reliance on single-use library buildings, whilst maintaining local access to services.
- 10) Use of volunteers in archives to help maintain and index collections and help provide one to one sessions for customers. Benchmarking (WACC) through West Midlands Peer Review Group and annual benchmark visit programmes.

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Leisure and Community Health

- Catering service - based on service take-up by primary schools in Walsall, catering services caters for 81 (72%) of schools. A management fee was introduced several years ago and numbers have remained static; an indication that head teachers value the service provided.
- Green spaces - has achieved 3 green flags awards for its parks and open spaces which is nationally recognised benchmark of excellence. The Green Spaces Urban Forestry Unit achieved national government recognition and came second in the prestigious national 'Excellence in Forestry Award' in 2010. CABE Space recognised the service as a national exemplar for its strategic planning and delivery process. Walsall's green space service is also the only local authority in the West Midlands county to achieve the national government target of one hectare of local nature reserve status per 100 head of population.
- Sport & leisure - the 2010 Quest assessment score for sports development was 88% (excellent). In sports management the assessment of quality question is: *"the percentage of adults who are very or fairly satisfied with sports provision in their local area"*. Walsall scored 64.2% in Active People 3 (2008/09) and came within the 3^d quartile of metropolitan boroughs (27th out of 36); albeit ahead of our nearest neighbours. Due to the age and condition of Walsall's facilities this position is not entirely unexpected. Investment and improvement is clearly obviously needed.

Libraries, Heritage and Arts

- Libraries - comparative data from CIPFA shows that Library Services continue to provide a range of services comparable to the best in the country. However, reductions in opening hours mean that Walsall no longer performs well against comparators in that

area. In a Black Country mystery shopping exercise in 2010, Walsall libraries received the highest marks for customer care, staff knowledge and service compared with other Black Country libraries.

- Museum Services - the service is fully accredited by the MLA as a professionally-run museum service. Walsall Leather Museum is one of only two attractions locally to hold the Heritage Education Trust's Sandford Award and also achieves the VAQAS standard as a high quality visitor attraction by the English Tourism Council. This standard has been reassessed and confirmed for the past 10 years.
- The local history centre is of a high quality compared with services regionally and nationally - specialising in more areas than a number of other archive services e.g. conservation, oral history, and photographs. Results in the National Archive self-assessment have been higher than average for the region and comparable to the national average.
- New Art Gallery (NAG) – has the national Museums Libraries and Archives Council accreditation.
- Forest Arts Centre and Music Service – The service has been rated as outstanding by Federation of Music Services Government Inspection in 2009 and 2010 and 2011 and the service is regularly quoted in individual schools' OFSTED Inspections as providing the highest levels of educational support. It has the highest key stage 2 achievement in the country.

Walsall Adult and Community College (WACC)

WACC is the second largest and amongst the highest performing in terms of success-rates in its regional peer group which is represented by 5 other councils:

- Outcomes for learners: upper decile (data-set comparator: SFA National Data Service).
- Responsiveness to Learners: upper decile (data-set comparator: SFA Framework for Excellence Data Service).
- Financial control (upper quartile: data-set comparator: SFA Framework for Excellence).
- Ofsted and Framework for Excellence Quality Assurance and Control Grade 2 (good)
- Framework for Excellence Learner and Community Responsiveness Grade 2 (good)
- Framework for Excellence Financial Health and Control Grade 1 (outstanding).
- Customer Satisfaction 99.7%.
- West Midlands award winner for Sustainability 2011.

Bereavement and registration services

The service is one of the most sensitive that the council is responsible for. Questionnaires are provided to service users and on average 90% of bereavement services users are satisfied or very satisfied with the service provided, with 75% satisfied or very satisfied for the register office. Nationally the register office has recently achieved "self governance" from the General Register Office (GRO). In order to achieve this it has to satisfy continuous rigorous external scrutiny from central government that it is fit for purpose and capable of delivering their required quality of service. The Black Country coroner service continues to provide an example of successful shared service across neighbouring local authorities.

E. What will our services look like in the next 3 years?

Leisure and Community Health

We have spent the last four years undertaking a significant programme of budget savings, income generation and reorganisations. As a result, Green Spaces, Sport and Leisure (in the main) are already below the median cost. For catering services, Cabinet have decided to pursue a zero cost management option by September 2012. Following implementation of the savings for future years, it is expected that best in class cost-wise will be delivered by March 2015.

A review of services is being undertaken with consideration to alternate management arrangements. Other services could be added and efficiencies made from back office savings and procurement from the high street and / or private sector providers.

Libraries, Heritage and Arts

Libraries - The Library Service will change the way the service is delivered to reduce its reliance on single-use buildings and seek partnerships to maintain local access. New technologies offer ways of increasing efficiency and reducing staff. The current review has identified some possible models e.g. partnership working, co-location of facilities, and the introduction of self-service.

Museum Services and Archives - Walsall Museums are already significantly below the median cost as reflected by CIPFA operating with 23% of the average funding for metropolitan districts. Further savings and efficiencies could be achieved by bringing Museums and Archives together in a Heritage Centre for Walsall at a single location.

Forest Arts Centre and Music Service – The Henley Review into Music Services has announced the intention to introduce a competitive bidding to become a sub-regional Hub and criteria associated with the bid will include cost efficiency, but the detail will not be known until the winter 2011.

Walsall Adult and Community College (WACC):

- Median performance will be exceeded in all areas and will fall in the upper decile in most areas. This will be achieved through: greater efficiency through investment in our learning environments to secure better energy management; improved access to and use of use of new technologies; class-size efficiencies; increased learner to staff ratios and reduced unit costs (-2.5% per unit).
- Increased contribution to community cohesion through reduced worklessness within the 16-30 age group by the roll out of the WACC and WACC/Council Apprenticeship Scheme and development of learning for enterprise provision (150 employed status apprenticeships trained each year).
- Increased investment for and profile in sustainability practices, leading to further energy and carbon reduction outcomes (-10%) and increased income from establishing a national and international profile in education for sustainability (£100k)
- Reduction in the cost (20%) and impact of staff sickness absence through healthy college status programmes and investor in wellbeing programme.
- Improvements in sub-contractor performance through our sub-contractor quality assurance toolkit.
- Contribution to Walsall Council workforce development services to improve vfm for training and reduce directorate workforce training costs by £200k.
- Opportunities for university and international partnerships to secure new income streams, particularly in overseas teacher training programmes.

Grounds Maintenance

We are currently reviewing:

- the programme for flower bedding.
- re-provision of some bowling greens and cricket pitch maintenance
- the integration of grounds maintenance and green spaces activities.

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out below, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 18 : Leisure & Culture Provisional Cash Limit 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Provisional revenue cash limit carried forward	18,363	18,062	17,676
Inflationary pressures			
Contractual Inflation	48	48	50
New Savings			0
Catering - from efficiency savings including the deletion of a vacant post and general review of income	(79)	0	0
New Art Gallery - restructure of technical and operational elements including review of gallery assistants	(46)	(20)	0
Libraries - staff efficiencies following introduction of self service facilities and revenue from chip and pin transactions	(67)	(70)	(2)
Efficiency savings across libraries, heritage and arts	(25)	0	0
Full year effect of previous years approved savings			
Museums - rationalisation of Walsall Museum	(4)	0	0
Greenspaces - rationalisation of greenspaces	(22)	(21)	0
Greenspaces - reduction in business support	(19)	(4)	0
Sports - reduction in business support	(16)	(4)	0
Catering - reduction in business support	(4)	(1)	0
Bryntysilio - full year effect of closure	(7)	0	0
Bereavement Services - increase in fees and charges (3% in 2012/13 and 3.25% in 2013/14)	(60)	(65)	0
Savings 2013/14 onwards to achieve best in class			
Catering	0	(191)	(191)
Libraries - staff reduction through use of further technology	0	(40)	0
Creative development - reduced accommodation costs	0	(5)	0
Libraries - potential black country management arrangements	0	0	(220)
Museums and archives potential heritage centre	0	0	(72)
Walsall Adult and Community College	0	(5)	(5)
Creative Development Team	0	(8)	(8)
Notional Revenue Cash Limit	18,062	17,676	17,228

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

The draft programme is set out below for 2012/13 onwards. Allocations beyond next year are not yet known so assumptions are that they will be in line with that year; however allocations may increase or decrease.

Table 19 : Leisure & Culture Provisional Capital Programme 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Council's own resources			
Prior Year Approvals			
Headstone safety in cemeteries - health and safety issue of unsafe memorials	80	80	80
Greenspace improvement plan - matchfunding of £350k external funding into Walsall's park over 3 years	150	50	50
New Bids			
New Bentley Community Facility to be funded from capital receipts of associated sites	0	0	0
Walsall Arboretum Restoration Programme - illuminated park proposals to enhance the environmental appearance to users	0	270	0
Restoration and renovation of Broadway West playing fields - to return to full recreational use	410	0	0
Heritage centre for Walsall - relocation of the Local History Centre and Walsall Museum onto a single complex centred on the Leather Museum	0	31	89
Externally Funded Schemes (Grant subject to confirmation)			
Greenspaces - Walsall Arboretum Restoration Programme - Heritage Lottery funding	2,216	0	0
Heritage centre for Walsall - relocation of the Local History Centre and Walsall Museum onto a single complex centred on the Leather Museum - Heritage Lottery funding	0	315	889
Walsall Arboretum Restoration Programme - illuminated park proposals to enhance the environmental appearance to users - Heritage Lottery funding	100	0	0
Notional Capital Programme	2,956	746	1,108

There are no leasing implications for the Leisure and Culture portfolio

9.4 PORTFOLIO: TRANSPORT AND ENVIRONMENT

A. Summary of Services provided by the portfolio

Street Pride - waste collection and disposal, street cleansing, associated services of fleet

Engineering Services

Engineering and transportation provides a range of statutory and a small number of non-statutory services and is made up of several teams consisting of:

- Pollution control
- Road safety and development control
- Roadworks management, structures and geotechnics
- Highways maintenance – planned and reactive, winter service
- Public lighting
- Traffic management UTC
- Car parks
- Major projects and minor improvements.

These services operate under a range of national and regional guidance including the local transport Plan and work in conjunction with other services of the council particularly regeneration, adjacent authorities, the Integrated Transport Authority and within the wider region for the West Midlands Regional Transport Strategy. We are working closely with the newly formed Local Enterprise Partnerships, the new Integrated Transport Authority, and nearby councils to promote regeneration and economic success.

B. Purpose and future service delivery

The purpose of the services within the Transport and Environment Portfolio is to help improve the areas where people live in Walsall and we do this by:

1. Making sure our streets are well maintained and clean - we will review how we manage and maintain the "public realm", designing new ways of working around key street scene services including fly-tipping, street cleaning, and highway maintenance so that streets are well maintained and clean.
2. Extending our successful track record of recycling – through a review of our waste strategy, we will work with residents to increase the amount of recycling and so reduce costs.
3. Helping people to get around - we will work to provide a well maintained and efficient highway network so that people who live, work or pass through the borough can do so as easily as possible and are able to access the goods and services they require.

C. Our approach to delivering service improvements and cost efficiency

Street Pride

Within street pride we are:-

- Carrying out a review of public realm activities under the Safer, Greener, Cleaner scope via the Working Smarter Programme, covering waste collections, street cleansing, grounds maintenance and fleet related activities

- Carrying out waste service review in association with Eunomia consultants in line with the governments revised waste policy document.
- Further reducing the level of absenteeism, reducing costs for backfilling front line posts in accordance with the council's absence procedure
- Reviewing the provision of trade waste collections to maximise trade recycling, reducing waste to landfill, reducing disposal costs and maximising profits
- Continuing our review of fleet services, maximising in-house productivity, minimising third party costs and maximising income from MOT
- Reviewing and rationalising the use of grey and front line fleet
- Transferring responsibility for public conveniences to building cleaning where more improvements and cost efficiencies can be delivered

Engineering Services

Within engineering services, we are:-

- Generating additional income, service redesign and restructures, with flexible working practices introduced.
- Considering opportunities that may exist for both sharing of services and outsourcing of activities.
- Redesigning services and systems in keeping with Working Smarter principles e.g. undertaking a structural highway maintenance/highways management LEAN process
- Optimising systems and streamlined key processes to improve productivity, take out waste and free up staff time to add value at the front line
- Improving procurement e.g. to outsourced highway maintenance and minor works delivery, procurement exercise for civil parking enforcement (CPE).

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Street Pride

The waste service is acknowledged as being the highest recycling metropolitan borough council in the country, achieving 47.3% in 2009/10.

Walsall's combined waste collection and disposal cost in 2010/11 was £55.04 / capita below the comparable average of £56.37 / capita a cost of £1.33 / capita.

Walsall's street cleansing cost in 2010/11 was £9.29 / capita below the comparable average of £15.23 / capita a cost of £9.29 / capita.

The street cleansing - audit commission's comprehensive area assessment 'One Place' results 2008/09 which compare % of unacceptable levels of cleanliness in Walsall for the different land uses against other metropolitan councils. (NI 195 & 196) showed:

- | | | | |
|-----------|-----------------------|------------------|-------------------------|
| • NI 195a | levels of litter | 7% | Ranked Average |
| • NI195b | levels of detritus | 17% | Ranked Average |
| • NI 195c | levels of graffiti | 7% | Ranked in the worst 25% |
| • NI 195d | levels of fly posting | 0 | Ranked in the best 5% |
| • NI 196 | fly tipping | "very effective" | |

The following year's data for 2009/10 have shown a marked improvement in the levels of litter, detritus and graffiti found unacceptable.

- | | | |
|--------|------------------|----|
| • NI19 | levels of litter | 3% |
|--------|------------------|----|

- NI195b levels of detritus 7%
- NI195c levels of graffiti 4%
- NI195d levels of fly posting 0%
- NI 196 fly tipping “not effective”

E. What will our services look like in the next 3 years?

Street Pride

Waste Management - We have identified and are working on the following actions:

1. Alternative procurement / write off of vehicles
2. Implement revised waste collection arrangements following consultation and to meet council objectives to being best in class for recycling and waste management
3. Improvements in Trade waste collection service
4. Savings in disposal arrangements through W2R contract
5. Improvement in the utilisation of vehicles
6. Improvements in operational efficiencies

Street Cleansing - The following actions have been identified and work is currently being undertaken:

1. Improvements in the utilisation of vehicles
2. Improvements in operational efficiencies

Engineering Services

Structural and Routine Maintenance:

- LEAN – continuous improvement review to achieve savings. Lean review as part of the public realm will generate savings of circa £100k.
- Tarmac is undertaking a system thinking exercise to reduce costs and waste. This may lead to a situation where we can achieve the same for less in terms of works.
- Contract review to reduce rates.

Traffic Management and Road Safety:

- Developing shared service delivery for West Midlands UTC.
- Developing shared traffic signal maintenance contract arrangements for Black Country / West Midlands.
- 14% planned reduction of traffic management staffing levels in 2012/13.
- Proposed lean review of the traffic management function.
- Review of working practices and staffing structure to delivery engineering schemes.
- Contract review exercise.

Parking Services:

- Reduced cost base for enforcement contract, monthly reduction of approximately £15k already achieved.
- Reduction in back office staff 2012/13 and 2013/14.
- Developing the joint procurement / shared service with Black Country to continue service delivery when the existing shared contract arrangements terminate in January 2013.
- Scrutiny working party review of town centre parking.

Street Lighting - Blanket planning approval to put advertising on street lighting as appropriate where it is commercially viable to maximise income to reduce capita cost of street lighting service.

Pollution Control - Pollution went through a large scale savings exercise in 2010/11 losing 4 posts from 14 (29%). This saving will take the spend per capita to £2.37, which is below the met authority median (even considering the likes of Solihull) and well below the median for the similar Black Country Authorities.

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out below, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 20 : Transport & Environment Provisional Cash Limit 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Provisional revenue cash limit carried forward	34,211	34,650	34,956
Inflationary pressures			
Contractual Inflation	1,123	1,162	1,219
Service Pressures			
Shortfall in car park income	164	0	0
New Savings			0
Improved efficiency and changed methods leading to financial benefits for patching works	(10)	0	0
Through lean review of planned maintenance teams anticipated efficiency savings will be identified together with improved working practices	(40)	0	0
Highways maintenance works budget	(100)	0	0
Reduce 24 hour temporary repairs requirement to 5 days response in accordance with national guidelines	(20)	0	0
Negotiation ongoing with Tarmac contract on reduction of rates	(50)	0	0
Brunel system thinking commenced with Tarmac to reduce costs in highway maintenance delivery	(50)	0	0
Review of engineering design function	(15)	0	0
Shared traffic signal maintenance contract	(10)	0	0
Staff reductions in traffic management	(33)	0	0
Income from fines - from the enforcement of dropped kerbs, bus lanes and double parking	(15)	0	0
Increased income from public sector partners for parking provision and introduction of mobile enforcement vehicle for bus lanes	(30)	0	0
Street Cleansing - Delete 3 environmental operative posts	(70)	0	0
Street Cleansing - Reduction in materials, small plant and equipment	(20)	0	0
Efficiencies within Street Cleansing and inspections	(100)	0	0

Efficiencies within Vehicle Maintenance	(100)	0	0
Reduction in waste arisings	(100)	0	0
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Full year effect of previous years approved savings			
Deletion of vacant post, closure of laboratory and staff reduction within pollution control service	(42)	0	0
Following LEAN review of the reactive highways maintenance service with the outcome of deleting vacant posts and restructure	(17)	0	0
Restructure of service within engineers	(26)	0	0
Savings 2013/14 onwards to achieve best in class			
Review of service using working smarter principles	0	(100)	0
Service redesign and efficiencies	0	(40)	0
Shared service delivery	0	(25)	0
Review of staff parking permit arrangements as part of the smarter workplace initiative	0	0	(35)
Improved efficiencies in respect of the parking service	0	(40)	0
Operational efficiencies	0	0	(300)
Improve street cleansing service	0	(200)	0
Improve trade waste service	0	(300)	0
Waste disposal via W2R	0	0	(900)
Revised waste collection arrangements	0	0	(1,020)
Street cleansing	0	(5)	(5)
Engineering services - traffic mgt and road safety	0	(100)	(100)
Pollution control	0	(46)	(46)
Notional Revenue Cash Limit	34,650	34,956	33,769

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

The draft programme is set out overleaf for 2012/13 onwards. Allocations beyond next year are not yet known so assumptions are that they will be in line with that year; however allocations may increase or decrease.

Table 21 : Transport & Environment Provisional Capital Programme 2012/13 to 2014/15			
	2012/13 £'000	2013/14 £'000	2014/15 £'000
Council's own resources			
<i>Prior Year Approvals</i>			
Hatherton multi-storey car park - structural repairs to safeguard income	200	0	0
Highways maintenance	1,200	1,200	1,200
Lighting invest to save initiative - to reduce energy consumption and maintenance costs	250	250	250
<i>New Bids</i>			0
Retained housing land	100	150	50
Externally Funded Schemes (Grant subject to confirmation)			
Local transport plan (including contribution to Darlaston SDA)	2,000	2,000	2,000
Red routes	3,000	3,000	3,000
Notional Capital Programme	6,750	6,600	6,500

The leasing programme for the Transport and Environment portfolio is show in the table below. This relates to the leasing of vehicles for which the Street Pride service has overall responsibility and budgetary provision. Total capital cost is £4.15m with a revenue cost of £831k. This is in addition to £1.43m of existing leasing costs which are included in the revenue budget.

Table 22 : Transport & Environment Provisional Leasing Programme 2012/13 to 2014/15		
	New Capital £'000	New Leasing £'000
Fleet Services - vehicles		
Catering	119	24
Children and Young People	160	32
Engineering and Transportation	24	5
Leisure	279	56
Public Safety	41	9
Regeneration	110	22
Resources	58	12
Social Care and Health	137	27
Street Pride	3,218	644
Notional Leasing Programme	4,146	831

9.5 PORTFOLIO: CHILDREN'S SERVICES

A. Summary of Services provided by the portfolio

The children and young people's directorate is primarily responsible for:-

- The safeguarding of all children and young people in the borough including the management of the Local Safeguarding Board.
- The education and attainment of all children and young people in the borough from child minding and nursery provision to further education (much of this service is provided on behalf of the authority by Serco)
- With the target that all young people are in education, employment or education at the ages of 16 and 19 years
- The protection of particular vulnerable groups such as children with a disability, children with special educational needs, children with disabilities , teenage parents, children at risk of sexual exploitation, young carers, young offenders, traveller children , unaccompanied asylum seekers etc
- Safer recruitment and workforce planning for the whole children's sector
- Quality assurance of services

B. Purpose and future service delivery

- To keep children and young people safe.
- To provide high quality education with opportunities for all children and young people to improve their attainment and gain employment.
- To develop a new Children's Services operating model which provides an Early Support Offer to children, young people and their families.
- To prevent children entering the care system, getting those that do enter home early and securing parental support sooner.
- To enhance existing partnerships and relationships to deliver the best services for the children, young people and families of Walsall.

C. Our approach to delivering service improvements and cost efficiency

The approach Children's are taking is to reduce costs through early intervention and prevention. Evidence from Westminster and other projects suggest that it costs 10 times less to support children, young people and their families at an early stage than having to take high cost action later such as taking a child into care.

We are therefore building on our range of preventative activities and redirecting the children's centres to work with more challenging families either to prevent them needing specialist services or to ease them back having received preventative services

We want all our children and young people regardless of their background, geography or additional challenges (such as disability) to achieve the best they can and to become independent adults who make a positive contribution to society.

Where ever possible we will support children and young people to stay within their families and communities and where it is not possible or safe for them to do so we will seek alternative permanency arrangements via adoption, special guardianship or residence

orders.

We will reduce our dependence on independent fostering agencies and grow our own. We will maintain the smallest possible number of children in residential settings moving them back to families at the earliest opportunity.

We will work offer positive activities and work with local area partnerships to identify children at risk of anti social behaviour and criminal activity and will work with the community to develop a range of positive activities and raise aspirations towards becoming a positive citizen.

Where young people become involved in criminal behaviour we will work with them to address any contributory factors such as substance misuse and use evidenced based tools to help them back into society.

The directorate is using a working smarter approach to aid our whole system working, understanding that are services are interlinked and only by whole system working can we get into a virtuous cycle whereby we can front end our services to keep the levels of looked after and children with a protection plan and children requiring youth justice services on a permanent basis.

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Our Ofsted Judgement is ‘adequate’, this is mainly due to education performance. Based on our performance indicators and Ofsted categorisation for social care it is likely the judgement would be ‘good’. There is evidence to support the judgement that the youth justice service is good and a key element that has been inspected was judged as good in its capacity and capability to improve (Youth Justice Board)

Our latest Ofsted profile shows performance is in line with our comparator group and our staying safe performance is strong.

Every Child Matters, Outcome	Total NIs	% indicators in line with appropriate comparator group
Be healthy	11	73%
Staying safe	8	100%
Enjoy and achieve	13	85%
Positive contribution	10	90%
Economic well being	8	87.5%

E. What will our services look like in the next 3 years ?

The Met median cost has already been achieved – despite the biggest increase in demand for social care in the last 20 years due to the recession and Baby Peter.

The critical thing we need to achieve in order to reach best of class performance by 2015 is to reduce the number of children in care. This has to be done with care as our threshold criteria have been deemed appropriate by Ofsted and panels haven’t been able to identify children who should not have come into the care system.

But we do know from research and careful consideration of Bradford and Hackney that the key to keeping looked after children (LAC) numbers down is to strengthen work upstream so that if children need care :-

1. they are identified at a young enough age that adoption is an option;
2. a more robust approach to alternative permanence via special guardianship and residence orders;
3. earlier interventions including parenting support, support around substance misuse and domestic violence and wrap around services preventing entry to care;
4. robust work in care to return home earlier (within 12 months);
5. stronger step down arrangements to support children to remain at home once they have left care;

There is no totally scientific way of determining what the LAC figure should be but we do know it is linked to levels of deprivation and is sensitive to unemployment. Having considered the predicted rates looking at statistical neighbours and the West Midlands figures and our actual population and knowing the economic outlook for the area we believe the number of LAC should be around 500 based on population need.

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out below, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 23 : Children's Services Provisional Cash Limit 2012/13 to 2014/15			
	2012/13 £'000	2013/14 £'000	2014/15 £'000
Provisional revenue cash limit carried forward	55,610	54,410	53,247
Inflationary pressures			
Contractual inflation	294	171	109
New Savings			0
Redesign of services to include youth justice service, youth work, parent partnership and information and advice guidance arrangements	(354)	(196)	(90)
Projects mainstreamed to improve integrated working through children's centres	(400)	0	(300)
Involving school and community associations to deliver universal careers guidance plus partnership governance of assets (pilot scheme)	(71)	(89)	0
Volume savings - reduction in numbers of looked after children (LAC)	(86)	(572)	(695)
Contract brokerage - reduce value of contracts via economies of scale linking up with other local authorities	(185)	(37)	(64)
Service mix improvements (increase % of LAC in lower cost placement types), specifically independent foster agency placements	(398)	(440)	(435)
Savings 2013/14 onwards to achieve best in class			
Education	0	0	(1,500)

Notional Revenue Cash Limit	54,410	53,247	50,272
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Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

In relation to year 2012/13 the saving targets are deemed to be secure. Years 2013/14 and 2014/15 will be reviewed as part of the ongoing resource allocation and budget monitoring processes and in light of working smarter system redesign, and the prevailing economic conditions which can make the looked after children numbers volatile. A new operating model is to be implemented in September 2011. Evidence from other authorities and research has shown that it is likely that secure evidence of improvement will not be available until 3-5 years following implementation. In order to accelerate progress an 'invest to save' bid, based on our comparator authority is being considered for implementation during 2012/13. Any proposed changes will be discussed with the head of finance, the portfolio holder and brought to Cabinet for approval.

G. Future capital requirements

The draft programme is set out below for 2012/13 onwards. Allocations beyond next year are not yet known so assumptions are that they will be in line with that year, however allocations may increase or decrease.

Table 24 : Children's Services Provisional Capital Programme 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Council's own resources			
<i>New Bids</i>			
Contact services - refurbishment of Stroud Avenue to accommodate Looked after Children services from Dale Street (net of capital receipt)	525	0	0
IT investment in mobile working for social workers	79	0	0
Externally Funded Schemes (Grant subject to confirmation)			
Basic Need	2,098	2,098	2,098
Devolved Formula Capital	684	684	684
Capital maintenance	3,530	3,530	3,530
Academies	8,120	0	0
Notional Capital Programme	15,036	6,312	6,312

There are no leasing implications for the Children's Services portfolio.

9.6 PORTFOLIO: BUSINESS SUPPORT SERVICES

A. Summary of Services provided by the portfolio

Business Change

Communications, Marketing and Consultation

PR and media management, PR strategy, planning and campaign delivery; media monitoring, evaluation and Reporting. Internal communications; events and briefings; digital and social media (council website and internet – development, delivery and management, Microsites, e-communications selling consultation advice (social media e.g. Home Office, SOCITM, Scottish LGComms); open data (e.g. publication of transparency on spend, plus the development of wider open data opportunities). Marketing (publications and promotional materials, sponsorship and advertising).

Shared Services & Procurement

- ICT Services and Support
- Procurement
- Print & Design

Business Improvement:

- Business Information and Intelligence, Business Analysis, service re-design
- Systems Thinking training
- Programme and Project Management
- Governance Reviews - (of strategic programmes or projects)
- Freedom of Information Act/Data Protection Act - (co-ordination and management of all enquiries)
- Customer Complaints - statutory - (Social Care and Children's) and non-statutory
- Ombudsman - (co-ordination and management of issues and relationship with Ombudsman)
- Policy co-ordination - (maintenance of strategies and policy database, production and distribution of monthly policy round-up and legislation tracker, ad hoc support to policy development)
- Strategic Planning (production of Corporate Plan and contribution to other strategic documents)

B. Purpose and future service delivery

Communications

To let me know what the council does and how I can access the services I need in a way that suits me.

To tell me honestly what the council is doing.

Shared Services & Procurement

To reduce my council tax bill by working in a way that makes best use of money.

To help my council procure the best value for money.

To allow me to access council services that are efficient at a time and place that I choose.

Business Improvement

To listen to what I tell the council and help change the council to focus on me.

C. Our approach to delivering service improvements and cost efficiency

Business Change

Communications, Marketing and Consultation

Our strategy is to ensure all related spend and activity is co-ordinated through a single team and approach to ensure best use of resource and savings, which has led to:

- centralised communications, marketing and consultation team and approach
- alignment of activity and priorities to agreed new council priorities
- Reviewing and evaluating all paid-for marketing activity and stopping activity/spend wherever possible and where no proven effectiveness can be demonstrated (reducing all traditional paid for media activity)
- Taking advantage of 'free' social media channels for delivering campaigns and activity, both internally and externally
- Collaborative procurement and shared services exercise to assess opportunities for savings and efficiencies. This activity has moved forward and is delivering some final activity on planned outcomes to:
 - Procure joint licences for media management software (currently used by many of the West Midlands LA's)
 - Develop a regional, joint Fostering & Adoption marketing campaign (which will utilise shared materials, artwork and deliver more effective activity whilst reducing spend)

Shared Services & Procurement

- Every activity has a customer at the heart of it
- Before money is spent externally alternative options are always considered
- Do nothing is always an option
- Customer feedback is always sought and listened to
- When someone leaves pause before refilling their post
- Focus on activity not number of people
- Gather information before acting

Business Improvement

A proposal is currently being developed for the design of a new business improvement service which will integrate the three services into one. Savings of £338k have already been found for 2011/12 through voluntary redundancy and deletion of vacant posts. The new service aims to closely align itself to the changing needs of the council, in particular the delivery of Working Smarter and the implementation of the new Council Operating Model Delivering Right, Fast and Simple. The new service will be central to the council's ambitions to drive out waste, improve customer satisfaction and deliver value for money. It will achieve this through providing the right intelligence in the context of the wider environment the council finds itself in, on customer demand and service performance to support effective decision making and resource allocation; identifying areas for improvement and providing the technical expertise to drive through change.

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Business Change

Communications

- Walsall are national exemplars in areas such as social media, open data and media and PR and we are regularly asked to talk at conferences and events to highlight our work and success
- We have been approached by over a dozen other local authorities to provide advice on our practices and approaches (these include Birmingham, Sandwell, Wolverhampton and Telford)
- We have been approached by other non-local authority organisations for guidance and advice – these include Home Office, SOCITM, Scottish LGComms and WaterAid. We are now charging a day rate of £250.00 plus expenses when advising these organisations and have secured two fees already this financial year.
- Award short listing – our Walsall 24 Twitter experiment has been shortlisted for a national communications award (LGCommunications)
- We were in the top 10 first councils to publish all spend over £500 and the first in the West Midlands, 5 months ahead of deadline

Shared Services & Procurement

- The council has not been subject to any breaches in the procurement process
- Print and Design have won awards
- Our last ICT NeSDS (National e-Service Delivery Standard) results showed ICT to be good

Business Improvement

There is no one clear picture of regional or national service quality in these areas due to every council developing this function in different ways.

E. What will our services look like in the next 3 years?

Business Change

We anticipate that working smarter, and the benefits that will realise for us as a unit, will be the approach that will deliver best in class performance by 2015.

Shared Services and Procurement

- We are comparing our services through SOCITM benchmarking to get a baseline
- Print and design is continually comparing against external costs
- The procurement measures will be determined by number of contracts and amount of spend against fte's

Business Improvement

- Design and development of the business improvement service
- Development of business improvement processes and knowledge hub
- Discussions with Black Country authorities as part of shared services work looking at efficiencies savings via shared systems and resources
- Working with Walsall Partnership on delivery of shared intelligence in a collaborative way to maximise opportunities to share systems and resources and minimise

expenditure whilst ensuring provision of intelligence exceeds needs of partners and the Partnership.

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out below, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 25 : Business Support Provisional Cash Limit 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Provisional revenue cash limit carried forward	161	310	210
Inflationary pressures			
Contractual Inflation	8	0	0
Service Pressures			
Shortfall in print and design income	300	0	0
New Savings			0
Post savings from the implementation of the business improvement service restructure	(159)	(100)	(97)
Notional Revenue Cash Limit	310	210	113

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

The draft programme is set out overleaf for 2012/13 onwards. Allocations beyond next year are not yet known so assumptions are that they will be in line with that year; however allocations may increase or decrease.

Table 26 : Business Support Provisional Capital Programme 2012/13 to 2014/15			
	2012/13 £'000	2013/14 £'000	2014/15 £'000
Council's own resources			
<i>Prior Year Approvals</i>			
Council wide IT planned rolling replacement and upgrade - Centralised storage of workstation c:drive data	100	0	0
Council wide IT planned rolling replacement and upgrade - Disaster recovery - second data centre	98	0	0
Council wide IT planned rolling replacement and upgrade - Telephony consolidation	150	50	0
Council wide IT planned rolling replacement and upgrade - Upgrade to Windows 7	581	706	0
IT support to Smarter Workplaces programme - Hardware and software licences and infrastructure for the web	150	250	0
IT support to Smarter Workplaces programme - Electronic document management system	250	0	0
<i>New Bids</i>			
IT - Replace essential Wide Area Network data circuits that will no longer be supplied by BT	92	21	0
IT - Network internet and external security essential maintenance and upgrade	33	0	0
IT - Upgrade or new mapping software following new European directive to include more information on mapping services	30	0	0
Notional Capital Programme	1,484	1,027	0

The leasing programme for the Business Support portfolio is show in the table below. Total capital cost is £296k with a revenue cost of £60k. This is in addition to £48k of existing leasing costs which are included in the revenue budget.

Table 27 : Business Support Provisional Leasing Programme 2012/13 to 2014/15		
	New Capital £'000	New Leasing £'000
Print and Design - Equipment	296	60
Notional Leasing Programme	296	60

9.7 PORTFOLIO: FINANCE AND PERSONNEL

A. Summary of Services provided by the portfolio

Finance

- Accountancy, financial reporting, financial management, financial systems, financial strategy and planning, budget setting, financial support and advice to directorates
- Risk and Insurance - claims handling, insurance fund management, risk management
- Treasury Management including cash management and banking
- Financial administration – Accounts payable and receivable, debt management and recovery

Internal Audit

- An assurance service that provides an independent and objective opinion to the organisation on the control environment
- Advisory and related client services which are carried out to improve services and to add value, including the impact of proposed policy initiatives, programmes and projects as well as emerging risks
- Prevention, detection and investigation of fraud and corruption; and other irregularity

Benefits

- Advice, customer application support, assessment, revision, payment, recovery of overpayments, customer queries, complaints and appeals of the following benefits:-
 - Housing benefit
 - Council tax benefit
 - Discretionary housing payments
 - Free school meals
- The prevention, detection and investigation of benefit fraud and error, including the application of sanctions.
- Training and advisory sessions delivered to partner organisations.
- The administration of the housing benefit subsidy and grant claims and returns.

Revenues Service

- Council tax - billing, collection, recovery and enforcement
- Non domestic rates (business rates) - billing, collection, recovery and enforcement
- Housing Benefit overpayments - billing, collection, recovery and enforcement of invoiced debts
- Banking hall – corporate income collection service, including cheque processing, car parking money, external payment facilitator (WHG, south staffs water), social care payments, petty cash, internal payment facilitator (most council service transacted).
- Welfare rights unit – income maximisation, debt advice, benefits based charging scheme (previously the fairer charging scheme)
- Home care charges – billing, collection, recovery and enforcement. This service is a joint venture with social care

Human Resources

- HR Direct, Intranet/HR portal
- Payroll and pensions/transactional services
- HR Specialist Services. The teams within this service are business partner (directorate support), wellbeing and equality and learning and development

Legal and Democratic Services

- Legal Services providing legal advice and dealing with litigation
- Constitutional advice

- Administration of the council's formal decision-making processes
- Elections and electoral registration

B. Purpose and future service delivery

These purpose statements are written from the customer perspective. The council's customers are Walsall residents, businesses and visitors.

Finance

Purpose:

Help make best use of the money the council is given to provide me with services.

How we will achieve this is through:

- 1) Financial Governance and Leadership
 - Our top management will be financially literate and able to understand fully the financial environment in which the council operates.
- 2) Financial Planning
 - Our financial planning will be inextricably linked to the council's strategic and corporate planning process. Our financial plans will reflect the council's key strategic priorities.
- 3) Finance for Decision Making
 - We will understand the financial implications of current and potential alternative policies and, programmes, and activities.
 - We will analyse our cost profiles and cost drivers and how they will behave under different circumstances
- 4). Financial Forecasting and Monitoring
 - Top management will assure itself that financial performance to date and forecast financial outturn are in line with the plan, including cash-flow and balance sheet projections.
 - The underlying costs of the organisation's key activities and how these are profiled over time will be monitored and reviewed.
 - 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). Financial Reporting
 - To run the organisation effectively, top management will have up-to-date financial and non-financial performance information on a timely basis.
 - Reports will be presented in a form that is tailored to user needs, is easy to understand and highlights the key financial issues that they need to be aware of.

Benefits

Purpose: Can I have a benefit and can you pay it to me when I need it?

The Benefits Service will aim to deliver the right benefit to the right person at the right time. The customers will be offered a number of contact channels and will be given support in the claiming process. The Benefits service will work collaboratively with other agencies and services to ensure that the customer receives the help and support they need to prevent evictions and homelessness. Benefit fraud and error will be robustly tackled through improved data matching facilities; ensuring that the customer receives the correct amount of benefit.

The Welfare Reform bill will impact on the benefits delivery design from 2013-2018. New

claims for benefit will be dealt with by a JCP/HMRC and during the period 2013-2017 current claims will transition to the new central delivery model; and the local control over claims will decline. The team will work with national and local organisations to explore the localisation of the face to face delivery model for the proposed universal credit post 2017.

Revenues Service

Purpose: How much council tax or business rates do I owe, when do I have to pay it and how can I pay it.

The Revenues Service will ensure customers receive the right bill, first time, without delay and have a choice of how to pay their council tax or business rates. We will collect the taxes during the year and ensure enforcement of historical debts are driven to maximise the income to the Council. A single approach to debt enforcement for all council debts will be driven through the enforcement team within revenues. Welfare rights officers will ensure residents are able to gain access to benefits that they are entitled to and receive support with financial matters and debt management.

Human Resources

Purpose: Help me get what I need from the council's staff right, fast and simple.

Legal and Democratic Services

Purpose:

- Help me get the legal service I should get from my council right, fast and simple.
- Help me trust the integrity of my council and what it does.
- Support my councillors to do the best they can for me.

We will continuously check that the way that legal and democratic services are provided meets the needs of customers and secures value for money. We will be open minded about the full range of options for future service delivery, including shared and collaborative working with Black Country councils and the private sector.

C. Our approach to delivering service improvements and cost efficiency

Finance

The service, being responsible for overseeing and supporting good financial practice, value for money, and ensuring the council remains in good financial health, has a commitment to cutting cost and driving efficiency. Driving down cost, either by reducing expenditure or increasing income, or a combination of both has been demonstrated year on year.

This is done by:

- Continually reviewing current practices and systems. In advance of the Working Smarter programme drive, Finance Direct was put forward as a means of driving efficiency, whilst improving information for budget holders and aiming to position Finance to add more value to the council.
- Reviewing our customer priorities and driving out non priorities
- Making the structure as lean as possible, at management and operational level. We have implemented a revised structure ahead of schedule.
- Improving access to systems and improving functionality for users/budget holders.

Internal Audit

Our approach to service improvement and cost efficiency is as follows:

- 1) Review and adapt current working practices. Examples include:
 - Critically review audit plan – the plan is designed to flex with the changing organisation. Continue to engage with clients to ensure plan is strategic in focus and raises the profile of audit generally within the organisation.
 - Continue to develop IA risk assessment processes to include quarterly review of risk registers to ensure emerging and changing risks are addressed and the audit plan is updated as appropriate.
 - Undertake a skills assessment and review the section's structure – comparison against the skills required going forward - restructure of the audit team as appropriate.
 - Continue to critically review the whole audit process – streamline and reduce any inefficient / duplicitous processes. Use systems thinking.
 - Revision of current report formats – removing duplication, provide commentary on direction of travel, summarise the total number and importance of findings – including 'root cause analysis'.
 - Review overall content and appearance of audit committee work plan and reports.
- 2) Introduction and reporting against business critical performance indicators.
- 3) Further development of partnership working with PWC and Black Country Authorities
- 4) Revisit effectiveness of changes and adapt as appropriate.

Benefits

Benefits approach includes:

- Recently the DWP performance development team have conducted a health check on the processes of new claims and changes. Immediate changes were made to processes as feedback was received were possible (quick wins) and more formal workshops have commenced to review some processes in-depth.
- A review of the use Voice Risk Analysis software within service delivery is due to be finalised at the end of April 2011 with the aim of ensuring VFM.
- Maximising the use of partner resources.
- Home working – a pilot project linked to the smarter workplaces project will commence during 2011/12
- Reducing the dependency on agency staff
- Reducing the number of visits e.g. DHP's claims can now be made over the telephone rather than via a visit.
- Enabling decision making at the lowest level – e.g. backdating – now decision made by assessor not team leader/senior officer.

Revenues Service

The Revenues service has been single minded in driving up the in year collection levels for business rates and council tax in the last 4 years, previously collection levels remained below national averages, with the introduction of processing systems, re structure, document imaging, workflow processes and lean methodology these levels have improved to competitive levels when compared to other councils. The collection levels are a strong indicator of performance, Walsall has consolidated its position nationally in the upper quartile and that continues to improve incrementally.

Going forward the service is driving it's collection of historical debt and consolidating corporate debt enforcement, the first stage of this is the introduction of social care benefit based charging into the revenues service. Over the next 12 months the option of introducing all remaining council debts into revenues is to be rolled out.

Human Resources

The approaches that are being used include:

- Use of Working Smarter and Delivering Right, Fast, Simple model in the HRD restructure
- Application of systems thinking principles in HRD, e.g. Transactional recruitment
- Development of preventative, early intervention services, e.g. mediation service
- Use of ACAS standards for personnel procedures to achieve corporate priorities
- Introduction of the Investigations team to reduce timescales and deliver improved service
- Maximisation of income
- Use of internal council services, e.g. WACC, to deliver services
- Partnership working within the Borough and regional working e.g. via West Midlands Councils
- Shared services developments – Black Country collaboration on learning and development, payroll administration and systems
- Use of contractors, e.g. for recruitment, to identify innovative and cost effective solutions.

Legal and Democratic Services

The approaches that are being used include:

- Income generation
- Land registry portal: a change in management of the Land Registry accounts from 6 accounts across the council with paper billing to one account managed by legal services for the whole council with a variable direct debit rather than a paper bill. Portal access to Land Registry to a number of users across the council. More efficient working as most information instantaneous and a reduction in processing of invoices (around 72 invoices per year) saving around £2160.
- Use of technology – e.g. Lexis Nexis on line services, a 6 month trial is underway for the use of on line law books etc; and dragon voice recognition software. Both will result in a more efficient use of officer and administrative time, real time access to documents
- Benchmarking with external law firms - during 2009/2010 our hourly rate was £71.97. This compares very favourably with the hourly charge rate of solicitors in the approved list of external legal suppliers.
- Training – the way in which training is undertaken has been reviewed and use is now made of free courses and webinars in addition to CLT membership - that has saved us £250 plus around 40% of the cost of each course booked.
- In addition, managers attend regular meetings with clients to discuss any general issues etc as well as forward planning of work.
- Customer satisfaction questionnaires sent out when matters are completed. During 2010/2011, 12% of questionnaires were returned, all with positive feedback. This process will be reviewed during 2011/2012 to improve the return rate.

Elections

In recent years we have sold surplus equipment, reviewed polling districts, reduced the number of polling stations and stopped sending business reply envelopes with postal vote applications.

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

Finance

- We are below median cost and will achieve best in class by 2015
- Use of Resources score for Walsall overall was 3, and 3 for financial reporting and financial management. We received the highest score for financial standing, a 4, which measures the financial health of the authority.
- Statistics show we meet Prudential Indicator requirements and perform extremely well in cost comparisons. We are best in class in the Midlands for debt on interest rates.
- Nationally, our investments are above average and our borrowing is average. We take a prudent approach to investments, to minimise risk, which is part of our strategy. Nationally we perform above the mean and median.
- Insurance - We are amongst the best in class in most areas and are best in class in many. We are above average and the median in terms of performance and below in terms of cost.
- For financial administration, (*Statistical neighbours 2009/10 is the latest data*) Creditors (AP) – cost of - we are above the median and the mean. We were 13th highest cost out of 14, prior to 2011/12 savings being taken into account. We are awaiting current years data to assess our level of improvement. Debtors (AR) – performance is generally good for collection and not so good for costs. We have taken out £449k of costs over 2010/11 and 2011/12 for AP/AR, however further work is needed to reduce costs. Our approach is improving use of technology to reduce the need for manual processing, and to streamline processes and cut out duplication and waste.

Benefits

The DWP had performance standards indicators including a quality indicator – which was national. During 2008/9 the service achieved a “3” out of “4” for the quality indicator with a score of 98.2% - this indicator has since been deleted.

The subsidy grant claim has improved year on year with 2007/8, 2008/09 and 2010/11 being unqualified -- 2009/10 was initially qualified on evidence of claims – but this was successfully challenged and overturned.

Revenues Service

- Internal and external audits annually serve to establish significant assurance as to the quality of service.
- National recognition for welfare rights methods.
- A good measure of quality is the levels of complaints and ombudsman enquiries, we do have a number of these but most are more about avoidance of payment rather than how we have conducted our selves during the pursuance of the debt. These are continually monitored.
- Internal council awards have been common place for the service in recent years and we have previously entered the IRRV awards events (short listed as finalists)
- We are compliant with all service standards and those relating to data protection and data security.

Human Resources

The CIPFA benchmarking group shows that the cost of Walsall's HRD Service per head of the population is £25.90. Comparative data for 2010/11 is currently only available for 5 of the other 15 'statistical neighbours'. Of these, the 'best in class' is a cost of £17.10 per head of the population.

Core Service: The best in class HR service, however, does not include many of the services that are part of Walsall's HRD service. When the cost of these services is extracted from Walsall's HRD budget, the gross expenditure figure for comparison purposes is £3,844,441 and the cost per head of population is £15.11, which shows Walsall as 'best in class'.

Learning and Development (L&D): Comparative budget information for the learning and development service is also available from the best in class.. It shows that their total gross expenditure on learning and development (excluding Education) is £1,481,900, which is £8.08 per head of population.

At approximately £1.3m, our current L&D service is lower at only £5.11 per head of population but, as it has not been possible to obtain details of the cost of learning and development functions for enough other local authorities, this does not necessarily represent 'best in class'. The L&D service is being significantly rationalised as part of the HRD restructure. Reductions in the L&D budget have already been agreed as part of the MTFP and will be fully achieved by 2013/14.

Other evidence of high performance includes the achievement of Equality Framework accreditation, which indicates that Walsall is one of the top 20% of councils on equality and diversity, and the recent Scrutiny report which provides the following comparative data for the payroll:

- Cost per payslip is £3.01– ranked 15th of 67
- Cost per employee: £29.87 – ranked 9th of 67
- Overall ranked in top quartile for payroll performance

We have also achieved an error free payroll rate of 99.91%.

Legal and Democratic Services

Benchmarking with external law firms has shown that during 2009/2010 the internal hourly rate at £71.97, compared very favourably with the hourly charge rate of external solicitors.

We will be working with CIPFA authorities to obtain relevant benchmarking data to assure ourselves that we are best in class. In addition we will benchmark ourselves against our neighbouring authorities as part of examining shared services.

Elections

The electoral commission has established 7 performance standards for elections and 10 for registration. For the 2010 election standards we met 4 and exceeded on 3. For the 2010 registration standards we met 5 and exceeded on 5.

Regional comparisons are not yet available.

E. What will our services look like in the next 3 years?

Finance

We strive to be best in class, realising this depends partly on the councils culture and budget holders taking control of their own budgets and being accountable for them. We continue to work with managers on this. We are working on improving our systems and processes to allow us to reduce cost further.

We will be a modern, responsive, flexible, outcome focussed service, supporting managers and councillors to make decisions by provision of effective finance support and advice and robust data.

Insurance and treasury functions are already below median and are best in class in a number of areas. Finance is below median. AP/AR are above median and this will be a focus, developing a plan to get to best in class by the target date. We will use systems thinking in our approach.

For Creditors/Debtors, initiatives that we are looking to implement during the year which will assist us in moving to best in class:

- Expanding use of p-cards for low value/high volume activities
- The introduction of AP workflow to reduce the need for invoices to be “moved around” the organisation
- The full implementation of scanning to allow budget holders to see invoices on line to support the roll out of Qlikview
- Offering p-cards as a solution to schools with the opportunity to charge for this service to increase income from this source
- Maximise opportunities for payments in advance
- Implementation of emailed remittance advice slips
- Scope moving to BACS as our preferred payment options
- Scope opportunity for a supplier portal

Internal Audit

Internal audit has already attained median cost class ahead of the March 2013 deadline and is best in cost class for assurance work. Some actions required to move advice and irregularity towards best in class, including pro-active anti fraud and corruption work; and achieve a reduction in advisory resources.

Benefits

Actions to move towards best in class by March 2015.

- Correct allocation of costs against measured services.
- Investigate how the current best in class is recording their costs
- Compare the performance on the service delivery with the best in class.
- Complete the review of the service work flows, develop the new work flow, collect the baseline data and test the new work flow before rollout. Check and measure success.

Revenues Service

- Establishing better benchmarking data to help us better understand the achievement levels needed to attain median and best in class.
- Already past Median based on the 2 measurements available to us at this time.
- Within upper quartile already and with the planned changes would see a stepped moved towards becoming best in class for cost and quality, but we need to ensure we

are also able to balance these against our ability to maximise income collection for the council.

Human Resources & Development

The HRD service will be best in class as demonstrated by:

- Top quartile performance in terms of cost and satisfaction with service delivery.
- A modern, responsive, outcome focussed HR service which ensures that the council's biggest expense (its staff) are appropriately managed and where necessary dismissed, in a way which raises productivity and limits risk of unfair dismissal.
- Benchmarking with other councils that shows that Walsall is ahead of the game in terms of processes, procedures, practice and VFM.

Legal and Democratic Services

Legal Services will be carrying out reviews adopting a systems thinking approach putting the customer at the heart of everything we do. This will include upgrading our web-portal to reduce failure demand by enabling us to increase our ability to answer a number of low grade requests for service, and concentrate on more substantive matters.

We will be seeing if we can work more collaboratively with the neighbouring Black Country Authorities, with a view to seeing if we can establish a shared service. Legal Services will also be considering whether or not we change our fundamental service delivery model, and attempt to increase our traded services work to offset budgetary pressures.

We will need to assess our own circumstances, and ability to get to best in class as soon as possible whilst maintaining a service that meets customer demand and ensuring legality and good governance across the authority. We will strive to be best in class. We are working on improving our systems and processes to allow us to reduce cost further.

Elections

There are lots of potential new pressures in the pipeline for electoral services, such as;

- Review of polling districts
- Election of Police Commissioners
- Electoral Registration Reform bill
- Constituency boundary reviews
- Renewal of postal voters and signatures and dates of birth
- Individual registration
- European Parliamentary election
- Ward boundary reviews
- Election to the House of Lords
- General election
- Local referenda

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out overleaf, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 28 : Finance & Personnel Provisional Cash Limit 2012/13 to 2014/15

	2012/13 £'000	2013/14 £'000	2014/15 £'000
Provisional revenue cash limit carried forward	(79,859)	(79,667)	(74,907)
Inflationary pressures			
Provision for pay award	0	2,469	2,513
Contractual Inflation	602	307	313
Corporate Pressures			
Pay and Grading	2,675	1,844	1,892
Pensions Valuation	375	250	1,250
Revenue implications of capital programme	500	500	500
Other corporate pressures	(2,101)	893	535
Service Pressures			
Sickness absence centre	150	(50)	0
Reduction in Housing benefit administration grant	116	0	0
Full year effect of previous years approved investments			
Electoral services: collection of personal identifiers from absent voters - S14 of Electoral Administration Act 2006	(11)	(3)	0
New Savings			0
Finance - final phase of restructure	(150)	0	0
Insurance - efficiencies arising from improved claims handling and reduced premiums	(500)	(400)	0
Treasury management - rescheduling of existing borrowing	(684)	(316)	0
Revenues - additional savings from the revenue restructure programme	(10)	0	0
Constitutional and mayoral services - joint admin pool	(35)	0	0
Constitutional and mayoral services - review of mayoral transport	(44)	0	0
Electoral Services - use internal secondments rather than temporary staff for pre-election work	(10)	0	0
Electoral Services - use internal secondments rather than temporary staff for canvassing work	(14)	0	0
Full year effect of previous years approved savings	0	0	0
Revenues - restructure programme	(115)	0	0
Benefits - home working	(120)	0	0
Benefits - additional general efficiencies across the service	(31)	0	0
Benefits - reduction of paid overtime	(2)	(63)	0
Restructure within human resources	(399)	(272)	0
Savings 2013/14 onwards to achieve best in class			
Reduced debt levels allows reduction in staffing thereafter	0	0	(50)
Review of banking hall	0	0	(60)
Recover cost of bank charges for payment transactions	0	(70)	0
Merge to one bailiff contract for the council	0	0	(5)
Internal audit	0	0	(12)
Finance - restructure efficiencies	0	(137)	(137)
Legal and Constitutional - restructure and efficiencies	0	(166)	(166)
Electoral Services - efficiencies	0	(26)	(26)
Notional Revenue Cash Limit	(79,667)	(74,907)	(68,360)

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

The draft programme is set out below for 2012/13 onwards. Allocations beyond next year are not yet known so assumptions are that they will be in line with that year; however allocations may increase or decrease.

Table 29 : Finance & Personnel Provisional Capital Programme 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Council's own resources			
<i>Prior Year Approvals</i>			
Risk Management - to assist in preventing future losses, reduced premiums	100	100	100
Uninsured property damage - council allocation for loss or damage to council property below insurance excess on policy	200	200	200
Notional Capital Programme	300	300	300

There are no leasing implications for the Finance and Personnel portfolio.

9.8 PORTFOLIO: SOCIAL CARE AND HEALTH

A. Summary of Services provided by the portfolio

Adult social care:

- Information, advice and signposting
- Enablement and re-ablement
- Assessment and review
- Resource allocation
- Support planning
- Safeguarding of vulnerable adults
- Whole sector workforce planning and development
- Commissioning of services
- Shaping and development of adult social care market
- Quality assurance of services
- Direct service provision

Housing related support for:

- Frail elderly
- Homeless families with support needs
- Offenders or people at risk of offending
- People with drug issues
- People with HIV/AIDS
- Refugees
- Teenage parents
- Travellers
- Women at risk of domestic violence
- Young people at risk
- People with learning disabilities
- Single homeless with support needs
- People with mental health issues
- Older people with support needs
- People with physical/sensory disability
- Generic – not commissioned
- People with alcohol issues
- Young people leaving care
- Mentally disordered offenders (funded as a secondary client group)
- Older people with mental health issues/dementia (funded as a secondary client group)
- Rough sleepers

B. Purpose and future service delivery

Walsall council's Adult Social Care and Inclusion directorate has a statutory responsibility and accountability, defined in the Local Authorities Social Services Act 1970, for the planning, commissioning and delivery of social services for all adult client groups and with a leading role in delivering the wider vision for social care and combating social exclusion.

The customer demand for this service is complicated by the fact that some activities within the directorate such as protection of vulnerable adults, have a directive and policing function which is absent from some other council services. For instance, it may be necessary to act against the will or wishes of a customer with a serious mental illness in order to safeguard their welfare or the welfare of the public. Nevertheless, the directorate has incorporated these functions into an approach to services which emphasises what customers have consistently told us they want. This can be summed up in the phrase **“Getting a Life”**. This phrase captures the expressed wishes of our customers to receive (the often very complex) services which they require, in as person centred, timely and well coordinated way as possible.

These services are moving beyond the traditional pattern of producer defined support, and, instead, are becoming increasingly customer led and managed. The future pattern of service delivery can be summed up as follows:

Individual Choice and Control	Prevention
Social Capital	Technology

C. Our approach to delivering service improvements and cost efficiency

Our operating model outlines our approach, which is to support people to maximise their independence, health and well being and thus to ensure they have an amount of service that leads to personal outcomes in line with this goal. In addition, we are increasingly focussing upon providing services in a way that actively ‘re-ables’ people to regain a higher level of independence and well being, and so for example leaves to an explicit expectation that the amount of support will decrease over time. The broad aims are:

1. By helping citizens to access universal services;
2. By assisting citizens to access mainstream services, e.g. by provision of a disabled shower in a leisure centre;
3. By providing access to a range of community based health and social care services;
4. By preventing citizens from becoming socially excluded and needing more intensive and costly health and social care services by providing a range of practical services close to home;
5. By reducing dependence on services and supporting independence and self directed support;
6. By commissioning good quality services that provide a diversity of choices for citizens to achieve their outcomes;

The Social Care and inclusion (SC&I) directorate aims to improve the quality of services, maximise independence and good health, and reduce levels of spend over the next 3 years to achieve best in class against statistical neighbours.

We will achieve this by:

1. Obtaining value for money from the core services that do meet needs effectively;
2. Making savings from keeping citizens in high cost services only as long as they need to be (i.e. emphasis on rehabilitation, reablement, recovery, intermediate care);
3. Making savings because citizens will be signposted/diverted to alternative services, rather than to the core, costly services;

4. Making savings because there will be a range of interventions to help citizens stay independent longer;
5. Re-investing some of these savings into further commissioned prevention services;
6. Redesigning business support and processes using systems thinking;
7. Using individual budgets to drive best value while implementing the personalisation agenda;

D. Our performance in areas of value for money customer satisfaction – how we compare in the regional and national picture

The ending of the Care Quality Commission (CQC) annual performance exercise and the phased introduction of the new national outcomes assessment regime mean that there is as yet little hard evidence on the current national regional and national picture of the delivery of personalisation and self directed support.

The CQC judgment rating for the financial year 2009/10 was the last independent and benchmarked assessment of adult social care. It was largely based on the 'old ways' of arranging and delivering services but concluded that Walsall adult social care was 'performing well' with 6 out of the 7 domains rated as 'well' and one rated as 'adequate'. CQC found that Walsall had a number of "key strengths" that included:

- Active engagement of stakeholders in providing services
- Appropriate momentum to implement change which considers others views.
- Development of the joint commissioning unit
- Establishment of the access and response centre
- Good established partnership relationships
- Improvements made to the services for carers
- Increased information and engagement with people who use services and carers
- Increased services to enable people to live in their own homes
- Involvement of people who use services in the roll out of the personalisation agenda
- Involvement of people who use services, carers and the general public.
- Multi agency working in order to raise awareness and safeguard the people of Walsall
- Review of services for vulnerable groups which meets cultural and ethnic sensitivities
- Robust partnership working
- Roll out of brokerage service
- Strong, clear focus on the needs of the people of Walsall
- Work undertaken to understand the needs of the people of Walsall and identification of service designs to meet these needs

CQC also noted the following areas for improvement:

- Achieving the milestones in government agendas without compromises to the person centred approach
- Continued implementation of the frail elderly care pathway in order to improve outcomes
- Continued implementation of the resource allocation system across all sectors.
- Continued progress with the personalisation agenda
- Continued work on the commissioning and utilisation of intermediate care provision
- Developing the role of dignity champion all settings

- Development of a risk management model to review vulnerable people in the personalisation agenda
- Embedding of robust data collection systems
- Embedding processes to facilitate self directed support.
- Further development of the electronic self assessment process
- Further development of training across all sectors which includes lessons learnt
- Further development of web based information systems
- Further work to reduce waiting times for major adaptations in line with those of similar councils.
- Implementation of the neighbourhood management approach
- Reviewing block contracts to gain efficiencies and provide services that provide choice for the people of Walsall.

Since the CQC assessment of performance role has been curtailed there is no detailed inspections framework and therefore assessing the directorate's progress will take on a more local feel until bench marking data becomes available arising from the new outcomes regime put in place. Recently agreed national outcome measures will be collected during 2011-12 for the new Department of Health for adult social care "transparency" regime.

E. What will our services look like in the next 3 years ?

Strategically, our main vehicle is the efficient and effective operation of the new target operating model, diverting, preventing, re-abling, and eliminating/reducing/delaying dependence, and resulting in proportionately less people being 'fairer access to care services' (FACS) eligible. This is despite current and foreseeable demographic trends, key among which are:

- The rising number of younger adults with physical disability and/or learning difficulty
 - More being born
 - More surviving to adulthood
 - More living with higher levels of dependency
 - More living longer
 - Transition from high quality children's services
 - Rising expectations of living a normal life
- Rapidly rising numbers of very elderly people
 - High birth rate in 1920s (between end of WW1 and 1930s depression)
 - More living longer
 - Lifespan rising faster than years of healthy life
 - Increasing incidence and prevalence of dementia
 - Rising expectations of retaining elements of a normal life

Across the target operating model, the main components that will drive the cost and efficiency savings to deliver best in class include:

- Savings from keeping citizens in high cost services only as long as they need to be (i.e. emphasis on rehabilitation, reablement, recovery, intermediate care)
- Savings because citizens will be signposted/diverted to alternative services, rather than to the core, costly services
- Savings because there will be a range of interventions to help citizens stay independent longer
- Re-investing some of these savings into further commissioned prevention services

- Savings from assertive reviews and the maximising independence group
- Savings from repatriation of out of borough placements – lower costs, better outcomes, Walsall money spent in Walsall helping local economy
- Savings and efficiencies from the review of social workers and neighbourhood community officers mix – numbers, grades and costs tailored to tasks and levels of responsibilities – vocationally and professionally qualified people doing the things that are appropriate to their ‘status’
- Savings and efficiencies from in-house provider remodelling - not competing in the maintenance market
- Savings from joined up approach with other agencies (notably the NHS) – things done once and seamlessly – extending the working smarter principles of ‘delivering, right, fast and simple’ into joint working.
- Savings from clarity on FACS eligibility and its consistent application
- Savings from the industrialization of reablement
- Savings and efficiencies from system redesign to streamline business support processes and drive out cost reductions (smarter working – laptops, mobile, hot desking, less paper, home working, less hand offs, single collection of user information, maximising availability and use of Paris functionality, redesign and elimination of homespun parallel and stand alone information systems, databases etc.)
- Savings and efficiencies from the streamlined customer journey
- Savings and efficiencies from reduced failure demand
- Savings from resource allocation system based on best performing authorities’ unit costs
- Savings derived from learning from other authorities and agencies on implementation of personalization and self directed support (national pilots / pathfinders / early implementers / deliverers – what works, what drives down costs, avoiding pitfalls and blind alleys)
- Savings from industrialisation of personal / individual budgets means people having opportunity to design innovative ways of meeting their needs, which often costs less than ‘traditional’ service arrangement and delivery

F. Reshaping the revenue budget – 3 year financial plan

The provisional cash limit for the next 3 years is set out overleaf, including savings and growth proposals. Savings for future years, 2013/14 to 2014/15 onwards, will be delivered through the Working Smarter programme as it is rolled out and becomes embedded within the organisation.

Table 30 : Social Care Provisional Cash Limit 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Provisional revenue cash limit carried forward	70,732	65,209	64,856
Inflationary pressures			
Contractual Inflation	758	1,349	1,448
Full year effect of previous years approved investments			
Increase in demand within mental health services	119	0	0
Increase in demand within older peoples services	87	0	0
Older persons - demographic growth.	72	323	0
Housing 21 incomes - surplus generated as part of ongoing and annually calculated affordability envelope	596	(396)	0
New Savings			0
Rollout of personal budgets providing review of current costs of community care packages and reprovision of expensive out of borough packages of care within Walsall	(4,900)	(1,500)	(1,500)
Retender of current domiciliary care contract and review of supporting people and Housing 21 contracts	(1,000)	0	0
Development of external / voluntary sector transport market within Walsall	(500)	0	0
Further rollout of benefits based charging to extra care establishments	(600)	0	0
Full year effect of previous years approved savings			
Development of the external / voluntary sector community meals market within Walsall, and decommissioning of current Sedexo contract	(100)	0	0
Implement a fair and equitable entitlements policy covering all client groups, types of care and ensuring cost reductions and more effective processes of block lower cost placements	(25)	0	0
Sharing local authority buildings with NHS Walsall and charging for their partial occupancy	(20)	0	0
Review of, and increase in, non residential care charges including incremental removal of meals subsidy and charging for community alarm rentals	(10)	0	0
Savings 2013/14 onwards to achieve best in class			
Working smarter	0	(129)	(129)
Notional Revenue Cash Limit	65,209	64,856	64,675

Note: Allocations shown represent new savings/growth each year. For example, the 2013/14 budget includes the 2012/13 budget carried forward, adjusted for new savings/growth.

G. Future capital requirements

The draft programme is set out below for 2012/13 onwards. Allocations beyond next year are not yet known so assumptions are they will be in line with that year; however allocations may increase or decrease.

Table 31 : Social Care Provisional Capital Programme 2012/13 to 2014/15			
	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Council's own resources			
<i>Prior Year Approvals</i>			
Supporting independent living - part of the transformation of social care	236	236	251
Preventative adaptations - part of the transformation of social care. Adaptations to vulnerable residents who do not meet the current criteria for statutory disabled facilities grant / aids and adaptations	1,000	1,000	1,000
Externally Funded Schemes (Grant subject to confirmation)			
Innovative alternative to residential care and service redesign	750	0	0
Notional Capital Programme	1,986	1,236	1,251

Leasing – there is no planned new leasing expenditure in 2012/13. The revenue implication of the current leasing programme is £41,000 which is contained within the revenue budget.

Section 2 – Treasury Management

10. Treasury Management and Investment Strategy for 2012/13

Members consider the treasury management and investment strategy each year as a requirement of the CIPFA Code of Practice on Treasury Management in the Public Services; the updated version (revised November 2009) of which Cabinet formally adopted on 22 March 2002.

The suggested strategy for 2012/13 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the council's treasury adviser, Sector.

The strategy covers:

Annex 5

- Treasury limits in force, which will limit the treasury risk and activities of the council
- The current treasury position
- The borrowing requirement
- Debt rescheduling and debt repayment

Annex 6

- Borrowing Objectives
- Investment Objectives
- Creditworthiness policy
- Annual Minimum Revenue Provision (MRP) Statement 2012/13 onwards

Annex 7

- National and Local Prudential and Treasury Indicators

Annex 8

- Economic Outlook and Interest Rate Forecast
- Policy on use of external service providers

Annex 9

- Glossary of Terms (includes explanation of Treasury Management technical terms)

ANNEX 1 : SUMMARY OF CORPORATE REVENUE BUDGET 2012/13 BY PORTFOLIO

PORTFOLIO / SERVICE / LEVY ETC.	2011/12 BASIC FORECAST £000	BUDGET REFRESH £000	2012/13 BASIC FORECAST £000
Regeneration	11,006	-1,150	9,856
Communities and Partnerships	6,241	-214	6,027
Leisure and Culture	18,266	145	18,411
Transport and Environment	34,678	656	35,334
Children's Services	55,985	-81	55,904
Business Support Services	-7	176	169
Finance and Personnel	15,598	402	16,000
Social Care and Health	70,950	540	71,490
SUB TOTAL SERVICES	212,717	474	213,191
Capital Financing	23,969	0	23,969
Removal of impact of depreciation	-17,658	0	-17,658
Non-service specific prudence/central items	12,434	-126,906	-114,472
SUB TOTAL CENTRAL ITEMS	18,745	-126,906	-108,161
Levies:			
PTE	14,547	-276	14,271
Environment Agency	81	1	82
GRAND TOTAL COUNCIL TAX REQUIREMENT	246,090	-126,707	119,383

FYE OF 2011/12 APPROVED SAVINGS £000	FYE OF 2011/12 APPROVED INVESTMENT £000	NEW SAVINGS / EFFICIENCIES £000	NEW INVESTMENT £000	FORECAST 2012/13 INCL. SAVINGS & INVESTMENT £000
0	0	-635	1,107	10,328
0	0	-84	0	5,943
-132	0	-217	0	18,062
-85	0	-763	164	34,650
0	0	-1,494	0	54,410
0	0	-159	300	310
-667	-11	-263	266	15,325
-155	874	-7,000	0	65,209
-1,039	863	-10,615	1,837	204,237
0	0	-684	0	23,285
0	0	0	0	-17,658
0	0	-500	0	-114,972
0	0	-1,184	0	-109,345
0	0	0	0	14,271
0	0	0	0	82
-1,039	863	-11,799	1,837	109,245

ANNEX 2 : SUMMARY OF CORPORATE CAPITAL PROGRAMME 2012/13 BY PORTFOLIO

PORTFOLIO / SERVICE / LEVY ETC.	MAINSTREAM		EXTERNALLY FUNDED £000	2012/13 CAPITAL PROGRAMME £000
	PRIOR YEAR APPROVALS £000	NEW BIDS £000		
	Regeneration	4,210		
Communities and Partnerships	0	0	0	0
Leisure and Culture	230	410	2,316	2,956
Transport and Environment	1,650	100	5,000	6,750
Children's Services	0	604	14,432	15,036
Business Support Services	1,329	155	0	1,484
Finance and Personnel	300	0	0	300
Social Care and Health	1,237	0	750	1,987
GRAND TOTAL CAPITAL PROGRAMME	8,956	2,629	26,488	38,073

ANNEX 3 : COUNCIL TAX DATA 2012/13

1. COUNCIL TAX EXCLUDING PRECEPTS (WALSALL COUNCIL ONLY)

A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)

BAND	WEIGHT	2011/12 C.TAX £	2012/13 C.TAX £	ANNUAL CHANGE £	ANNUAL INCREASE £
A	6/9	923.09	923.09	0.00	0.00%
B	7/9	1,076.94	1,076.94	0.00	0.00%
C	8/9	1,230.79	1,230.79	0.00	0.00%
D	9/9	1,384.64	1,384.64	0.00	0.00%
E	11/9	1,692.34	1,692.34	0.00	0.00%
F	13/9	2,000.04	2,000.04	0.00	0.00%
G	15/9	2,307.73	2,307.73	0.00	0.00%
H	18/9	2,769.28	2,769.28	0.00	0.00%

2. OVERALL COUNCIL TAX INCLUSIVE OF PRECEPTS

A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)

BAND	WEIGHT	2011/12 TOTAL C.TAX £	2012/13 WMBC C.TAX £	ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
				2012/13 FIRE PRECEPT £	2012/13 POLICE PRECEPT £	2012/13 TOTAL C.TAX £
A	6/9	1,021.28	923.09	31.89	66.30	1,021.28
B	7/9	1,191.49	1,076.94	37.20	77.35	1,191.49
C	8/9	1,361.71	1,230.79	42.52	88.40	1,361.71
D	9/9	1,531.92	1,384.64	47.83	99.45	1,531.92
E	11/9	1,872.34	1,692.34	58.46	121.54	1,872.34
F	13/9	2,212.77	2,000.04	69.09	143.64	2,212.77
G	15/9	2,553.19	2,307.73	79.72	165.74	2,553.19
H	18/9	3,063.83	2,769.28	95.66	198.89	3,063.83

B. LEVELS FOR PROPERTIES WITH ONE RESIDENT (25% DISCOUNT) (33% of Properties)

BAND	WEIGHT	2011/12 TOTAL C.TAX £	2012/13 WMBC C.TAX £	ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
				2012/13 FIRE PRECEPT £	2012/13 POLICE PRECEPT £	2012/13 TOTAL C.TAX £
A	6/9	765.96	692.33	23.91	49.72	765.96
B	7/9	893.62	807.71	27.90	58.01	893.62
C	8/9	1,021.28	923.10	31.89	66.30	1,021.28
D	9/9	1,148.94	1,038.49	35.87	74.58	1,148.93
E	11/9	1,404.26	1,269.25	43.84	91.16	1,404.26
F	13/9	1,659.58	1,500.04	51.82	107.73	1,659.57
G	15/9	1,914.90	1,730.80	59.79	124.31	1,914.90
H	18/9	2,297.88	2,076.96	71.74	149.17	2,297.87

3. SPREAD OF PROPERTIES

The proportion of properties within Walsall MBC within each Council Tax band at 1st December 2011 is as follows:

BAND	A	B	C	D	E	F	G	H	TOTAL
PROPERTIES (No)	48,384	25,094	17,125	9,816	5,328	2,288	712	54	108,801
PROPERTIES (%)	44.47	23.06	15.74	9.02	4.90	2.10	0.65	0.05	100
CUMULATIVE TOTALS	67.53%								
	83.27%								
	92.30%								

4. WEEKLY INCREASE IN COUNCIL TAX (WALSALL MBC ELEMENT)

BAND	A	B	C	D	E	F	G	H
£	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

ANNEX 4

CHIEF FINANCE OFFICER (CFO) REPORT ON ROBUSTNESS OF THE BUDGET AND ADEQUACY OF RESERVES - SUPPORTING INFORMATION

Context

In accordance with the Local Government Act 2003 (S25-S27) and to comply with CIPFA guidance on local authority reserves and balances, the Chief Finance Officer is required to formally report to members on the robustness of the budget and the adequacy of reserves. The CFO is appropriately qualified under the terms of S113 of the Local Government Finance Act 1988. In signing off this overall revenue budget report, the signature of the Assistant Director of Finance who holds the post of CFO constitutes the formal declaration required under the Act that these conditions are met (based on the available information at the time of signing).

Adequacy of reserves

The CFO assesses and determines the appropriate level of reserves (including schools reserves) and provisions using a variety of mechanisms, including;

- Being significantly involved in the budget setting process, the annual financial cycle, and engaged in the strategic leadership of the organisation as an attendee of the corporate management team;
- The annual refresh of the Medium Term Financial Strategy and involvement in the production of the Walsall Planning Framework within which the financial framework lies;
- Challenging the budget at various stages of construction, including the reasonableness of the key budget assumptions, such as estimates of financial pressures, realism of income targets, and the extent to which known trends and liabilities are provided for;
- Meetings with specific colleagues and partners to examine particular areas or issues;
- Review of the financial risk assessments;
- Review of the movements, trends and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future pressures and issues;
- The use of professional experience and best professional judgement;
- The use of appropriate professional, technical guidance and local frameworks (CIPFA guidance, LAAP55, Local Government Act 73, Localism Act 2011);
- Knowledge of the colleagues involved in the process, particularly finance professionals, including their degree of experience and qualifications;
- Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements.

This is undertaken in consultation with relevant colleagues and the cabinet portfolio holder for finance and personnel.

It is prudent for councils to maintain an adequate level of general reserves. A risk assessed approach is used to determine the required level of general and earmarked reserves and provisions. The combined medium term financial strategy (MTFS), Cabinet budget meetings and budget preparation processes have previously been identified by the Audit Commission as areas of good practice to be shared nationally. The eleventh edition of the MTFS was approved by Cabinet in July 2011. Reserves and contingencies are addressed within the strategy, demonstrating our acknowledgement of the importance of sound governance and the priority this issue is given.

The level of general reserves, in the same way as central contingency, is index linked to the level of the council tax requirement and continues to be informed by the risk assessment. The council will have opening general reserves as set out in the MTFS, adjusted to take account of the new requirement to report on the council tax requirement; the precise level determined by risk assessment. The minimum opening balance required @ 01.04.12 is £5.35m. Reserves will be within the MTFS requirements.

The MTFS also sets out the authority's financial framework including, as the first of ten themes of operational principles, calls on reserves and contingencies. A key principle is that reserves should not be considered to be or used as a budget and any in-year calls on the working balance should be replenished. Services cannot approve unbudgeted expenditure on the assumption that it will be met from the working balance. This matter is reserved to full Council, taking advice from the CFO. A central contingency supports prudent financial management. Experience shows that this should be adequate.

In recommending an adequate level of reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of reserves and balances and compares these to the benefits accrued from having such reserves. The opportunity cost of maintaining a specific level of reserves is the 'lost' opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements. In assessing this it is important to consider that reserves can only be used once. Therefore, any use of general reserves above the lower minimum threshold is only ever used on one-off items of expenditure. The level of reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" which adequately protects the council (a complex and multi-disciplinary metropolitan local authority) against potential unforeseen and therefore unbudgeted costs.

The current level of reserves is appropriate. The level is considered to be sufficient in all but the most unusual and serious combination of possible events. In this context, it is considered that the current level of reserves presents an optimum balance between risk management and opportunity cost. This maintains a suitable and sustainable level of reserves, which include ensuring sound governance and financial stability in the short and longer term.

Schools Reserves

The CFO as part of this statement is required to confirm that schools balances are adequate. In 2006/07, DfES introduced some new expectations on local authorities with regard to their schemes of financial management. Part of this legislation states that schools should have a balance control mechanism. This requirement has now been removed from 2011/12, however, in line with Government guidance, is being retained in Walsall as a transitional arrangement from 2011/12 until an alternative is implemented.

Walsall's scheme must include a provision that allows the Authority to place a control mechanism on uncommitted surplus balances. The Balance Control Mechanism (BCM) seeks to ensure that schools can build up reserves towards particular projects, through committing balances to those projects, but prevents schools from deferring implementation indefinitely. The BCM will take account of any funds paid into the school's budget share, except for funds relating to community facilities provided by the school, in accordance with Section 27 of the Education Act (2002). The scheme has applied since 1 April 2007. It allows schools to have uncommitted balances of between 5% and 8% (or £10,000, whichever is the greater) depending on the size/age range/type of the school.

The adequacy of balances is reviewed annually by the CFO. 1 primary school is forecasting a deficit balance for 31 March 2012. An action plan has been put in place to deal with this.

The levels of reserves will be kept under regular review along with compliance with BCM through 2012/13. The overall level of reserves is considered prudent.

Use of Reserves

The above assessment demonstrates that general reserves are at an appropriate level; as determined in accordance with the MTFs and the CFO's professional advice. The MTFs allows any reserves above the level required by the MTFs to be used to fund one off items of expenditure. No general reserves below the minimum threshold are being used to support the 2012/13 budget and no reserves are being used to fund recurring expenditure. The risk assessment described elsewhere in this report has informed the established level of general and earmarked reserves. CIPFA guidance (LAAP 55) provides two methods of determining the minimum level of reserves. Walsall council uses the method based on risk assessment.

Robustness of Budget

The CFO has been involved throughout the entire budget process, including input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with members of the executive and scrutiny, advising colleagues, the public consultation process, challenge and evaluation activities, and the scrutiny and approval of various reports.

The following sections of this statement signpost to particular activities and documents and has been used by the CFO in coming to his overall conclusion on the adequacy of reserves and robustness of estimates:

Process - a robust budget process has been used within the overall context of the MTFs. The process, timetable and the overall budget framework were approved by Cabinet.

Timetable - the process commenced in April 2011 and draft budget options were available in September 2011 before the draft Government financial settlement. This enabled Cabinet to meet in September 2011 to consider its priorities and draft budget proposals in the context of resources. Formal scrutiny meetings have been held in September / October 2011, November / December 2011 and in January 2012 to consider Cabinet's draft budget proposals. Public consultation has been ongoing since August 2011. The final budget is due to be set at Council on 23 February 2012.

Member involvement and Scrutiny - both informal and formal member involvement has been extensive, particularly through the cabinet portfolio holder for finance, individual portfolio holders in conjunction with executive directors, and budget meetings with Cabinet. Cabinet formally considered draft budget proposals on 14 September 2011, 9 November 2011 and on 14 December 2011. Scrutiny panels have each had three opportunities to make recommendations and comments to Cabinet, both on the services within their individual remit and the overall budget. Budget briefings have also been given to each political group.

Consultation - internally and externally, has been comprehensive as outlined in this and previous reports submitted to Cabinet in November and December 2011.

Challenge - there are various points of challenge at various stages of the budget, including throughout corporate management team and Cabinet budget meetings, meetings of various directorate management teams, corporate management team meetings, stakeholder consultation and the scrutiny process.

Budget monitoring - reports continue to be submitted to Cabinet, scrutiny panels, corporate management team, audit committee, and management teams across the council throughout the year. The council's employee performance appraisal process also requires review of financial performance for individual managers, complementary to the formal accountability process.

Capping – Following implementation of the Localism Act 2011, councils are required to consult the electorate in the form of a referendum should a council wish to increase the council tax above a level prescribed by the Secretary of State. For 2012/13, that has been determined as 3.5% of the council's relevant amount of council tax (i.e. excluding levies).

Capping is not anticipated due to the executives intention to accept the council tax freeze grant for 2012/13, eliminating the need for direct council tax increases in that year.

Ownership and accountability - the budget has progressed through various filters during its construction including endorsement of management teams within services and corporate management team itself. Senior managers and capital project managers are accountable for ensuring services are delivered within the approved budget. The performance assessment process requires formal assessment of individual budget management responsibilities.

Current financial position - the budget is a statement of financial intent, reflecting the council's vision, plans and priorities. It also sets the financial spending parameters for each financial year and as such, the CFO assessment of the adequacy of reserves also includes the risk of services overspending and/or underspending their budgets and the impact of this on the financial health of the council and its level of reserves. The current financial position has been reported on throughout the year.

Key assumptions

The cost assumptions and prices used in the budget are derived from current intelligence and are considered appropriate. Demand changes have been identified and are reflected in budget increases identified in the appendices. Fees and charges have been reviewed and changes are reflected in the overall budget. The capital receipts to be used for the draft capital programme are based on professional estimates both of timing and value. The council has established performance monitoring arrangements for all key contracts.

Financial risks - the council continues to use an embedded good practice risk assessment approach both when setting the budget and in validating estimated outturns. This continues for the 2011/12 outturn and 2012/13+ budget. The prevailing level of general and earmarked reserves is considered adequate to cover all but the most unusual and serious combination of events.

The budget in context

The budget includes the allocation of financial resources to different services and projects, proposed contingency funds, the council tax base, setting the council tax and decisions relating to the control of the councils borrowing requirement, the control of its capital expenditure and the setting of virement limits. The budget has been constructed in accordance with the principles and direction of the MTFS.

All cost pressures, efficiencies and savings have been appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. None of the efficiencies/savings are considered to be materially detrimental to performance outcomes. The council is working to improve performance outcomes on a range of activities which are monitored throughout the year. Service plans link budget provision with corporate and service priorities. Budget provision has been identified for the pledges outlined in the council's vision document.

Summary

Best endeavours have been made to ensure that the budget and reserves are adequate using the information available at this date. The budget has been constructed with a professional policy-led medium term strategic framework, using appropriate assumptions, linking investment and spending to key priorities and having undertaken a comprehensive assessment of risk.

In summary, I can confirm that, the budget as it stands is robust, taking into account the information known at this time; that the level of reserves are sufficient to cover known events and reasonable possible events, however there is a risk that a series or a combination of unforeseen or unusual events, there may be an insufficient level of reserves.



James T Walsh, B Hum (Hons), ACMA, CGMA
Chief Finance Officer

ANNEX 5 - Treasury limits and borrowing limits

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years; details of the Authorised Limit can be found in **Annex 7** prudential indicator 5. The Authorised Limit is the council’s capital financing requirement (which is a measure of the council’s need to finance cumulative capital expenditure from borrowing) plus a contingency for unexpected cash flows or emergency payments.

The current treasury position

The council’s treasury portfolio position at 31st December 2011 is comprised of:

Borrowing and investment 2011/12

	Borrowing	Investments	Net Borrowing
	£ m	£ m	£ m
31 March 2011	273.16	-125.92	147.24
31 December 2011	273.58	-131.12	142.46
Change in year	0.42	-5.20	-4.78

In addition to the above investments the council had at 31 December 2011 £30m in call accounts to fund current cash flows and possible debt repayment opportunities.

The council's treasury portfolio position at 31 December 2011 with forward projections are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need, Operational Debt, highlighting any over or under borrowing.

	31st Dec11	1st Apr 12	1st Apr 13	1st Apr 14
	£ m	£ m	£ m	£ m
PWLB	133.41	135.28	135.28	125.28
Market Loans	122.00	122.00	122.00	122.00
Bonds & Temporary loans	0.53	0.53	0.53	0.53
Total excluding OLA debt	255.94	257.81	257.81	247.81
Net Other L A Debt	17.64	17.08	16.47	15.80
Total including OLA debt	273.58	274.89	274.28	263.61
Operational Debt	-280.84	-292.09	-291.90	-288.49
Under / Over borrowing	Cr 7.26	Cr 17.20	Cr 17.62	Cr 24.88
Investments	131.12	108.55	98.81	90.81
Net Borrowing	142.46	166.34	175.47	172.80
Net Borrowing as a %	52%	61%	64%	66%

The borrowing requirement

In the 2011/12 formula grant settlement the Government changed the means of funding council's capital expenditure from supported borrowing to grant. This change has reduced our borrowing requirement. The council's borrowing requirement is determined by the council's capital financing requirement (CFR). The CFR in simple terms is driven by capital expenditure to be funded by borrowing less the amount set aside for the repayment of debt. From 2012/13 onwards the council's borrowing requirement is currently expected to reduce by **£12.99m**.

Debt rescheduling and debt repayment

In order to manage the reduction in the borrowing requirement a number of factors need to be considered. Firstly debt repayments were made more expensive by the introduction in 2007 of a wider difference between the rates applied to new PWLB borrowing and repayment of debt, this has since been compounded by the 1% increase in PWLB rates introduced as part of the budget on 20 October 2010. Short term borrowing rates are expected to continue to be lower than longer term rates, so there may be potential for some opportunities to generate savings by switching from long term debt to short term debt. However, these savings need to be considered in the light of the size of premiums incurred, their short term nature, and the likely cost of refinancing those short term loans,

once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a shortening of the council's maturity profile.

As short term rates on investments are likely to be lower than rates paid on current debt, consideration will also be given to identify if there is any potential left for making savings by running down investment balances to repay debt prematurely. All rescheduling will be reported to the Treasury Management Panel at the earliest meeting following its action.

Critical to the consideration of the debt rescheduling and debt repayment is the outlook for interest rates.

Borrowing rates

The Sector forecast for the PWLB new borrowing rate is as follows: -

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Mar-14	Mar-15
Bank rate	0.50%	0.50%	0.50%	0.50 %	0.50%	1.25%	2.50%
5yr PWLB rate	2.30%	2.30%	2.30%	2.40%	2.50%	2.90%	3.70%
10yr PWLB rate	3.30%	3.30%	3.40%	3.40%	3.50%	4.00%	4.80%
25yr PWLB rate	4.20%	4.20%	4.30%	4.30%	4.40%	4.80%	5.20%
50yr PWLB rate	4.30%	4.30%	4.40%	4.40%	4.50%	4.90%	5.30%

A more detailed Sector forecast and economic is included in **Annex 8**.

ANNEX 6 : TREASURY MANAGEMENT AND INVESTMENT STRATEGIES - 2012/13 ONWARDS

Walsall council has 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.

In order to achieve our aim:

1. All borrowing and/or investment activity will be carried out in accordance with the approved treasury management strategy and treasury policy statements and within approved prudential indicators, having the highest regard for prudence, affordability and sustainability in the longer term.
2. Appropriate use will be made of the Code for capital investment within approved prudential indicators and subject to medium term affordability.

Specific objectives have been developed to measure and guide borrowing and investment activities. These are monitored by local indicators (**Annex 7**).

BORROWING OBJECTIVES

Our borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio
- To manage the council's debt maturity profile, ensuring no single future year has a disproportionate level of repayments
- To maintain a view on current and possible future interest rate movements and borrow accordingly
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and prudential indicators.

Specific Borrowing Objectives

In response to the context outlined in **Annex 5** the following changes have been made.

- **L1.** Full compliance with the Prudential Code - **No Change**
- **L2.** Average maturity date between 15 and 25 years - **No Change**
- **L3** Net borrowing costs to be less than 4% of net budget requirement - **No Change**
- **L4** Actual debt as a proportion of operational debt range is maintained in the range 75%- 90% - **No Change**
- **L5.** Average interest rate for internally managed debt will be equal to or less than 4.54% - **Reduced to 4.52% due to capital financing activities planned in 2011/12 and 2012/13**

- **L6.** Average interest rate for total debt (including other local authority debt) will be equal to or less than 4.73%. - **Reduced to 4.63% due to capital financing activities planned in 2011/12 and 2012/13**
- **L7.** The gearing effect on capital financing estimates of 1% increase in interest rates increase must not be greater than 5% - **No change**

INVESTMENT OBJECTIVES

The general policy objective for this council is the prudent investment of its treasury balances

- The council's investment priorities are:
 - The security of capital and
 - Liquidity of its investments.
- All investments will be in sterling
- The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

Specific Investment Objectives

- **L8.** Average interest rate received on STI Versus 7 day Libid rate – 0.5% - **No Change**
- **L9. NEW - average interest rate received on:**
 - (a) At call investments – 0.75%**
 - (b) Short term investments – 1.5%**
 - (c) Long term investments – 2.5%**
- **L10** Average rate on short term investments will be equal to or greater than 1.7% - **Change to 1.1% due to market conditions.**
- **L11.** Average rate on all investments will be equal to or greater than 1.9% - **Change to 1.3% due to expected market conditions**
- **L12** % daily bank balances within a target range of 98% - **No change**

Creditworthiness policy

Approved Organisations for Investments

Only organisations that are eligible to receive investments from local authorities may be used. The council's credit worthiness policy was reviewed and approved by Council on 7th November 2011.

The Monitoring of Investment Counterparties

The credit rating of counterparties will be monitored regularly. The council receives credit rating information from Sector as and when rating changes and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list by the treasury manager, and if required new counterparties which meet the criteria will be added to the list.

ANNUAL MRP STATEMENT 2012/13 onwards

Under the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010, local authorities have a duty to produce an annual statement on its policy for making a minimum revenue provision (MRP).

For the financial years 2012/13 onwards the authority will be adopting the following policies in determining the MRP:

1. For any capital expenditure carried out prior to 31 March 2008 the authority will be adopting the regulatory method (Option 1). This is where the MRP will be 4% of the opening capital financing requirement (CFR) (which has been adjusted as per the 2003 regulations).
2. For any capital expenditure carried out after 1 April 2008 being financed by unsupported borrowing the authority will be adopting the asset life method (option 3). This is where MRP will be based on the capital expenditure divided by a determined asset life or profile of benefits to give annual instalments.
3. For any capital expenditure carried out after 1 April 2008 being financed by Government supported funding the authority will again be adopting the regulatory method (option 1). Where the authority considers the capital expenditure to of added significantly to the lifespan of the asset will set aside funds for repayment in line with the appropriate life span of the asset type.
4. The authority will treat the asset life as commencing in the year in which the asset first becomes operationally available. Noting that in accordance with the regulations the authority may postpone beginning to make MRP until the financial year following the one in which the asset becomes operational, there will be an annual adjustment for Assets Under Construction.
5. In all years the CFR for the purposes of the MRP calculation will be adjusted for other local Authority transferred debt.

The Regulatory Method is the calculation of MRP under the previous regulations. When MRP was set at a uniform rate of 4% of the adjusted Capital Financing Requirement. (CFR) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity. This historic approach must continue for all capital expenditure incurred in years before the start of this capital financing regulations 2008.

Finance Leases

In accordance with legislation the council will make a MRP for finance leases is equivalent to the principal payment contained with the lease terms.

ANNEX 7 - PRUDENTIAL INDICATORS FOR 2012/13, 2013/14 & 2014/15

National and local indicators that will be monitored are detailed below. Their aim is to ensure the three principles contained within the prudential code are complied with, i.e. affordability, prudence and sustainability.

National Prudential Indicators

Table 1 details the proposed national prudential indicators for Walsall council from 2012/13 to 2014/15. More details on prudential indicators 11 and 12 are shown in table 2.

Table 1: National Prudential Indicators 2012/13 to 2014/15				
No.	Indicator	2012/13	2013/14	2014/15
PCI 1	Total capital expenditure	£ 000 38,074	£ 000 28,030	£ 000 26,329
Reduces in later years due to uncertainty on the level of future grants and other resources.				
PCI 2	Estimates of the ratio of financing costs to the net revenue stream	9.5%	9.6%	9.4%
Compared to other councils Walsall's ratio of capital financing to total revenue costs is low. This indicator is supplemented by Local Indicator (L3).				
PCI 3	Estimates of the council tax that would result from the expenditure plans.	£10.67	£10.03	£7.65
This is a notional amount indicating the amount of council tax band D that is affected by the proposed capital programme recommended in the budget report compared to existing approved commitments and current plans.				
PCI 4	Estimates of capital financing requirement.	£ 000 304,499	£ 000 304,309	£ 000 300,893
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. To ensure that net borrowing will only fund capital, except in the short term, net external borrowing should not exceed the total capital financing requirement (CFR) in the preceding year plus estimated capital financing needs for the current and next two years. Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the council's borrowing requirement, these types of scheme include a borrowing facility and so the council is not required to separately borrow for these schemes. The council currently has £12.406m of such schemes within the CFR.				
PCI 5	Authorised limit for external debt.	£ 000 319,724	£ 000 319,525	£ 000 315,938
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movements and borrowing in advance of future need.				

No.	Indicator	2012/13	2013/14	2014/15
PCI 6	Operational boundary for external debt.	£ 000 292,093	£ 000 292,903	£ 000 288,487
This has been set at the level of the capital financing requirement less the CFR items relating PFI and finance leases.				
PCI 7	Net Borrowing exceeds Capital Financing Requirement	No	No	No
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.				
PCI 8	Compliance with CIPFA Code of Practice for TM in the Public Services.	Yes	Yes	Yes
To ensure that treasury management activity is carried out within best professional practice.				
PCI 9	Upper limits on fixed interest rate exposures.	95%	95%	95%
The council cannot control interest rates, but a relatively high degree of interest cost stability can be achieved by limiting its exposure to variable rates and by managing the long-term debt maturity profile so that not too much fixed rate debt will mature in any year.				
PCI 10	Upper limits on variable interest rate exposures: 3.	45%	45%	45%
See comment under PCI 9.				
PCI 11	Lower limits for the maturity structure of borrowings: 4.	See Table 2		
Stability can also be managed by the long-term debt maturity profile so that not too much fixed rate debt will mature in any year.				
PCI 12	Upper limits for the maturity structure of borrowings:	See Table 2		
See comment under PCI 9.				
PCI 13	Upper limit for principal sums invested for periods longer than 364 days.	£25,000,000	£25,000,000	£25,000,000
The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.				

Table 2 - Prudential Indicators: Additional Information	2012/13	2013/14	2014/15
PCI 11. Lower limits for the maturity structure of borrowings:			
- Under 12 Months	0%	0%	0%
- 12 months and within 24 months	0%	0%	0%
- 24 months and within 5 years	0%	0%	0%
- 5 years and within 10 years	10%	10%	10%
- 10 years and above	40%	40%	40%
PCI 12. Upper limits for the maturity structure of borrowings:			
- Under 12 Months	25%	25%	25%
- 12 months and within 24 months	25%	25%	25%
- 24 months and within 5 years	25%	25%	25%
- 5 years and within 10 years	50%	50%	50%
- 10 years and above	85%	85%	85%

Local Prudential Indicators:

Table 3 sets out local prudential indicators proposed for 2012/13 to 2014/15.

Table 3: Local Prudential Indicators 2012/13 to 2014/15				
No.	Indicator	2012/13	2013/14	2014/15
L.1	Full compliance with Prudential Code	Yes	Yes	Yes
L.2	Average length of debt	15 to 25 years	15 to 25 years	15 to 25 years
	This is a maturity measure and ideally should relate to the average lifespan of assets.			
L.3	Net borrowing costs as % of net budget requirement	4%	4%	4%
	This measures the net borrowing costs as % of net budget requirement and is used by CIPFA in their risk benchmarking.			
L.4	Actual debt versus operational debt within the following range	75% -90%	75% -90%	75% -90%
	This assists the monitoring of the authority's debt position.			
L.5	Average interest rate of debt excluding OLA less than	4.52%	4.52%	4.52%
L.6	Average interest rate of debt including OLA	4.63%	4.63%	4.63%
	This is a recognised measure of debt management performance. The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council			

No.	Indicator	2012/13	2013/14	2014/15
L.7	Gearing effect on capital financing costs of 1% increase in interest rate	5.0%	5.0%	5.0%
This relates risk management principles to the monitoring of the TM strategy. It measures the effect of a change in national interest rates and the effect it may have on the capital financing costs.				
L.8	Average interest rate received on STI Versus 7 day LIBID rate	0.5%	0.5%	0.5%
The council aims to be gain interest on surplus funds higher than the 7 day LIBID rate. This measures performance in a changing economic context. .				
L.9	Average interest rate received on:			
	(a) AT call investments	0.75%	0.75%	1.0%
	(b) Short Term investments	1.5%	1.5%	2.0%
	(c) Long Term investments	2.5%	2.5%	2.75%
L.10	Average interest rate on all ST investments. (ST and At call)	1.1%	1.4%	1.6%
A recognised PI for measuring the performance of return on investments.				
L.11	Average rate on all investments	1.3%	1.6%	1.8%
As L10 but includes investments longer than 364 days.				
L.12	% daily bank balances within target range	98%	98%	98%
This measures how good our daily cash flow prediction is. A figure of 98% indicates a high level of accuracy.				

The monitoring of the indicators supports budget monitoring and is undertaken monthly and considered quarterly by the finance treasury management panel that reports to the finance service's senior management team including the Chief Finance Officer.

ANNEX 8 : ECONOMIC OUTLOOK

Global economy

The outlook for the global economy remains clouded with uncertainty with the UK economy struggling to generate sustained recovery that offers any optimism for the outlooks for 2011 and 2012, or possibly even into 2013. Consumer and business confidence levels are low and with little to boost sentiment, it is not easy to see potential for a significant increase in the growth rate in the short term.

At the centre of much of the uncertainty is the ongoing **Eurozone sovereign debt crisis** which has intensified, rather than dissipated throughout 2011. The main problem has been **Greece**, where, even with an Eurozone/IMF/ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly”, and/or also include exit from the €uro bloc.

As if that were not enough there is growing concern about the situation in **Italy** and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

The US economy offers little to lift spirits. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

Hopes for broad based recovery have, therefore, focussed on the **emerging markets** but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. GDP growth has, basically, flatlined since the election of 2010 and, worryingly, the economic forecasts for 2011 and 2012 have been revised lower on a near quarterly basis as the UK recovery has, effectively, stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.

Unemployment. With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.

Inflation and Bank Rate. For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon.

AAA rating. The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down, and looks set to remain so for some time.

Sector's forward view

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot;
- a continuation of high levels of inflation ;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;

- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before mid-2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

POLICY ON USE OF EXTERNAL SERVICE PROVIDERS

The council uses Sector as its external treasury management advisers.

The council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

ANNEX 9 : GLOSSARY OF TERMS

TERM	DEFINITION
Authorised Limit	Level of debt set by the council that must not be exceeded.
Base budget	The amount required for services to continue at their current level, only adjusted from the previous years budget for inflationary pressures, not changes in service levels provided.
Billing authority	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 Civil Defence and Police Authorities.
Bond	A government or public company's document undertaking to repay borrowed money usually with a fixed rate of interest.
Borrowing	Obtaining money for temporary use that has to be repaid.
Capital expenditure	Expenditure on major items e.g. land and buildings, which adds to and not merely maintains the value of existing fixed assets.
Capital grants	Specific targeted grants to cover capital expenditure.
Capital receipts	The proceeds from the disposal of land or other assets. Capital receipts can be used to fund new capital expenditure but cannot be used to finance revenue expenditure
Cash flow Management	The management of the authority's receipts and payments to ensure the authority can meet its financial obligations.
Central contingency	A small budget set aside each year to cover unforeseen items of expenditure.
Collection fund	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.
Council tax	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.
Council tax base	The total number of band D equivalent properties upon which the council tax can be levied.
Counter party limits	Maximum amount that the council may lend to other institutions will vary according to size and credit rating of other intuitions.
CPI	Consumer Price Index – measures changes through time in the price level of consumer goods and services purchased by households.
Dampening	Formula Grant funding from Central Government is a finite resource and funds are distributed on the basis of formulae and demographic factors. Government ensures that all local authorities receive at least a guaranteed minimum increase in grant year-on-year. Authorities receiving grant in excess of the minimum must contribute funds to enable every council to be raised up to the minimum percentage increase. The contributor's grant is said to have been 'dampened' or lessened. Walsall is a contributor.
Dividends	Sum to be payable as interest on loan.
EU	European Union
Financial strategy	The policy whereby the council establishes the financial principles upon which it builds its revenue and capital budgets.
Formula Grant (FG)	A central Government mechanism of dividing up resources to local Government allocated from the Government comprehensive spending review.

TERM	DEFINITION
GDP	Gross Domestic Product – the total market value of all final goods and services produced in a country in a given year, equal to total consumer investment and government spending, plus the value of exports minus the value of imports.
General fund	The main revenue account of the council which brings together all income and expenditure other than that recorded in the collection fund or housing revenue account. (Following large scale voluntary transfer of it's housing stock in March 2003, Walsall no longer maintains a separate housing revenue account).
IMP	International Monetary Fund – an organisation of 187 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
I-procurement	A system where goods and services are purchased electronically rather than through manual ordering systems which is intended to generate longer term savings through economies of scale and a paperless office environment.
Investment bids / strategic choices	The process by which the council establishes its changing needs and priorities for the coming year. It starts with managers submitting bids for additional funding above that included in the base budget. The submissions then go through a rigorous challenge process including director and councillor appraisal before successful bids are approved by members when the budget is set in February.
Investments	The employment of money with the aim of receiving a return.
Levies	Charges made upon the authority by organisations which serve various authorities.
Libid rate	London Interbank Bid Rate (the rate that banks are willing to borrow to each other)
LOBO	Lenders Option Borrowers Option. A type of loan arrangement.
Liquidity	How easily an asset including investments may be converted to cash.
Long Term Borrowing	Borrowing of money for a term greater than one year.
Long Term Liabilities	Amounts owed by the council greater than 12 months old.
Mainstream funding	Mainstream funding includes supported borrowing, unsupported borrowing and capital receipts which are all described elsewhere in the glossary.
Market convention	The rules and regulations by which all brokers and dealers should abide by. It includes standards of practice and calculation conventions for interest. They are defined in the London Code of Conduct ("The London Code") published by the Bank of England.
Medium term financial strategy	A document which sets out the principles the council adopts in strategically planning its finances and setting and managing its budget.
MPC	Monetary Policy Committee – group that sets the bank base rate for the Bank of England
National non-domestic rates (NNDR)	A tax levied on business properties, also referred to as business rates. NNDR poundage is set annually by the government. Rates based on properties' rateable values are collected by billing authorities and paid into a national pool. The proceeds are then redistributed by central government as a grant to local authorities on a population basis.

TERM	DEFINITION
Net council tax requirement	The amount of council spending needed to be financed from council tax following the receipt of specific grants, formula grant and use of reserves
Non specified investments	Investments with a maturity exceeding a year
Operational Boundary	An indicator of the level day the authority expects during day to day treasury management activities
Other Local Authority Debt	Debt that is owed by one local authority to another local authority.
PCI	Prudential Code Indicator
PFI	Private Finance Initiative
Policy led budgeting	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.
Precepting authority	An authority e.g. police and fire which sets a 'precept' on billing authorities, who collect it on their behalf.
PWLB	Public Works Loan Board, a central government body providing loans to councils.
Prudential Code	A framework of policies and working practices to ensure that local authorities' capital investment plans are affordable, prudent and sustainable.
Recharges	A charge made between services within the council.
Reserves	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 general reserves) arise from an accumulation of previous year's surpluses and deficits and are available to support revenue expenditure.
Revenue expenditure	Expenditure on the day-to-day running costs of services e.g. employees, premises, furniture and equipment.
Revenue support grant (RSG)	Part of Formula grant paid by central government. Significantly less now due to Education being funded by specific grant.
Short Term Borrowing	Borrowing of money for a term of up to 364 days.
Stock	Subscribed capital of trading company, or public debt of nation, municipal corporation etc regarded as transferable property
Subjective analysis	An analysis of expenditure by type of expenditure e.g. employees and premises.
Supported borrowing	Borrowing where interest and repayment costs are supported by government revenue grants.
Temporary borrowing	Borrowing of money for a term of up to 364 days.
Treasury management	The management of the local authority's cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return consistent with those risks.
Transfer payments	Payments to individuals for which no goods or services are received in return by the local authority e.g. care for the elderly.
Treasury Policy Statement	A statement of key policies that an organisation follows in pursuit of effective treasury management, including borrowing limits and strategy.
Variable debt	This is money that has been borrowed at a variable interest rate, and as such is subject to interest rate changes.

TERM	DEFINITION
Unsupported borrowing	Borrowing taken through the remit of the Prudential Code for which the council will not receive any government funding and will fund from own resources.
Definition of Fitch Primary Credit Rating Scales	
Long Term Ratings A: High credit quality.	A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
Short-Term Ratings F1: Highest short-term credit quality.	Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
Definition of Moodys General Credit Rating	
Long-Term Corporate Obligation Ratings - A	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Short-Term Ratings – P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.