Cabinet – 15 October 2025

Agenda Item No. 9

Corporate Financial Performance 2025/26

Portfolio:	Councillor Bird: Leader of the Council and Portfolio Holder for Strategic Leadership, Governance and Finance
Related Portfolios:	All
Service:	Finance – council wide
Wards:	All
Key decision:	No
Forward plan:	Yes

1. Aim

1.1 This report outlines the forecast financial position of the Council for 2025/26, based on information known as at September 2025. The analysis includes:

- capital and revenue financial performance;
- explanations for variations, any mitigating actions and an assessment of any impact on service delivery; and
- an indication of those areas where the current forecasts carry the greatest risk of further movement before the end of the financial year due to demand volatility and assumptions that could still change.

2. Summary

2.1 The headline forecast overspend is £23.28m in 2025/26. One-off, specific funding has been set aside in earmarked reserves to meet most of these costs. Directorates also identified £3.34m mitigating actions. Once these adjustments are taken into account the position alters to **a net overspend of £2.54m (1.56% of the net revenue budget)**. The overspend is largely driven by demand led services and work is on-going to identify further actions to bring the position in line with budget and ensure a balanced outturn is delivered by 31 March 2026.

2.2 The 2025/26 budget includes £28.69m of savings plus a further £3.89m of 2024/25 savings carried forward for delivery in 2025/26, giving a total target of £32.58m for the year. At the end of September **£4.06m (12%) of savings were assessed as at high risk** of non-delivery. Mitigating actions to date totalling £3.71m of which £0.25m is ongoing and £3.46m is on a one-off basis.

2.3 The balance of earmarked reserves at the start of 2025/26 was £142.29m. The forecast spend in-year results in the reduction of £17.65m to £124.64m. Opening unallocated general reserves for 2025/26 were at £24.14m at the start of the year. The forecast variance against budget of £2.54m within this report will reduce available general reserves to £21.60m.

2.4 The forecast capital spend for 2025/26 is £125.35m resulting in an underspend of £508k against a budget of £149.65m after reprofiling of £23.79m to future years. The in-year underspend will be carried forward to projects in 2026/27 subject to approval and final outturn position.

2.5 Targets for financial health indicators as well as statutory and local prudential indicators are forecast to be achieved.

3. Recommendations

That Cabinet:

3.1 Note forecast revenue spend above budget of £2.54m, and the management actions being taken to address this position. Note that there are additionally high risks of £4.52m to the revenue forecast identified within services as set out in Appendix 1. These risks are actively being monitored and action is being taken to reduce / eliminate them where possible.

3.2 Note the progress on savings approved for 2025/26 as detailed in section 4.11 to 4.14 within the report.

3.3 Approve alternative savings proposals, as outlined in section 4.15, for those savings included in the 2025/26 budget that cannot be realised as originally planned.

3.4 Note the Dedicated Schools Grant (DSG) financial position as detailed in section 4.16 to 4.18.

3.5 To approve the award of a contract extension, from 1 November 2025 to 31 March 2026, to support the delivery of the One Source platform and infrastructure improvements as set out in section 4.31 to 4.33.

3.6 Approve the write off of debt as detailed in section 4.34.

3.7 Approve amendments to the capital programme as set out in section 4.19 including the rephasing of capital programme to 2026/27 at Appendix 6.

3.8 Note that the capital programme is predicted to be underspent by £508k after reprofiling of £23.79m to future years. The in-year underspend will be carried forward to fund projects in 2026/27 subject to approval and final outturn position.

3.9 Approve the acceptance of the grant agreement from DfE to support the development of a new children's home as detailed in section 4.21 to 4.23.

3.10 Note financial health indicator performance set out in sections 4.24 to 4.27and Appendix 7 and the prudential indicators set out in section 4.28 to 4.30 and Appendix 8.

4. Know – Context

Table 1: Forecast revenue analysis 2025/26 by Directorate – September 2025									
Directorate	**Net Budget**	**Year-end forecast prior to transfer to / (from) earmarked reserves**	**Year-end variance to budget prior to transfer / (from) earmarked reserves**	**Use of earmarked reserves**	**Transfer to earmarked reserves**	**Year-end forecast prior to mitigating actions**	**Mitigating Actions**	**Year-end forecast including all mitigating actions**	**Variance to Cabinet 16.07.2025**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Adult Social Care and Public Health	108.60	117.03	8.44	(5.59)	0.21	3.06	(1.63)	1.43	(1.07)
Children's Services & Education	94.65	105.80	11.15	(7.92)	0.40	3.63	(0.32)	3.31	0.83
Economy, Environment & Communities	41.02	45.94	4.92	(4.10)	0.22	1.03	(1.39)	(0.36)	(0.74)
Resources & Transformation	46.96	50.77	3.81	(4.32)	0.39	(0.12)	0.00	(0.12)	(0.49)
Capital Financing	25.52	22.09	(3.44)	0.00	1.71	(1.73)	0.00	(1.73)	0.00
Services Position	**316.76**	**341.63**	**24.87**	**(21.92)**	**2.94**	**5.88**	**(3.34)**	**2.54**	**(1.46)**
Central budgets	(153.98)	(155.32)	(1.34)	(5.68)	7.02	(0.00)	0.00	(0.00)	(0.00)
Total Council tax requirement	**162.78**	**186.31**	**23.53**	**(27.61)**	**9.95**	**5.88**	**(3.34)**	**2.54**	**(1.46)**

Revenue Overview

4.1 The current revenue forecast shows significant pressures driven by demand led services which, if not managed, will lead to an overspend of £2.54m, as summarised by directorate in Table 1. This includes mitigating actions identified to date of £3.34m. Further work is on-going to identify further actions to ensure a balanced position for 2025/26.

Earmarked Reserves

4.2 The year-end forecast includes the net use of earmarked reserves of £17.65m including transfers from earmarked reserves of £27.61m and transfers to earmarked reserves of £9.95m. Earmarked reserves represent funding set aside for a specific purpose as set out in section 4.4.

4.3 Based on the current revenue forecast, at the end of the financial year earmarked reserves are predicted to have a balance of £124.64m. Remaining earmarked reserves are planned to be used in future years, although the period over which they are to be used and the profiling of that use may vary.

Table 2: Earmarked Reserves – September 2025

	Opening Balance 01/04/25	Transfers from Reserves	Transfers to Reserves	Transfer between Reserves	Closing Balance 31/03/26
	£m	£m	£m	£m	£m
Treasury Reserves	37.20	0.00	4.73	0.39	42.32
Grant / Contributions received in advance	19.64	(8.98)	1.10	0.00	11.76
Improvement projects	19.60	(2.24)	0.00	(0.22)	17.14
Cost Pressures	10.30	(10.62)	3.50	0.00	3.18
Council Liabilities	30.17	(4.06)	0.50	(0.17)	26.44
Public Finance Initiatives	11.55	(1.43)	0.00	0.00	10.12
Risk Reserve	9.75	0.00	0.00	0.00	9.75
Other Earmarked Reserves	4.09	(0.27)	0.13	0.00	3.94
Total	**142.29**	**(27.61)**	**9.95**	**0.00**	**124.64**

4.4 Reserves are categorised for the purposes of reporting as follows:

- **Treasury reserves**: These reserves are to minimise the impact of interest rate changes and finance early redemption of loans to reduce the council's future interest exposure**;**
- **Grants / contributions received in advance**: These reserves represent funding received in advance of the next accounting period or covers more than one accounting period. These amounts will be spent in line with the grant conditions;
- **Improvement projects**: These reserves are to finance service modernisation and specific projects in relation to the council's transformation programme;
- **Cost pressures**: To include fluctuations in service demand such as in adult social care, and children in care;
- **Council liabilities**: These reserves cover expenditure where the council has a legal obligation to pay costs, such as equal pay claims and redundancies. In

addition to these there are reserves for business rate appeals, pensions and insurance claims;

- **Public Finance Initiatives**: Liabilities for our PFI's with Street Lighting and St Thomas More;
- **Risk Reserve**: To cover unforeseen risks in 2025/26 at the time the budget was set, including risk associated with full delivery of saving targets;
- **Other Reserves**: These reserves are to support a wide range of future costs including partnership working with external bodies.

General Reserves

4.5 Opening unallocated general reserves for 2025/26 are £24.14m in line with the balance required within the budget for 2025/26 approved by Council in February 2025. The Medium-term Financial Framework (MTFF) requires that a prudent level of reserves is maintained and sets a minimum level of reserves beyond which any use must be reported to Council. This is currently set at £8.49m. The potential variance against budget of £2.54m within this report would reduce the general reserves to £21.60m.

Directorate Financial Positions

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

4.6 *Adults Social Care and Public Health - £1.43m overspend*

The main reasons for the overspend are:

- £1.30m relating to undelivered savings as detailed in Appendix 3;
- Service provider uplift needed to meet the employers increase in national insurance contributions £631k, backdated uplifts £82k and out of borough uplifts increase being 1.45% above what was budgeted £225k net of (£50k) service user contributions;
- Increase in user flow/attrition £1.32m and existing service user costs £3.01m partly offset from additional service user income (£801k) and increased health contributions (£1.65m);
- S117 expenditure increase due to new service users £113k;
- Shortfall in income relating to the learning disabilities joint funding tool partly offset by additional health income and use of ringfenced reserve £162k;
- Additional pressures relating to learning disabilities joint funding tool £512k;
- Increased demand and inflationary costs within intermediate care service £484k;
- £51k in relation to interim and agency staff costs;
- Projected increase in costs for the remainder of the year relating to inflow/attrition and changes to existing service user costs £827k;
- Use of demand reserve (£2.43m) to cover actual costs April to August 2025 £1.60m plus £827k projections for the period September 2025 to March 2026 based on model for inflow/ attrition and change in existing service user costs;
- Additional income received from deferred payments and direct payment refunds (£663k);
- Underspend within replacement care and rapid response service based on actuals to date and previous years trends (£103k);
- (£1.63m) mitigating actions as detailed in Appendix 2;
- Public Health on budget after use of £1.42m reserves mainly to cover planned projects of £1.50m and a net underspend in year of (£87k).

Risks

There are also high risks of £124k which could impact the forecast position should they materialise, detailed in Appendix 1.

4.7 *Children's and Education - £3.31m overspend*

The main reasons for the overspend are:

- Social Care Demand £3.13m - Full year impact of high cost placement moves and entrants to external residential care £1.02m, significant placement cost increases due to lack of sufficiency within the market and increasing complexities of cases £2.03m, net impact of placement movers and inflow/outflow to date following the realisation of achieved savings and mitigating actions £980k partly offset by additional grant income (£150k) and use of reserves to offset decrease in ICB funding for 3 young people in external residential placements (£700k).
- Social Care Core £620k - increased demand for out-of-borough taxi to school transport for children in care £150k, increase demand for Section 17 support to prevent children entering care £240k after use of £200k funding for family networking packages, occupational therapy equipment for children with disabilities £100k, non-staffing pressures across the service £110k (includes car hire, milage claims, hotel and travel costs), premises costs £150k (includes security, utilities and cleaning), staffing pressures mainly due to use of agency to cover vacancies and maternity cover £120k partly offset from a reduction in demand for legal processing relating to reduced number of children entering care (£250k);
- Early Help £350k mainly due to pressures in providing short breaks packages for children with complex needs to avoid entering care partly offset £80k underspend across the remainder of the service mainly relating to staffing underspends;
- Access and inclusion (£530k) - underspend mainly due to reduced demand on educational psychology services linked to the DSG management plan and successful recruitment and retention strategy (£380k), underspend of (£60k) against DSG funded services (early years admissions and special educational needs advisory) and additional school improvement IT traded income (£90k);
- Children's wide (£260k) – release of uncommitted reserves identified to support the directorate position alongside earmarked corporate reserve support (£320k) part off set by staffing pressures of £60k.

Risks

There are also high risks of £3.99m which could impact the forecast position should they materialise, detailed in Appendix 1.

4.8 *Economy, Environment and Communities – (£360k) underspend*

The main reasons for the overspend are:

- Unachieved savings of £1.39m offset by mitigations as detailed in Appendix 3;
- Resilient Communities £194k – relating to pledges commitments that currently have no funding;
- Community Safety £735k - forecasted spend relating to the approved Cabinet report for enforcement spend in 2025/26 to increase visible security and enforcement initiatives across Walsall with the intention of reducing fly-tipping and reducing anti-social behaviour and crime across the borough;
- Operations (£861k) - achieved through the application of the Extended Producer Responsibility (EPR) grant, which is provided to support local authorities in improving the collection and recycling of plastics and packaging waste. The

grant enables existing service costs to be offset, delivering a direct saving to the council's budget;

- Corporate Landlord (£157k)– Energy cost reductions (£297k) partly offset by pressure on commercial income £140k;
- Regeneration and development (£209k) - relating to staffing underspends through utilisation of UKSPF grant funding;
- Other minor underspends across directorate (£62k).

Risks

There are also high risks of £400k which could impact the forecast position should they materialise, detailed in Appendix 1.

4.9 *Resources and Transformation – (£116k) underspend*.

The main reasons are:

- Customer Engagement on budget - £267k demand pressure on bed and breakfast pressure off, £273k housing benefit subsidy loss, supplies and services £91k and staffing/agency £50k offset by use of (£111k) winter pressures funding, (£155k) homeless prevention funding, (£222k) asylum contribution pressure funding and (£193k) Household Support Funding;
- Transformation & Digital (£551k) – salary and contract underspend (£685k) partly offset by agency £110k and reduction in traded income £20k;
- Governance (£130k) – Salary underspend (£488k) and members expenses (£92k) offset by agency costs £278k, bi election costs £40k and loss of traded income and fees £118k;
- Human Resources, Organisation Development & Admin £281k – reduction in traded income £140k, agency £421k, £43k supplies and services and £200k apprenticeship levy tax overspend due to staff groups which should've been paid for previously now being identified, partly offset from salary underspend (£542k);
- Finance, Procurement & Assurance £276k – £381k agency, £392k interim capacity in Procurement, partly offset by salary underspends (£513k).

4.10 *Capital Financing – underspend (£1.73m)*

The underspend is mainly as a result of higher opening cash balances and better than expected returns from at-call investments as a result of slower interest rate reductions, combined with delaying borrowing where possible. However, this was partly offset by a £459k shortfall in airport dividend income.

Approved savings in 2025/26

4.11 The 2025/26 budget includes £28.69m of savings against plus a further £3.89m of 2024/25 savings carried forward for delivery in 2025/26, giving a total saving target of £32.58m. Directors are required to ensure that service delivery plans are robustly implemented to fully deliver these in year.

4.12 There are currently £4.06m (12%) of savings assessed as Red for delivery (at high risk of non-delivery), as shown in Appendix 3 along with the reason and identified mitigating actions to date totalling £3.71m, of which £3.46m is one off. Savings assessed as Red are currently included within the forecast overspend for 2025/26, therefore successful actions to deliver these savings will reduce the pressure on this year's budget. Table 3 details progress towards saving delivery by directorate.

4.13 There are £5.21m of savings currently identified as Amber (not fully guaranteed to be delivered by 31 March 2026). As many of the savings in this category are related to demand led services, despite focused management action there is a risk that elements of these savings will move to Red in year.

Table 3: Progress against savings 2025/26 September position

Directorate	Delivered (£)	Expected to be delivered by 31/03/2026 (£)	Not fully guaranteed by 31/03/2026 (£)	Not deliverable by 31/03/2026 (£)	Total Savings 2025/26 (£)	Value of Red with one off mitigation (£)	Value of Red with ongoing mitigation (£)
Adult Social Care	(5,130,115)	(3,133,192)	(841,708)	(1,301,716)	**(10,406,729)**	(702,440)	(252,072)
Resources and Transformation	(1,054,473)	(277,179)	(629,560)	(93,750)	**(2,054,962)**	(93,750)	0
Children's Services & Education	(2,240,577)	(2,865,550)	(3,041,615)	(61,069)	**(8,208,813)**	(61,069)	0
Economy, Environment & Communities	(467,195)	(2,385,432)	(0)	(1,392,780)	**(4,245,407)**	(1,392,780)	0
Central	0	(5,750,276)	(700,000)	(1,209,000)	**(7,659,276)**	(1,209,000)	0
Grand Total	**(8,892,360)**	**(14,411,630)**	**(5,212,883)**	**(4,058,315)**	**(32,575,187)**	**(3,459,039)**	**(252,072)**

4.14 It is imperative that action is taken to fully deliver all of the savings or identify on-going mitigation, to ensure we can outturn on budget for 2025/26 and maintain a strong financial foundation going forward.

4.15 There are a number of Red operational savings which can no longer be delivered as originally planned but services have identified alternative on-going savings as detailed in Table 4. Cabinet are asked to approve the alternative savings, the effect of these changes is reflected in Table 3 above.

Table 4: Amendments to savings 2025/26

Directorate	Saving Ref	Details	£
Savings to be replaced			
Economy, Environment & Communities	OP28 & 2024/25	One public estate – income from partners	296,850
Adult Social Care & Public Health	OP60	Enablement for Learning Disability, Mental Health and Transitions cohort	390,702
Adult Social Care & Public Health	2024/25	Learning disabilities joint funding tool	80,939
Adult Social Care & Public Health	OP65	Create opportunities within communities to keep people independent longer, improve access and take up as part of prevention strategy	213,476
Resources & Transformation	OP36a	Removal of system support contract	77,000
Replacement savings proposals			
Economy, Environment & Communities	New	Increased rental income from properties	(296,850)
Adult Social Care & Public Health	OP61	Increase OP61 - Social care decrease in existing service user costs following strength based review	(604,178)

Directorate	Saving Ref	Details	£
Adult Social Care & Public Health	New	Learning disabilities joint funding tool and other health contributions	(80,939)
Resources & Transformation	New	Early repayment scheme	(77,000)

Dedication Schools Grant (DSG) Position

4.16 Nationally, a significant number of authorities are experiencing difficulties managing the increasing demand for high needs support against the funding that is available within the High Needs Block of DSG. Whilst Walsall has also seen an increase in demand for these services, it has, up until 2022/23 when a small deficit was realised, been able to effectively manage those increases within the totality of High Needs funding that was available. Table 6 below shows Walsall's DSG reported deficit position by financial year. There has been no change to the position or the management plan since reported to Cabinet in July 2025.

Table 5: DSG Financial Position		
Financial Year	**In-Year Reported Deficit**	**Cumulative Reported Deficit**
2022/23	£0.67m	£0.53m
2023/24	£6.87m	£7.40m
2024/25	£22.84m	£30.24m

The forecast against the High Needs Block of DSG is currently an overspend of circa £24.13m in 2025/26 resulting in a cumulative deficit of £54.03m by the end of the year. This is in line with the mitigated position of the latest DSG management plan as shown in table 7.

Table 6: DSG Management Plan Unmitigated Position						
	2025/26 £m	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**	**2029/30 £m**	**2030/31 £m**
Unmitigated Costs	95.62	109.56	123.25	139.21	155.04	171.86
Income	(63.48)	(65.38)	(67.34)	(69.36)	(71.44)	(73.59)
In Year Deficit	**32.14**	**44.18**	**55.91**	**69.85**	**83.60**	**98.27**
Cumulative Deficit	**62.04**	**106.22**	**162.13**	**231.98**	**315.58**	**413.85**

Table 7: DSG Management Plan Mitigated Position						
	2025/26 £m	**2026/27 £m**	**2027/28 £m**	**2028/29 £m**	**2029/30 £m**	**2030/31 £m**
Mitigated Costs	87.61	96.89	105.50	116.23	126.43	137.14
Income	(63.48)	(65.38)	(67.34)	(69.36)	(71.44)	(73.59)
In Year Deficit	**24.13**	**31.51**	**38.16**	**46.87**	**54.99**	**63.55**
Cumulative Deficit	**54.03**	**85.54**	**123.70**	**170.57**	**225.60**	**289.11**

4.17 In the June 2025 Spending Review, central government confirmed its commitment to reforming the SEND system. A white paper is expected to be issued shortly setting out details of how the government will support local authorities to deal with their historic and accruing deficits and any transition period from the current SEND system to the reformed system.

Capital Programme 2025/26

4.18 The capital programme for 2025/26, as at Cabinet 16 July 2025 was £176.58. Table 8 summarises amendments made to date, resulting in a revised programme of £149.65m.

Table 8: Amendments to Capital Programme 2025/26	
Project	**£m**
Capital programme 2025/26 as per Cabinet 16 July 2025	**176.58**
Council Funded Projects	
Rephasing of 2025/26 budgets into future years	
DaTs	(0.37)
Active Public Spaces	(1.74)
Future High Street Fund	(2.48)
Social housing decarbonisation	(0.06)
Bloxwich Town Deal	(0.83)
Aids & adaptations	(0.39)
New schemes funded from contingency	
Relocation of catering hub	0.46
Temporary accommodation maintenance	0.47
Acquisition of Station Street	0.37
New children's home contribution (subject to approval)	0.08
Foster carer refurbishments (subject to approval)	0.05
Capital contingency	(1.44)
New / amendments to current programme	
S106 – Play area and outdoor gym (new)	0.07
Middlemore Lane container (revenue contribution to capital)	0.47
Procurement team (adjustment)	0.01
One Source (revenue contribution to capital)	0.57
External Funded Projects	
Rephasing of 2025/26 budgets into future years	
Food waste collection	(0.84)
Willenhall Masterplan	(2.31)
West Midlands Strategic plan	(0.23)
Basic Needs	(10.68)
S106 – Temporary accommodation compulsory purchase order	(0.54)
Bloxwich Town Deal	(4.41)
Walsall Town Deal	(5.89)
Devolved formula capital	(0.60)
Land & Property Investment Fund	(0.09)
Academies	(0.22)
Capital maintenance	(0.49)
High needs provision capital allocation	(2.13)
New / amendments to current programme	
Devolved formula capital – decrease due to confirmed allocation	(0.11)
Disabled facilities grant – increase in allocation	0.38

Table 8: Amendments to Capital Programme 2025/26	
Project	**£m**
S106 for affordable housing	0.30
HUG 2 grant – decrease in allocation	(0.40)
Music services capital grant	0.10
One Palfrey Big Local capital project	0.01
Black Country legacy gainshare	0.18
Highways maintenance - additional allocation	3.28
Black Country LEP legacy funds	0.20
Growing Places Fund	1.21
Department for Education - New Children Home contribution (subject to approval)	1.19
Revised capital programme 2025/26	**149.65**

4.19 Table 9 summaries the 2025/26 capital programme which is forecast to be (£508k) underspent after carry forwards. The in-year underspend will be carried forward to fund projects in 2026/27 subject to approval and final outturn position. A review of forecast capital carry forwards into 2026/27 has been undertaken resulting in rephasing of the capital programme provision of £23.79m being recommended, summarised by scheme at Appendix 6. Rephasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control due to waiting for funding confirmation or Government approval.

Table 9: Forecast capital analysis 2025/26					
Funding Source	**Budget** **£m**	**Predicted year end forecast** **£m**	**Variance before Carry forward** **£m**	**Carry Forward** **£m**	**Variance Over / (Under)** **£m**
Council funded	52.92	43.53	(9.39)	8.88	(0.51)
Externally funded	96.72	81.82	(14.91)	14.91	0.00
Total	**149.65**	**125.35**	**(24.30)**	**23.79**	**(0.51)**

The key capital projects forecast to be rephased into the next financial year are as follows:

- Future High Street Fund – council funded £3.66m;
- HVAC – council funded £3.46m;
- Basic Need – externally funded £3.13m;
- Community regeneration programme – externally funded £4.90m;
- Willenhall Masterplan – externally funded £5.59m;
- Food waste collection - externally funded £1.00m;
- Bloxwich Town Deal - externally funded £1.29m.

Table 10: Summary of Forecast Underspend 2025/26	
Project	**£m**
Enterprise Zones	(0.28)
Relocation of catering hub	(0.05)
Oak Park solar installation	0.01
Single management library system	(0.01)
RFID SEL-ISSUE	(0.01)
DaTS – Information governance service improvement	(0.02)
DaTS – Standard addressing implementation	(0.16)
Total	**(0.51)**

Department of Education Funding

4.20 The Council has secured £1,185,582 in capital funding from the Department for Education (DfE) to support the development of a new children's home for young people with complex needs and challenging behaviour. This will be match funded by the Council, contributing an equal amount of £1,185,582 resulting in a total investment of £2,371,164.

4.21 The scheme will deliver two 2-bed homes on Council-owned land at Sherlock Close, with flexible internal layouts to accommodate up to four children individually if required. The site will also include off-street parking and an adjacent education hub to support children unable to attend mainstream school. This provision is expected to reduce the average weekly cost per child from £10,600 to £7,200, generating savings of £3,400 per week and approximately £707,000 annually across both homes.

4.22 Cabinet are asked to approve the acceptance of the DfE grant agreement. A detailed report will be sent to December Cabinet in relation to the full procurement of the scheme.

Financial Health Indicators

4.23 Appendix 7 contains financial health indicator performance as at 30 September 2025. Revenue and capital forecast are referred to in this report. The primary purpose of these is to advise Cabinet of the current financial health of the authority in order to provide assurance in support of their governance responsibilities. The indicators cover a number of areas as follows

Treasury Management

4.24 The indicators show the actual borrowing and investment rates for 2024/25 and the forecast for 2025/26 against set targets. Proactive and robust management of the council's debt and investment portfolios is forecast to result in positive variances against most of the financial health indicator targets for 2025/26.

Balance Sheet

4.25 These details ratios for the last 4 financial years 2020/21, 2021/22, 2022/23, 2023/24 and pre-audit figures for 2024/25 which show the liquidity of the authority.

Revenue performance

4.26 This section shows collection rates for council tax and business rates, the average number of days to collect sundry debt and the number of days to process creditor payments for 2024/25 and the performance against profile for 2025/26. Sundry debt collection is on target with performance in relation to the processing of creditor payments better by 4 days. Council tax collection rates and NNDR collection rates are in line with the profiled target.

Prudential Indicators

4.27 Appendix 8 contains the prudential indicators as at 30 September 2025. The primary purpose of these is to provide assurance to Cabinet that the authority is borrowing and investing in a sound and prudent manner. Indicators are approved by Council on an annual basis.

National Indicators

4.28 These indicators are nationally set and provide an indication of the council's exposure to interest rate risks, the proportion of the council's budget used to finance capital expenditure and the borrowing limits for the current year. All of these indicators were met in 2024/25 and are forecast to be met in 2025/26.

The targets that these prudential indicators are monitored against have been set by the Treasury Management and Investment Strategy for 2025/26 onwards.

Local Indicators

4.29 These indicators have been set in consultation with the Treasury Management Panel, which is chaired by the s151 Officer, to provide further assurances to the authority that borrowing and investment is being undertaken in a sound and prudent manner. All targets for 2025/26 are forecast to be met and commentary on key indicators provided below:

- L2 - Average length of debt – The target acceptable limit is within 15-25 years. The authority's current position is 12.76 years, a number of short-term loans have been undertaken given the high interest rate environment, when the loans are re-financed for a longer period the average length of debt will increase.

- L3a - Net borrowing costs as % of net council tax requirement. The target figure of 20.00% represents an upper limit of affordable net borrowing costs as a percentage of the net council tax requirement for the authority. The actual level of net borrowing costs is currently less than the upper limit, showing as 4.55%, which in the main is linked to the work undertaken to seek secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

- L3b - Net borrowing costs as % of tax revenue. The target figure of 12.50% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, showing as 3.00%, which in the main is linked to the

work undertaken to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

- L9a – All investments are currently outperforming the 2025/26 target rates. The average rate of all investments is forecasted at 4.35%, which is 0.31% above the target of 4.04%. Forecast interest on the property fund is currently 4.14% against a target of 4.50%.
- PRL10 - The exposure to fixed term borrowing is currently 100%, which is above target of 95%. This will reduce in the next financial year when LOBO call dates come into effect in August 2026, when the call dates are less than 12 months the loans move to variable which will impact the indicator.

Extension of contract – Tile Hill Interim & Executive Ltd

4.30 Since the initial One Source (OS) project was completed the programme manager has been working closely with the OS systems team and the OS functional areas on Business as Usual (BAU) activity to give guidance and support and to fill some of the skills gaps in delivering changes. The current contract is due to end 31 October 2025 but further support is required until 31 March 2026.

4.31 This extension will support delivery of the OS platform and infrastructure improvements and to start to develop a robust systems team who can support ongoing BAU. The long-term plan is to either move into a further project phase or to create a transition and exit plan which this work will support such as delivering a robust managed service contract, a fully functioning systems team and key changes will be made.

4.32 The value of this extension is £151k and will take the total value of this contract to £547k therefore there is a requirement for Cabinet to approve this extension. The contract with Tile Hill Interim & Executive Ltd is a call off from the ESPO Strategic HR Services Framework so this modification is compliant with Regulation 72 of the Public Contracts Regulations 2015.

Write off of debt

4.33 £12,146.36 relating to an outstanding debt for Adult Social Care community-based contribution and residential care charges for care provided to a client up to 2017. The debt is recommended for write off following debt recovery and negotiation through Legal Services. The write off requires Cabinet approval as exceeds £10,000.

Council Plan Priorities

4.34 The council's financial strategy and annual budget process is designed to ensure that resources follow council priorities and deliver outcomes as set out in Our Council Plan 2025-2029.

Risk Management

4.35 The 2025/26 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves is set based on a set of realistically foreseeable or predicted parameters. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues, which may have a local

impact. Best professional judgement and estimates were applied in terms of the ongoing impact of the global pandemic and rising cost of living pressures.

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

4.37 There are a number of increased risks in 2025/26 as set out within this report. Financial forecasts have been included where known or are estimated. Actions have been taken to address these risks and reduce the forecasted overspend caused by these pressures. Mitigating actions are set out within this report.

4.38 As well as financial risk, the council maintains a register that highlights key themes of organisational risk which is reported to Audit Committee as part of their annual work programme. The Strategic Risk Register (SRR) is regularly reviewed and amended where appropriate. The SRR is reported to Corporate Management Team and oversight in relation to this rests with Audit Committee, which will receive a number of reports during 2025/26.

Financial Implications

4.39 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council takes a medium-term policy led approach to all decisions on resource allocation. The potential forecast revenue variance, prior to mitigating actions being implemented, is significant and requires strong and robust management to ensure the council outturns within budget by year end. Actions are being taken to address this and progress will continue to be reported throughout 2025/26 to Cabinet.

Legal implications

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

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

Procurement Implications / Social Value

4.42 All procurement activity is being reviewed, with a focus on identifying opportunities that will enable us to financially support our current and future services. It will do this by

reviewing and reducing third party spend and improving the 'Procure to Pay' process and systems.

Property Implications

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

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

Health and Wellbeing Implications

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

Staffing Implications

4.45 There are no direct implications arising from this report.

Reducing Inequalities

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

Climate Change

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

Consultation

4.48 The report is prepared in consultation with the s151 Officer, Corporate Management Team, relevant managers and directors.

5. Decide

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

6. Respond

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

7. Review

7.1 Regular monitoring reports will continue to be presented to Cabinet on the forecast for 2025/26, including an update on risks and impact on the budget for 2026/27 and beyond.

7.2 Budget proposals will be presented to Cabinet and implemented following approval of the budget by Full Council in February 2026.

Background papers: Various financial working papers.

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Judith Greenhalgh
Executive Director – Resources

15 October 2025

Shaun Darcy
S151 Officer, and Director of Finance and Procurement
15 October 2025

Councillor M Bird
Leader of the Council
15 October 2025

Appendix 1: Summary of potential risk

Details of Risk	Potential Cost of Risk £m
Adult Social Care & Public Health	
Increased demand for care services if net service user inflow trends in 2025/26 are higher than budgeted assumptions.	0.09
Increased uplifts if trends in 2025/26 are higher than those used to determine the investment provided.	0.04
Total Adult Social Care & Public Health	**0.13**
Children's & Education	
Increased inflow/ outflow pressures – During 2023/24 an increased level of children entered care, in comparison to prior years. This created significant pressure to the inflow / outflow budget. Although there was a reduction to this pressure during 2024/25, there is a risk this could materalise again in 2025/26.	0.53
Placement moves – During 2023/24 the service experienced a significant pressure linked to placement moves due to placement breakdowns, sufficiency issues and increasing placement costs. Although there was a reduction in this pressure during 2024/25 there is a risk this could materalise again in 2025/26.	0.61
Increase in placement and support costs – Nationally, due to lack of sufficiency within the market and increasing complexities of cases, there has been a sharp rise in the number of children's placements costing £10k or more per week. Although the service continues to expand internal provisions and invest in early prevention services, there is a risk that the use of these high-cost placements are unavoidable resulting in further pressures within 2025/26.	1.49
Service led mitigations – To reduce the pressure which has materalised since budget setting, the service has identified a number of mitigations which are to be actioned during 2025/26. These include seeking health partner contributions for high-cost placements and reducing the cost of placements for a number of young people. If these are not actioned as agreed there could be a further pressure in 2025/26.	0.70
Impact of belonging regulations on home to school transport costs - DfE communications relating to the Belonging Regs are resulting in several Local Authorities (LA) changing their stance on who holds financial responsibility for transporting a child. In the last academic year, Walsall received a net income from these recharges which is currently in forecast to continue but may be lost if more LA's change stance.	0.05
Short breaks for children with complex needs – Short breaks costs relating to high-cost packages to support children with complex needs have increased throughout 2024/25. This could increase further in year to support children and families and home and prevent children entering care.	0.61
Total Children's & Education	**3.99**
Economy, Environment and Communities	
Proactive maintenance of current council buildings	0.40
Total Economy, Environment and Communities	**0.40**
TOTAL HIGH RISKS	**4.52**

Appendix 2: Mitigating actions included within the report

Directorate	Detail of mitigating actions	£m
Adult Social Care & Public Health	Vacant posts used to mitigate the delay in Section 75 income generation saving	0.06
	Prevention investment due to 50% slippage in the planned use of this investment	0.08
	Use of earmarked debt reserve to offset learning disabilities joint funding tool pressures	1.49
Total Mitigation included for Adult Social Care & Public Health		**1.63**
Children's Service & Education	Release of uncommitted reserves in Children's services identified to support the directorates overspend position alongside earmarked corporate reserve support.	0.32
Total Mitigation included for Children's Services & Education		**0.32**
Economy, Environment & Communities	Use of street lighting reserve	0.07
	Bereavement services investment	0.06
	Investment for Greener Bloxwich now not needed until 2025/26	0.06
	HAF funding and surplus income	0.08
	Extended Producer Responsibility funding	0.40
	Efficiencies within Corporate Landlord	0.18
	Additional rental income above budget	0.33
	Efficiencies within Soft FM	0.15
	Efficiencies within Operations	0.06
Total Mitigation included for Economy, Environment & Communities		**1.39**
Total Mitigation included in forecast outturn		**3.34**

Appendix 3: Benefits 2025/26 currently identified as 'Red' due to risk of delayed delivery.

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be mitigated on a one-off basis in year £	Value to be mitigated ongoing (achieved alternatively) £	Reason	Mitigating Actions
Adult Social Care	Learning Disabilities Joint funding tool and other health contributions	(648,599)	(567,660)	(567,660)	0	Shortfall in anticipated income following a review of the care packages utilising the 'Devon tool'	Reduction in costs relating to reviews of high-cost domiciliary care packages following Intermediate Care Service discharge
Adult Social Care	Improved Charging Policy & Process & Improved Finance Business Intelligence	(660,278)	(555,278)	0	(208,074)	A business case still required that sets out how this will be achieved (original plan was over 2 years 24/25 & 25/26)	Additional decreases in existing service user costs following strength based reviews
Adult Social Care	Section 75 Grant - Income Generation Review of Grants	(59,780)	(59,780)	(59,780)	0	Options to achieve this through revised Section 75 agreements are still being explored	One-off underspends due to vacant posts within service
Adult Social Care	Enablement for Learning Disability, Mental Health and Transitions cohort	(48,000)	(11,292)	0	(11,292)	Business case has been produced which shows this saving is achievable but due to delays in implementation this impact will not be seen this year	Additional decreases in existing service user costs following strength based reviews
Adult Social Care	Create opportunities within communities to keep people independent longer, and improve access and take up as part of prevention strategy	(107,706)	(107,706)	(75,000)	(32,706)	Investment has been identified to put resources and prevention initiatives in place which will focus on pre front door interventions but unlikely to achieve the benefits this year	£75k relates to approved prevention investment and remaining £32k due to additional decreases in existing service user costs following strength based reviews
Total Adult Social Care		**(1,524,363)**	**(1,301,716)**	**(702,440)**	**(252,072)**		

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be mitigated on a one-off basis in year £	Value to be mitigated ongoing (achieved alternatively) £	Reason	Mitigating Actions
Centrally Held	Additional Third Party Spend (TPS) savings	(750,000)	(750,000)	(750,000)	0	Competing operational priorities delayed the development of a detailed plan to realise these savings in-year.	It is fully mitigated for 2025/26 and work is ongoing on our procurement strategy that will support delivery of third party savings in future years.
Centrally Held	Increased income from airport dividends	(733,042)	(459,000)	(459,000)	0	Airport dividends, based on current business plan from Birmingham Airport	Shortfall to be covered by one off mitigation by capital financing in 2025/26
Total Centrally Held		**(1,483,042)**	**(1,209,000)**	**(1,209,000)**	**0**		
Economy, Environment & Communities	Seek sponsorship of all festive lights	(40,000)	(40,000)	(40,000)	0	Marketing unable to find external interest	One off use of lighting reserve
Economy, Environment & Communities	Bereavement services new memorial garden at North Walsall Cemetery (linked capital investment required)	(55,000)	(55,000)	(55,000)	0	Requires capital investment for saving to be delivered	One off use of approved investment in relation to bereavement services
Economy, Environment & Communities	Phased changes to school crossing patrols	(190,000)	(140,000)	(140,000)	0	Dependent on capital investment to replace service with Pelican/Zebra Crossings, leading to a reduction in staffing	One off mitigation by underspends in Soft Facilities Management
Economy, Environment & Communities	Seek sponsorship for festive decorations	(30,000)	(30,000)	(30,000)	0	Marketing unable to find external interest	One off use of lighting reserve

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be mitigated on a one-off basis in year £	Value to be mitigated ongoing (achieved alternatively) £	Reason	Mitigating Actions
Economy, Environment & Communities	Markets Review	(60,000)	(60,000)	(60,000)	0	Expecting implementation of new stall arrangement to be completed by April 2026	Mitigated by underspends within service
Economy, Environment & Communities	Leisure review and health initiatives (Leisure services)	(220,000)	(81,000)	(81,000)	0	Relates to energy at Bloxwich Active Living Centre – unachievable with implementation of solar panels	Mitigated by Holiday Activities and Food Funding and surplus income
Economy, Environment & Communities	Leisure review and health initiatives (Leisure review)	(165,000)	(65,000)	(65,000)	0	Review of Healthy Spaces and the Corporate Landlord function including opportunities to do things differently, how to manage facilities and events	Mitigated by £80k investment for Greener Bloxwich which isn't required in 2025-26. (Delay in project delivery)
Economy, Environment & Communities	Reduction in costs linked to Waste Strategy/Sherbourne	(400,000)	(400,000)	(400,000)	0	Linked to Waste Strategy and Project Review. Demand based service, dependent on commercial sales at Sherbourne and Recyclable rates in the Market	One off mitigation covered by Extended Producer Responsibility grant in year
Economy, Environment & Communities	Reduction in running costs as a result of rationalising the council's property portfolio	(500,000)	(331,400)	(331,400)	0	Linked to asset review	Mitigated by various under spends within the corporate landlord service
Economy, Environment & Communities	Charge for amendments to planning applications	(50,000)	(12,230)	(12,230)	0	New service implemented but dependent on demand for service	Additional income generated within service
Economy, Environment & Communities	One public estate – income from partners	(178,150)	(178,150)	(178,150)	0	Rental of space in Civic Centre is dependent on HVAC works being completed before commencement of leases.	Mitigated by additional income from shops and commercial properties
Total Economy, Environment and Communities		**(1,888,150)**	**(1,392,780)**	**(1,392,780)**	**0**		

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be mitigated on a one-off basis in year £	Value to be mitigated ongoing (achieved alternatively) £	Reason	Mitigating Actions
Children's	Development of a youth collaborative as part of the Children & Young People Alliance	(125,993)	(39,421)	(39,421)	0	Lottery bid unsuccessful but other external funding acquired to fund one post. Investment required next year for ongoing funding	Mitigated using other external funding acquired to fund one post.
Children's	Integrate parenting offer within early help & children's social care as part of family help	(59,517)	(21,648)	(21,648)	0	Full restructure will not be in place for 1st April. Expected to achieve 6 month of saving	Funding swaps with grants in year will be used to offset pressure
Total Children's Services		**(185,510)**	**(61,069)**	**(61,069)**	**0**		
Resources and Transformation	One-off reduction in elections due to a fallow year in 25/26	(327,228)	(40,000)	(40,000)	0	Pelsall by-election (estimated cost) September 2025	Proposal is to mitigate from revenue underspends within service
Resources and Transformation	Staffing efficiencies to be identified as part of OneSource phase 2 implementation subject to the business case approval	(53,750)	(53,750)	(53,750)	0	One Source phase 2 business case is still being finalised so no clear plan at this time	Vacant posts within service
Total Resources and Transformation		**(380,978)**	**(93,750)**	**(93,750)**	**0**		
Grand Total		**(5,462,043)**	**(4,058,315)**	**(3,459,039)**	**(252,072)**		

Appendix 4 – Performance data relating to demand within Children's Services

Children's Demand Services

Number of Children in Care by Placement Type

Year	2020/21	2021/22	2022/23	2023/24	Sep 24/25	Oct 24/25	Nov 24/2	Dec 24/25	Jan 24/25	Feb 24/2	Mar 24/25	Apr 25/26	May 25/26	Jun 25/26	Jul 25/26	Aug 25/26
Total CiC	673	661	651	663	**611**	**614**	**602**	**596**	**590**	**583**	**579**	**567**	**576**	**568**	**568**	**576**

As of August 2025, there was 576 children in care (CiC) in Walsall. This has reduced over a 12-month period by 35, from September 2024 when there was a total of 611 CiC. Although the total number of children in care has reduced, the table below shows how the use of placement types has changed over the same period, due to continued placement sufficiency pressures and increasing complexities of cases for CiC. This change in mix has contributed to budgetary pressures within the service for 2025/26.

Placement Type	2020/21	% of total	2021/22	% of total	2022/23	% of total	2023/24	% of total	2024/25	% of total	July 2025/26	% of total	Aug 2025/26	% of total
Internal Fostering	143	21%	132	20%	117	18%	107	16%	86	15%	88	15%	87	15%
Connected Care	119	18%	119	18%	106	16%	107	16%	87	15%	92	16%	93	16%
Respite Care / Adoption / Placed with Parents / NHS	83	12%	51	8%	70	11%	75	11%	51	9%	38	7%	45	8%
Independent Fostering Agency	236	35%	261	39%	236	36%	241	36%	222	38%	220	39%	218	38%
External Residential	53	8%	59	9%	70	11%	76	11%	88	15%	79	14%	81	14%
Mother & Baby	5	1%	0	0%	1	0%	1	0%	0	0%	1	0%	2	0%
Remand	3	0%	2	0%	12	2%	3	2%	0	0%	1	0%	1	0%
Supported Accommodation	23	3%	30	5%	33	5%	41	5%	32	6%	24	4%	25	4%
Internal Residential	8	1%	7	1%	6	1%	12	1%	13	2%	16	3%	15	3%
Separated Migrant Young Persons (SMYP)	0	0%	0	0%	0	0%	0	0%	0	0%	9	2%	9	2%
Total CiC	**673**		**661**		**651**		**663**		**579**		**568**		**576**	

Reliance on the highest cost placements, external residential, has continued to increase over the period, with the number of placements increasing from 53 (8% of total placements) in 2020/21 to 81 (14%) in August 2025. This has been further impacted by an increased reliance on Independent Fostering Agencies (IFA) placements, which contribute to 38% of total placements in August 2025/26, in comparison to 35% in 2020/21.

In comparison, the use of lower cost placements has decreased, with the number of internal fostering placements reducing from 143 (21%) in 2020/21 to 87 (15%) in August 2025 and connected care placements reducing from 119 (18%) in 2020/21 to 93 (16%) in August 2025.

Number of children entering and leaving care

The table below illustrates the number of children entering care to date for 2025/26 and the prior four-year inflow trends by placement type.

Placement Type	Apr – Aug 20/21	% of total	Apr - Aug 21/22	% of total	Apr - Aug 22/23	% of total	Apr – Aug 23/24	% of total	Apr – Aug 24/25	% of total	Apr - Aug 25/26	% of total
Internal Fostering	22	26%	11	15%	17	28%	12	15%	7	10%	14	22%
Connected Care	17	20%	8	11%	9	15%	4	5%	3	7%	13	40%
Respite Care / Adoption / Placed with Parents / NHS	14	17%	9	12%	9	15%	4	5%	11	27%	6	9%
Independent Fostering Agency	22	26%	32	42%	13	22%	33	41%	15	32%	14	22%
External Residential	5	6%	6	8%	3	5%	8	10%	4	5%	2	3%
Mother & Baby	1	1%	2	3%	2	3%	4	5%	0	0%	1	2%
Remand	2	2%	0	0%	4	7%	1	1%	0	0%	0	0%
Supported Accommodation	2	2%	7	9%	3	5%	15	18%	8	17%	11	17%
Internal Residential	0	0%	0	0%	0	0%	0	0%	1	2%	3	5%
Total CiC	**85**		**75**		**60**		**81**		**49**		**64**	

The number of children entering care from April to August in 2025/26 is higher than the prior year, but we are seeing more children enter into lower cost placements such as internal fostering and connected care. In total we have had 64 C&YP enter care (as at 01/09/2025).

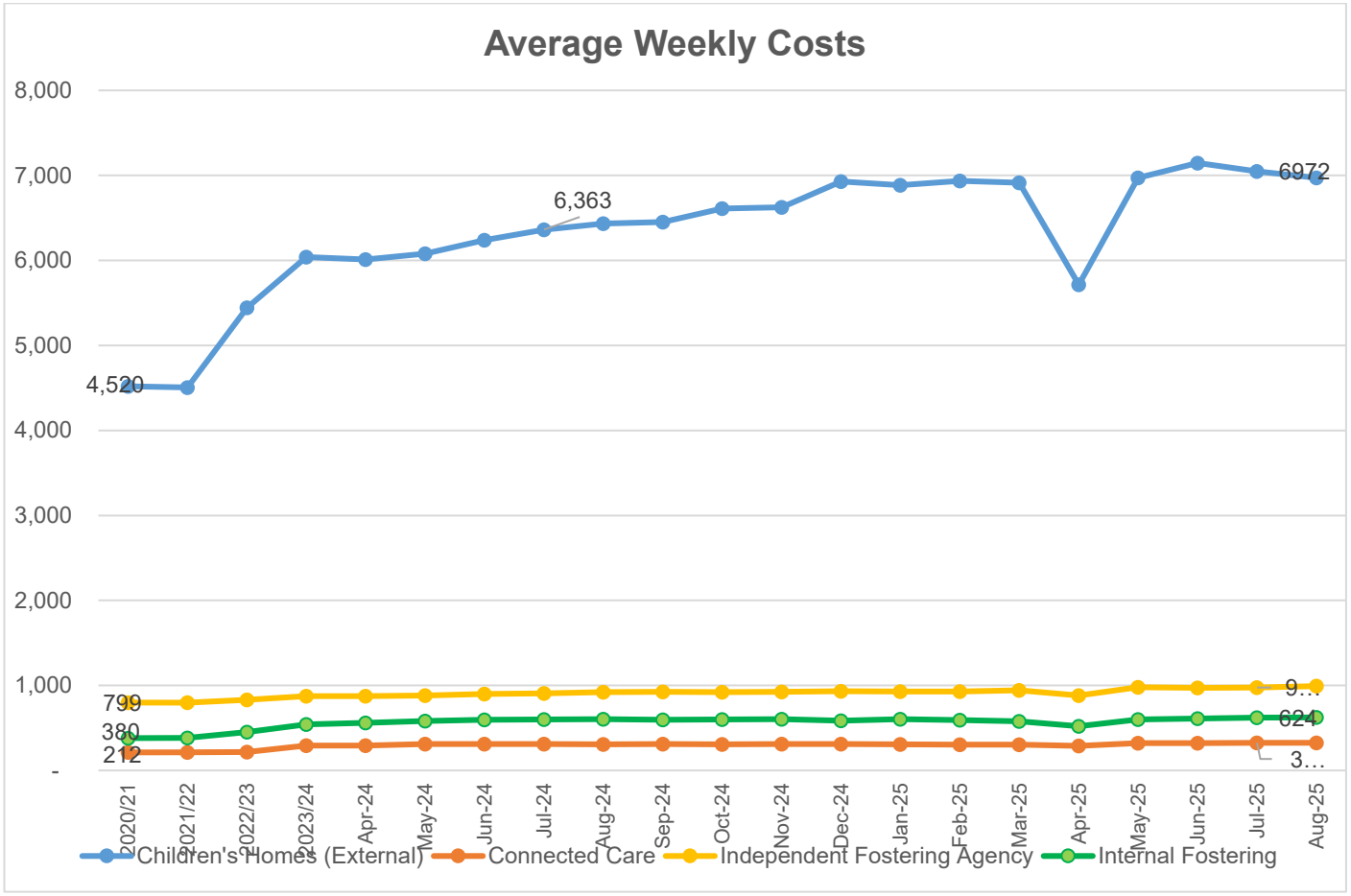
The table below shows the number of C&YP leaving care to date for 2025/26 and the prior five-year outflow trends. To note, this excludes those that have turned 18 as the financial impact of these have been considered within the forecast and budget.

	Apr - Aug 20/21	Apr - Aug 21/22	Apr - Aug 22/23	Apr - Aug 23/24	Apr - Aug 24/25	Apr - Aug 25/26
Number of C&YP leaving care	-43	-50	-52	-49	-70	-32

From April to August 2025, there were 32 C&YP who left care. This is lower than that of the prior five financial years and brings the net inflow / outflow for the period to 32, which is higher than last financial year.

Average weekly costs of placements

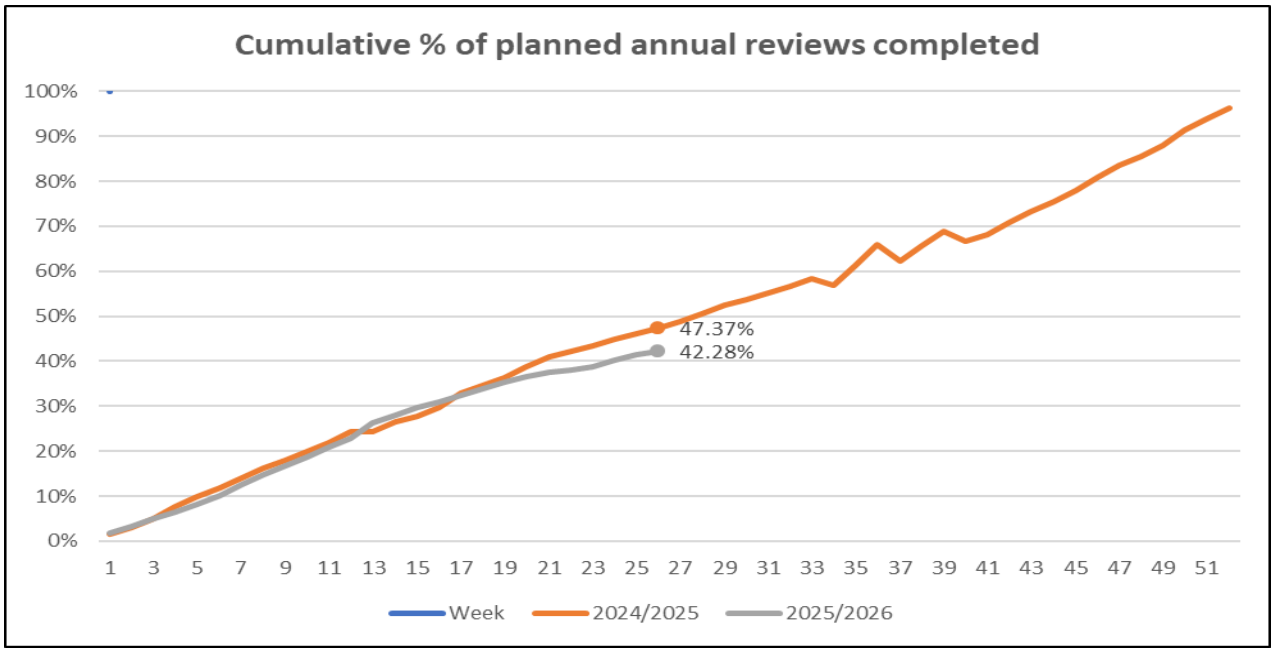
The chart below shows the average weekly cost of the four most utilised placement types for Walsall's CiC. The average weekly cost for an external residential placement has significantly increased from £4.5k to £7k (56%) over the last 5 financial years, and from £6.4k 12 months ago (11%). There are currently ten placements over the cost of £10k per week which is influencing this average cost. When removed the average cost reduces to £6,347 per week. This is significantly higher than the average weekly cost of an Internal Fostering placement of £624 p/w and Connected Care placement of £323 p/w.


Average Weekly Costs
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
4,520
6,363
6972
799
380
212
2020/21
2021/22
2022/23
2023/24
Apr-24
May-24
Jun-24
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25
Children's Homes (External)
Connected Care
Independent Fostering Agency
Internal Fostering

Appendix 5 – Performance data relating to demand within Adult Social Care

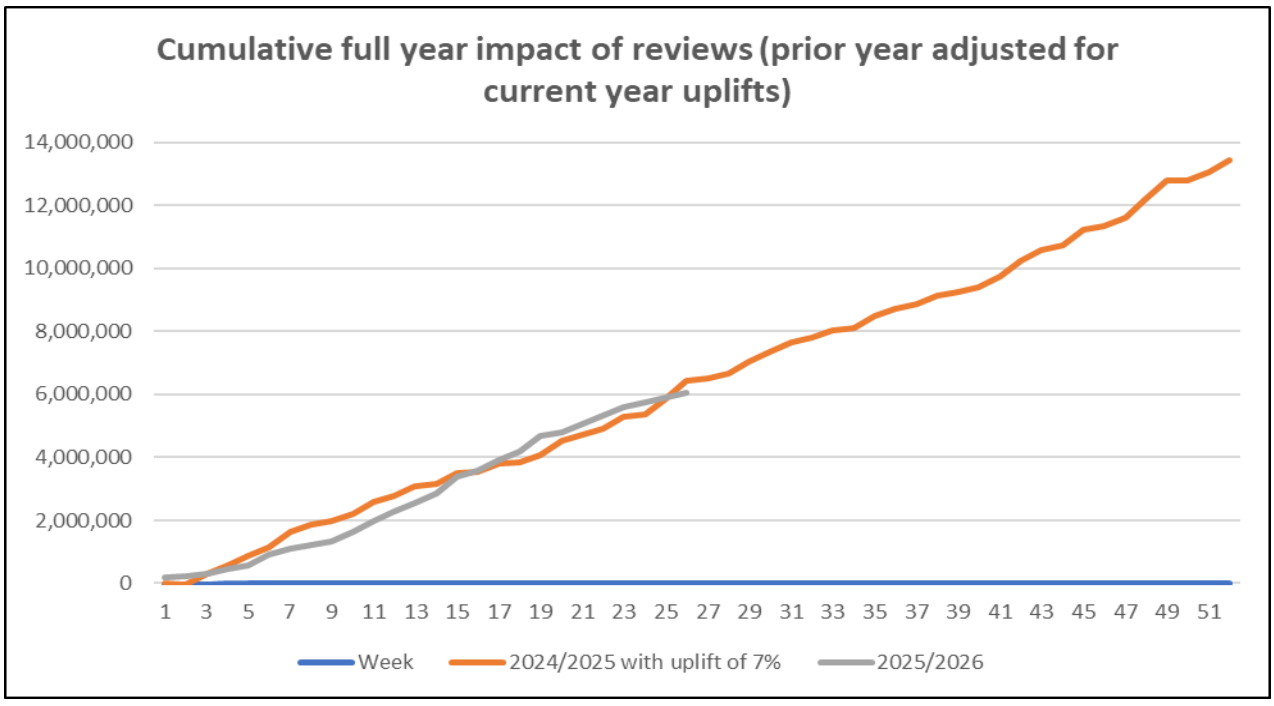
Reviews

Service users should receive a minimum of one planned review in a 12-month period, additionally unplanned reviews take place for several reasons.



The above graph, using weekly numbers data, indicates that the rate of completed reviews had been pretty much in-line with the previous year until recently, however the level of planned reviews has fallen back in August when compared to last year. For 2024/25, 47.37% of planned reviews have been completed by the end of week 26 compared to 42.28% for 2025/26.

The graph below, using data from the spend overview dashboard, shows that the net total full year impact of reviews at week 26 in 2024/25 was £6.42m. The financial impact in 2025/26 for the same period is lower at £6.05m.



Service user numbers and average prices

At 31st August 2025 there are 3,480 unique service users, this is an increase of 184 (5.6%) from 3,296 at 1st April 2025.

This is greater than the budgeted net increase of 60 service users although note that investment was only provided for 50% of the expected increase but even allowing for that there is a higher level of service user than predicted. This is in large part due to fewer people exiting care rather than new service users through the front door.

The average weekly cost of all service users has reduced from £731 per week at 1st April 2025 to £723 at 30th August 2025, this is a decrease of £8 per week (1.1%). As changes to existing continue to show that on review there is a higher over value of increases than there are decreases this might indicate offsetting some of this, the average price of new service users has started to reduce and is lower than assumed when calculating the investment for 2025/2026. This might be expected from and explained by the work being carried out by the service in terms of reablement, increased signposting, enablement, early prevention etc.

The table below shows the changes in average prices.

	Weekly cost 1st April 2025	Weekly cost 31st August 2025	Change £	Change %
Care setting	440.00	440.00	0.00	0.00%
Day care	511.26	490.00	-21.26	-4.16%
Direct payments	364.52	361.05	-3.48	-0.95%
Domiciliary care	364.52	361.05	-3.48	-0.95%
Residential and nursing	1,120.93	1,129.50	8.57	0.76%
Shared lives	434.28	426.80	-7.48	-1.72%
Supported living	1,847.48	1,832.70	-14.78	-0.80%
ALL	**731.28**	**723.20**	**-8.08**	-1.11%

In all areas, apart from residential and nursing, average prices have decreased. There has been an identified trend with residential and nursing placements that more are being placed above published rates although the ‘premium’ above the published rate seems to be reducing.

More work will be carried out by the team in future months to better understand the factors driving down average prices.

All the figures are gross weekly costs and do not account for the level of service user or health contributions towards care costs. There has been no discernible reduction in the level of service user contribution.

Appendix 6 – Predicted re-phasing of capital funded schemes 2025/26 to 2026/27

Project	£m
Council Funded	
New Homes Bonus	(0.08)
Regenerating Walsall	(0.22)
Future High Street Fund	(3.66)
Willenhall Masterplan	(0.05)
Development team - capitalisation of posts	(0.25)
HVAC	(3.46)
Public toilets	(0.12)
Temporary accommodation maintenance	(0.07)
St Peters Church repairs to wall	(0.03)
Willenhall Memorial Park	(0.00)
Allotment boundary improvement works	(0.02)
Library books	(0.03)
Homelessness temporary accommodation expansion & design	(0.40)
Aid & adaptations	(0.23)
Digital transformation programme	(0.08)
DaTs programme	(0.17)
Externally Funded	
Capital maintenance	(0.60)
Willenhall masterplan	(5.59)
Community regeneration programme	(4.90)
Civic/Council House decarbonisation	(0.87)
Fibbersley LNR- Enovert	(0.00)
Bar Beacon security & infrastructure works	(0.02)
Nature recovery in partnership with Canal & River Trust-S106	(0.01)
Coronation living heritage fund	(0.03)
Trees for climate fund	(0.04)
Food waste collection capital grant	(1.00)
Transforming cities fund	(0.11)
Flood alleviation Bloxwich Road community walls/gates	(0.02)
Highways CCTV upgrade	(0.03)
Larksmill (Pelsall Wood) flood alleviation	(0.03)
Darlaston station walk & cycle access	(0.06)
Bloxwich Town Deal	(1.29)
Black Country legacy fund	(0.07)
Black Country LEP reinvestment digital fund	(0.04)
Purchase of dispersed temporary accommodation	(0.18)
Total	**(23.79)**

Appendix 7: Financial Health Indicators – September 2025

Treasury Management	2024/25 Actual	2025/26 Target	2025/26 Actual
Average Interest Rate (Borrowing) - Excluding other local authorities - Including other local authorities The average interest rate we are paying on the money we have borrowed compared to our target.	 4.29% 4.30%	 4.41% 4.46%	 4.25% 4.27%
Gearing Effect on Capital Financing Estimates: shows how a 1% increase in interest rates would affect the total interest cost to the council.	4.34%	5.00%	4.31%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution: borrowing not financed by a grant from government, as a proportion of our Net Revenue Expenditure	2.55%	12.50%	3.00%
Capital Financing Requirement (£m): How much money we currently borrow to finance our capital programme.	444.09	477.957	477.957
Authorised limit for external debt (£m): The maximum amount of debt we should have at any one time.	483.80	584.830	584.830
Investment Rate Average (excluding Property Fund): The average interest rate we are receiving on the money we have invested.	4.91%	3.72%	4.41%

Balance Sheet Ratios	2020/21	2021/22	2022/23	2023/24	2024/25 (draft)
Current Assets to Current Liabilities Ratio: Our ability to meet our liabilities	2.01	1.96	1.74	1.91	1.27
Useable Reserves to General Revenue Expenditure: If our reserves are adequate to meet potential future variations.	1.02	1.07	0.77	0.85	0.67
Long Term Borrowing: Tax Revenue (Using both council tax and NNDR for tax revenue) The effect of long term borrowing on our budget.	1.83	1.49	1.19	1.15	1.22
Long Term Assets to Long Term Borrowing: This allows us to understand the relationship between the money we borrow and the assets we have as they both change over time.	1.83	2.14	2.73	2.71	2.56
Total School Reserves to Dedicated School Grant: If school's reserves are at an appropriate level.	0.08	0.08	0.06	0.07	0.07

Revenues Performance % collected for financial year	2023/24 Actual Collected in total as at 30.09.2025	2024/25 Actual Collected in total as at 30.09.205	2024/25	
			Profiled 2025/26	Actual 2025/26
Council tax %: As a percentage the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that its related to, but this won't be included in this figure.	95.3%	94.0%	49.7%	49.7%
Total Council Tax collected: This tells us the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.	£157,923,271	£167,331,541	£94,850,000	£94,890,189
National Non Domestic Rate (NNDR) (%): As a percentage the amount of Business rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it related to.	98.2%	97.2%	52.0%	51.8%
Total NNDR collected: This tells us the amount of Business Rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.	£68,165,374	£75,479,332	£42,850,000	£42,727,654

Debtors and Creditors Performance	2024/25 Actual	2025/26	
		Target	Actual
Sundry Debtors Collection –Average number of days to collect debt	23days	24 days	23 days
Average number of days to process creditor payments	4 days	8 days	4 days

Appendix 8 - Prudential Indicators as at 30 September 2025

Prudential Indicator		Actual 2024/25 £m	Target 2025/26 £m	Expected Position at 31.03.26 £m	Variance to target	
					Numerical Variance	% Variance
Prl 1	**Capital Expenditure**	117.457	149.640	**125.35**	-24.29	-16%
This indicator is required to inform the council of capital spending plans, it is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure. Capital expenditure may be funded by grant, capital receipts and borrowing.						
Prl 2	**Ratio of financing costs to net revenue stream**	**4.67%**	6.21%	**5.49%**	-0.72	-12%
Financing costs - Divided by (Interest charged on loans Less Interest earned on investments)		**Budget requirement** (Revenue Support Grant + NNDR +Council Tax)			**The ratio of financing costs to net revenue stream (General Fund)** as a %	
Prl 3	**Estimates of the incremental impact of new capital investment decisions on Council Tax**	**£122.07**	£73.73	**£73.73**	0.00	0%
This is a notional amount indicating the amount of council tax band D that is affected by the capital programme in the budget report compared to existing approved commitments and current plans.						
Prl 4	**Capital Financing Requirement**	**445.694**	477.957	**477.957**	0.00	0%
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. It is updated at end of the financial year.						
Prl 5	**Authorised Limit for external debt**	**481.100**	584.830	**584.830**	0.00	0%
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movements and borrowing in advance of future need.						
Prl 6	**Operational Limit for external debt**	**437.360**	531.670	**531.670**	0.00	0%
This has been set at the level of the capital financing requirement less the CFR items relating PFI and finance leases.						
Prl 7	**Gross Borrowing exceeds capital financing requirement**	**No**	**No**	**No**		
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.						
Prl 8	**Authority has adopted CIPFA Code of Practice for Treasury Management**	**Yes**	**Yes**	**Yes**		
To ensure that treasury management activity is carried out within best professional practice.						
Prl 9	**Total principle sums invested for longer than 364 days must not exceed**	**0.0**	**25.0**	**10.0**		

The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.

Prudential Indicator continued		Upper Limit	Lower Limit	Actual 2024/25	Actual Position at 31-March-2026
Prl 10	Fixed Interest Rate Exposure	95.00%	40.00%	**100.00%**	**100.00%**
Prl 11	Variable Interest Rate Exposure	45.00%	0.00%	**0%**	**0.00%**
Prl 12	***Maturity Structure of Borrowing***				
	Under 12 months	25.00%	0.00%	**15.22%**	**20.85%**
	12 months and within 24 months	25.00%	0.00%	**14.76%**	**26.10%**
	24 months and within 5 years	40.00%	0.00%	**21.93%**	**9.01%**
	5 years and within 10 years	50.00%	0.00%	**0.00%**	**0.00%**
	10 years and above	85.00%	30.00%	**48.09%**	**44.04%**

Local Indicators as at 30th September 2025

Local Indicators		Actual 2024/25	Target 2025/26	Actual Position as at 31-March-2026	Variance to target		Met
					Numerical Variance	% Variance	
L1	**Full compliance with prudential code**	**Yes**	Yes	**Yes**	-	-	**Y**
L2	**Average length of debt**	**14.21**	Lower Limit 15 years, Upper limit 25 years	**12.76**	-	-	**N**
This is a maturity measure and ideally should relate to the average lifespan of assets.							
L3a	**Financing costs as a % of council tax requirement**	**3.62%**	20.00%	**4.55%**	-15.45	-77.24%	**Y**
L3b	**Financing costs as a % of tax revenues**	**2.55%**	12.50%	**3.00%**	-9.50	-76.00%	**Y**
These are a variation to Prl 3 excluding investment income and including MRP (amount set aside to repay debt costs). The target figure of 12.5% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favorable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.							
L4	**Net actual debt vs. operational debt**	**57.11%**	85.00%	**62.44%**	-22.56	-26.54%	**Y**
This assists the monitoring of the authority's debt position.							
L5	**Average interest rate of external debt outstanding excluding OLA**	**4.29%**	4.41%	**4.25%**	-0.16	-3.63%	**Y**
L6	**Average interest rate of external debt outstanding including OLA**	**4.30%**	4.46%	**4.27%**	-0.19	-4.26%	**Y**
The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council.							

L7	**Gearing effect of 1% increase in interest rate**	**4.34%**	5.00%	**4.31%**	**0.04%** **This would increase the average interest rate payable from 4.27% shown in L6 to 4.31%**		**Y**
This relates risk management principles to the monitoring of the TM strategy. It measures the effect of a change in interest rates and the effect it may have on the capital financing costs.							
L8	**Average interest rate received on STI vs. At Call rate**	**3.24%**	0.00%	**9.76%**	-9.26	n/a	**Y**
L9a	**AT call investments**	**4.87%**	3.73%	**4.20%**	0.48	12.75%	**Y**
L9b	**Short Term Investments**	**5.03%**	3.73%	**4.61%**	0.89	23.76%	**Y**
L9c	**Long Term Investments**	**5.02%**	3.73%	**5.21%**	1.49	39.87%	**Y**
L9d	**Property Fund Investments**	**4.46%**	4.50%	**4.14%**	-0.36	-8.00%	**N**
L10	**Average interest rate on all ST investments (ST and AT call)**	**4.90%**	3.72%	**4.34%**	0.62	16.52%	**Y**
L11a	**Average rate on all investments (ex. Property fund)**	**4.91%**	3.72%	**4.41%**	0.69	18.55%	**Y**
L11b	**Average rate on all investments (inc. property fund)**	**4.79%**	4.04%	**4.35%**	0.31	7.67%	**Y**
L12	**% daily bank balances within target range**	**99%**	99%	**99%**	0.00	0.00%	**Y**
This measures how good our daily cash flow prediction is. A figure of 98% and above indicates a high level of accuracy.							