

Cabinet – 12 February 2025

Corporate Budget Plan 2025/26 to 2028/29, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2025/26

Portfolio: Councillor M. Statham – Deputy Leader of the Council (Finance)

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

- 1.1 To provide the revenue and capital resource envelope for delivery of the council's aims and objectives and ensure that the statutory framework is met by recommending the statutory determinations (gross expenditure and income and council tax requirement for the year) and council tax bands, the capital programme, the Capital Strategy, and the Treasury Management and Investment Strategy to Full Council for approval.

2. Summary

- 2.1 The report contains several sections as follows:

- The Revenue Corporate Budget Plan and Capital Programme; comprising the final revenue and capital budget following consideration of consultation feedback and equality impact assessment by Cabinet. This also includes the Capital Strategy and the Flexible Use of Capital Receipts Strategy.
- Treasury Management and Investment Strategy as required by the Treasury Management Code of Practice (2017). 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.
- Treasury Management Policy Statement as required by the Treasury Management Code of Practice (2017).

3. Recommendations

3.1 That Cabinet note:

- a. That at the time of dispatch of this report, the final local government settlement for 2025/26 is awaiting the final parliamentary debate and vote to take place on 5 February. Any changes arising from this, will be included within the final papers to Council on 26 February 2025.
- b. 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 precept levels for 2025/26. Draft figures have been included. Final figures will therefore be provided prior to or at the Council meeting of 26 February 2025 should they change.
- c. That at the time of despatch of this report, the levy authorities, (Environment Agency and West Midlands Combined Authority - Transport Levy) had not formally notified the authority of their final demand for 2025/26. Estimates have been used for the Transport Levy based on informal communication. (The final Transport Levy is expected to be approved early February and will be included within the final papers to Council).
- d. That the council tax base, set by the S151 Officer under officer delegations, is 74,375.36 for 2025/26.
- e. The amendments to the revenue budget arising from the provisional settlement, including changes to savings and investment proposals identified since the October Cabinet report, as set out in section 4.25 and Table 1.
- f. That Members must have due regard to consultation feedback and the public sector equality duty (Section 149 of the Equality Act 2010) when making budget decisions.

3.2 That Cabinet approve:

- a. That delegated authority be given to the S151 Officer to make any necessary amendments, after consultation with the Leader of the Council, to take account of the final local government settlement, final levies and precepts, final grant allocations and final technical guidance or legislation on the budget; and to make any necessary amendments to the statutory determinations and council tax bands to take account of those changes and the resulting final analysis of the budget and for these amendments to be submitted and therefore recommended to Council at its meeting on 26 February 2025.
- b. Approve the policy service changes as set out in Appendix 3 Section A of this report.

- c. That delegated authority be given to the S151 Officer, after consultation with the Leader of the Council and Chief Executive, to agree the council's final contribution to the West Midlands Combined Authority.

3.3 **That Cabinet approve and recommend to Council**, subject to receipt of the final local government settlement, final precepts and levies, receipt of and final changes arising from final grant allocations, technical/legislative guidance and final specific grant allocations (substitute figures and resolution to be provided to Council by the S151 Officer to take account of any changes arising from these) the following:

3.3.1 Revenue

- a. The financial envelope of resources for 2025/26 as set out in **Part 1** "The Revenue Corporate Budget Plan and Capital Programme".
- b. A Walsall Council net council tax requirement for 2025/26 of £162.78m and a 2.99% increase in council tax, plus a further 2% increase for Adult Social Care precept (total council tax increase of 4.99%).
- c. That the recommendations of the S151 Officer in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves **be approved**, including the levels of central contingency and reserves and an opening general reserve of not less than £24.12m, as set out in the S151 Officer Section 25 statement in **Annex 12** of the Budget Plan.
- d. The (estimated) levies below for outside bodies and Cabinet approve that the final figures **be substituted** for these provisional ones once they are available at the Council meeting on 26 February 2025. (An estimate has been used within this report based on informal notification from the authorities).

LEVY	AMOUNT (£)
West Midlands Combined Authority Transport Levy	12,138,685
Environment Agency	87,443

- e. The following statutory determinations (references are to the Local Government Finance Act, 1992 as amended), and subject to any final changes arising from receipt of final precepts and levies, receipt of final grant allocations, technical/legislative guidance and final specific grant allocations, **and Cabinet approve that these will be substituted** at the Council meeting on 26 February 2025 for the final figures once received:
 - I. £847,301,134 being the aggregate gross expenditure, which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act.
 - II. £684,524,743 being the aggregate income which the council estimates for the items set out in Section 31A(3) (a) to (d) of the Act.

- III. £162,776,391 being the amount, by which the aggregate at (e) (I) above exceeds the aggregate at (e) (II), calculated by the council in accordance with Section 31A(4) of the Act, as its council tax requirement for the year.
- IV. £2,188.58 being the amount at (e) (III) above, divided by the council tax base of 74,375.36, calculated by the council in accordance with Section 31B of the Act, 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 (e) (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
1,459.05	1,702.23	1,945.40	2,188.58
E	F	G	H
2,674.93	3,161.28	3,647.63	4,377.16

- f. The draft precept from the Fire and Rescue Authority and the Police and Crime Commissioner, 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 and Cabinet **approve** that the final figures **be substituted** once they are available at the Council meeting on 26 February 2025.

PRECEPTING AUTHORITY	VALUATION BANDS			
Police And Crime Commissioner	A	B	C	D
	153.00	178.50	204.00	229.50
	E	F	G	H
	280.50	331.50	382.50	459.00
Fire & Rescue	A	B	C	D
	53.46	62.37	71.28	80.19
	E	F	G	H
	98.01	115.83	133.65	160.38

- g. That having calculated the aggregate in each case of the amounts at (e) (v) and (f) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts of council tax for 2025/26 for each of the categories of dwellings shown below and Cabinet **approve** that the final figures **be substituted** once the final precepts are available at the Council meeting on 26 February 2025.

A	B	C	D
1,665.51	1,943.10	2,220.68	2,498.27

E	F	G	H
3,053.44	3,608.61	4,163.78	4,996.54

- h. That notice **be given** of the council tax within twenty one days of it being set by publishing details of the same in the “Express and Star” newspaper circulating in the Authority’s area.
- i. That the S151 Officer **be instructed** to take all necessary action in relation to council tax, and national non-domestic rates, including, where appropriate, the signing of all documents, billing, the giving of notices and the taking of necessary steps to ensure collection thereof.
- j. That the S151 Officer **be given delegated authority** to make transfers to and from reserves in order to ensure that reserves are maintained as necessary and in particular, adjusted when reserves are no longer required, or need to be replenished.
- k. That, pursuant to Section 52ZB and 52ZC of the Local Government Finance Act 1992, the relevant basic amount of council tax for the Council is not excessive in relation to determining whether a referendum is required.

3.3.2 Capital

- a. The allocation of capital expenditure plans as set out in **Part 1** “The Revenue Corporate Budget Plan and Capital Programme” and that the capital and leasing programme as set out in **Annex 10 be approved**. Schemes funded from grant will commence when final allocations are published.
- b. That the S151 Officer be **given delegated authority** to determine how each source of finance is used to fund the overall capital programme and to alter the overall mix of financing as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the council.
- c. That the S151 Officer, after consultation with the Deputy Leader of the Council (Portfolio Holder for Finance), be **given delegated authority** to release capital resources held back for any contingent items that may arise (earmarked capital receipts for essential or emergency spend), and also for any match funding requirements that may be required of the council in order to secure additional external capital funding (e.g. bids for government or other funding).
- d. That the S151 Officer be **given delegated authority** to determine the use of capital receipts in relation to the Flexible Use of Capital Receipts to ensure that they meet the requirements set out by the Secretary of State.
- e. The Capital and Investment Strategy set out in **Annex 7** of the Budget Plan **be approved**.

- f. The Flexible Use of Capital Receipts Strategy set out in **Annex 11** of the Budget Plan **be approved**.

3.2.3 Treasury Management

- a. **Part 2A** – The Treasury Management and Investment Strategy 2025/26 onwards, including the council's borrowing requirement, borrowing limits, and the adoption of prudential indicators, **be approved**.
- b. That decisions to effect movements between conventional borrowing and other long term liabilities, such as leases, **be delegated** to the S151 Officer.
- c. That decisions to use capital receipts or borrowing within the framework of approved prudential indicators **be delegated** to the S151 Officer.
- d. **Part 2B** – Treasury Management Policies, **be approved**.

4. **Report detail – Know**

- 4.1 The council's budget is a financial representation of the organisation's plans. It is constructed as an integral part of the council's planning processes and aligned to its priorities and objectives. The attached Budget Plan at **Part 1** sets out the revenue and capital plans for service delivery for 2025/26 and beyond.

Council Corporate Plan priorities

- 4.2 The budget is the financial plan supporting delivery of the organisation's key objectives and priorities. The budget process is a four yearly cycle, updated annually, aiming to support delivery of council priorities and outcomes within the available resources. It aims to achieve this through the delivery of efficiencies, commercialisation and service reviews and redesign to redirect existing and reducing resources to areas of high priority in order to deliver the council's outcomes. This budget has been prepared to align resources to the delivery of the new Council Plan 2025-2029.

Risk management

- 4.3 The council reviews corporate financial planning and budget principles in accordance with the medium-term financial framework (MTFF). The budget setting process includes a comprehensive financial risk assessment to determine key risks and their potential impact on the budget. Services undertake risk assessments of their services and budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate 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.
- 4.4 The identification of risks, and recommended level of reserves, is referred to in the Chief Finance Officer (S151 Officer) **Section 25 statement** at **Annex 12** of the Budget Plan.

The Council continues to operate in a challenging financial environment with uncertainty over funding beyond 2025/26. To ensure long term financial sustainability it is critical that the Council has an appropriate level of earmarked reserves and general reserve to be able to mitigate any risks that appear in year which cannot be contained within Directorate budgets. It is unlikely that all risks identified will arise, however new risks are likely to emerge. The level of reserves should be sufficient to cover all but the most unusual of events. Any in-year use of general reserves may require replenishment to ensure the opening level of reserves is as recommended by the MTF.

- 4.5 A number of our programmes and projects are heavily influenced and dependent upon process and governance at the West Midlands Combined Authority (WMCA), for example our named projects in the City Region Sustainable Transport Settlement (CRSTS) and UK Shared Prosperity Fund (UKSPF). Such risk will be continually monitored by transport officers and via the WMCA S151 Finance Director group.

Financial implications

- 4.6 The council must set a balanced budget to meet its legal requirements as set out under 'legal implications'. This report fulfils that duty and proposes cash limits for services to enable them to deliver the council's key priorities.

Legal implications

- 4.7 The legal duty for a council's finances falls within S151 of the Local Government Act 1972. Arrangements for the proper administration of the council's affairs are secured by the S151 Officer.
- 4.8 Cabinet recommends the revenue budget and capital programme envelope to Council. Councils are responsible for making a calculation in accordance with sections 31A to 37 of the Local Government Finance Act 1992 (as amended). This includes the statutory determinations (aggregate gross expenditure, gross income, council tax requirement for the year) and setting the council tax for a financial year.
- 4.9 Under the Local Government Act 2003 (s25), an authority must set a council tax and balanced budget, giving 14 days' notice of the council tax level prior to the date of billing. The Council must set a budget before 11 March of each year. This will include the S151 Officer's Section 25 statement that deals with the robustness of the budget estimates and the adequacy of the reserves for which the budget provides, together with an assessment of risk. This is provided at **Annex 12** of the Budget Plan. The Council must have regard to this in setting the budget envelope.
- 4.10 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. This is provided at **Part 2** of the Budget Plan.

- 4.11 In recent years Central Government has capped the level of council tax rises. For 2025/26, the Government have announced that local authorities will need to seek approval of their electorate via a local referendum if they propose to increase council tax levels by 5% or above as confirmed as part of the provisional local government settlement on 18 December 2024, inclusive of the 2% ring-fenced for Adult Social Care. This report proposes a 4.99% increase.
- 4.12 Section 138 of the Local Government and Public Involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. The duty to consult that is imposed on councils comes from two other sources:
- Specific legislation, such as the education act duties to consult on certain services etc., and,
 - The common law duty, which is well established in law.

The approach to consultation was reported to Cabinet on 15 January 2025 as well as full details and feedback.

- 4.13 The 2010 Equality Act, whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function. 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.
- 4.14 An Equality and Health Impact Assessment (EHIA) is the chosen procedure, by the council, for checking the lawfulness of decisions in relation to the impact on people with certain characteristics protected by the Equality Act 2010. Equality and Health Impact Assessment of the budget proposals was reported to Cabinet in January 2025.
- 4.15 Saving plans, prior to implementation, will include consideration of equality and health impact, legislative and other requirements, duties or obligations imposed by statute, secondary legislation or guidance upon the council, specifically in the context of proposals which involve changes to service provision.

Procurement Implications / Social Value

- 4.16 There are no direct implications arising from this report. Any procurement implications as a result of the budget and the development of service redesign benefits will be set out within the relevant proposals as they are developed.

Property implications

- 4.17 There are no direct implications arising from this report. Any direct property implications as a result of service redesign will be set out within the relevant proposals as they are developed.

Health and Wellbeing implications

- 4.18 There are no direct implications arising from this report. Any direct health and wellbeing implications as a result of service redesign will be set out within the relevant proposal as they are developed.

Staffing implications

- 4.19 There will be some staffing implications arising from this report. The contribution of the trade unions is important to the council achieving its key aims and objectives, particularly in these challenging times. Officers will consult widely with them on the employee implications of service redesign and delivery.
- 4.20 Staff affected by proposals included in the budget will be supported as appropriate throughout the process and the number of redundancies will be minimised wherever possible.

Reducing Inequalities

- 4.21 Equality and Health Impact Assessment (EHIA) are undertaken on proposals as they are developed and reported to Cabinet to allow them to consider any revisions required to the final budget for recommendation to Council. Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the council to ensure it makes better decisions, based on robust evidence. Equality and Health Impact Assessment analysis was reported to Cabinet in January 2025.

Climate Change

- 4.22 This report is prepared with consideration of the council's Climate Change Action Plan where applicable. Directors are required to ensure proposals are assessed, as appropriate, against the six key areas of the plan: strategy, energy, waste, transport, nature, resilience and adaptation.

Consultation

- 4.23 For our services to meet the needs of local residents, and of the community at large, it is essential that our plans and policies take into account the views of local people and others who use our services. We use a broad range of consultation methods to ensure as far as possible that people have sufficient information to comment, as well as the time and any necessary support they require to enable them to have their say. All feedback gathered is collated and carefully considered, along with other information, as part of the decision making process.
- 4.24 Stakeholder consultation has been undertaken with elected councillors through Overview and Scrutiny Committees, with trade unions via the council's Employee Relations Forum (ERF), national non-domestic ratepayers and voluntary and community organisations on the budget and draft council tax increases. Budget consultation has also been undertaken with residents and other stakeholders. Full details of the consultation process and findings were presented to Cabinet in January 2025.

Amendments to the Revenue Budget

- 4.25 Since the draft revenue budget was presented to Cabinet on 16 October 2024, with an update reported to Cabinet on 15 January 2025, there have been a number of funding announcements and technical and other changes to the budget; these can be summarised as follows:
- The provisional 2025/26 Settlement was received on 18 December 2024. This confirmed referendum principles for the increase in council tax of 2.99% along with a further 2% precept for social care authorities in 2025/26. A council tax increase of 4.99% is included in the proposed budget for 2025/26.
 - The Settlement also confirmed changes to other specific grants. The net impact of the settlement was a £14.19m net increase in funding compared to 2025/26 MTFO assumptions.
 - Additional investment in services, including; additional investment to support demand within adult social care following a review of existing and future forecasts; investment to fund shortfalls in income projections, impact of revised pay changes including changes to national insurance contributions and new grant allocations.
 - Finalisation and approval by the S151 Officer, under delegations, of the council tax base and NNDR1 (business rates) return in January 2025;
 - Details on the above are provided within the Budget Plan.

The changes resulted in a balanced budget for 2025/26, subject to the successful delivery of £29.04m of identified savings, as referred to in **Annex 3** of the Budget Plan. **Table 1** summarises the changes made to the MTFO reported to Cabinet in October 2024, full details are shown in **Annex 4**.

Table 1: Movement in MTFO since draft budget update report to Cabinet on 16 October 2024					
	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Gap as per report to Cabinet 16 October 2024	11.05	7.47	0.00	0.00	18.52
Total changes to investments	15.55	(1.46)	0.63	4.26	18.98
Total changes to savings	(0.18)	(2.73)	2.13	(0.80)	(1.58)
Total service adjustments	(9.27)	0.00	0.00	0.00	(9.27)
Total central adjustments	(17.15)	0.72	1.79	(0.08)	(14.72)
Revised savings to be identified	0.00	4.00	4.55	3.38	11.93

Note: Figures in brackets refer to a reduction in expenditure; increase in savings or grant; or use of reserves.

Amendments to the Capital Programme

4.26 The revised draft capital programme was set out in the report to Cabinet on 16 October 2024, totalling £80.14m for 2025/26 and £207.16 across the four years to 2028/29. The programme has increased by £12.44m to £92.58m in 2025/26 (£63.57 across the four years to 2028/29) with the following additions:

- Inclusion of a number of proposed carry forward schemes from 2024/25 totalling £56.75m (£8.28m council funded and £48.63m external funded), now shown in a separate column on the capital programme at Annex 8 and Annex 9 of the budget plan. All carry forwards will be reported to Cabinet for approval alongside the outturn position for 2024/25 once finalised.
- Reprofiting of capital grant funded schemes, most significantly £10.00m of basic needs funding to be spent on schools and £1.72m of High Needs funding for the provision of facilities for children with special education needs and disabilities.

Details of the changes are shown in Annex 5.

Treasury Management and Investment Strategy for 2025/26 Onwards, and Capital Strategy

4.27 The Treasury Management Code of Practice requires regular reporting of treasury management performance and practice and sets out the minimum reporting requirements.

4.28 This report provides two of these requirements, in the form of the annual Treasury Management and Investment Strategy at **Part 2A** and Treasury Management Policies at **Part 2B**. It also meets the requirement for the authority to produce and publish a Capital Strategy each year, which demonstrates how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and takes account of stewardship, value for money, prudence, sustainability and affordability.

- 4.29 Borrowing and investment objectives have been updated to reflect both the current interest rate environment and the projected financial position for each year that the strategy covers.

5 Decide

- 5.1 As set out in the legal section, Councils are required to set a legal budget. This report is the final stage in that process and Cabinet are asked to approve the recommendations as set out and recommend the budget to Council on 26 February 2025 for formal approval of the 2025/26 statutory determinations and council tax bands.**

6 Respond

- 6.1 Following recommendation by Cabinet, this budget report and plan will be forwarded on for formal approval by Council on 26 February 2025.**

7 Review

- 7.1 Following approval by Council on 26 February 2025, the 2025/26 budget will be formally set and monitored throughout the year. Council tax bandings will be set and bills formally produced and distributed in accordance with approved guidance.**

Background papers

Various financial and working papers.

Corporate Budget Plan 2024/25 to 2027/28, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2024/25 – Council 22 February 2024.

Corporate Financial Performance 2024/25 and approach to Budget Setting for 2025/26 - Cabinet 17 July 2024.

Draft Revenue Budget and Draft Capital Programme 2025/26 to 2028/29 - Cabinet 16 October 2024.

Draft Revenue Budget and Draft Capital Programme 2025/26 to 2028/29 Update - Cabinet 15 January 2025.

Local Government Finance Settlement data.

Equality Impact and Health Assessments.

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Judith Greenhalgh
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12 February 2025



Shaun Darcy
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12 February 2025



Councillor M Statham
Deputy Leader – Finance

12 February 2025

For Approval by Cabinet and Recommendation to Council:

Part 1 - Corporate Budget Plan 2026/27 – 2028/29, incorporating

- Budget and statutory determinations for 2025/26;
- Medium Term Financial Outlook for 2026/27 – 2028/29;
- Capital Strategy;
- Flexible Use of Capital Receipts Strategy;
- Treasury Management and Investment Strategy;
- Treasury Management Policy Statement

February 2025

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Corporate Budget Plan 2025/26 – 2028/29

1. Financial planning and management: matching resources to our vision and delivering outcomes

Walsall Council exists to serve the people and communities of Walsall, by representing and working with them to protect and improve the quality of life for all, particularly the most vulnerable. Walsall Council will provide strong, fair, open and honest leadership for the borough and its people and work with any organisation willing to work in the best interests of Walsall. We do this with limited resources and must always work to ensure that public money is targeted to where it is most needed and used in the most efficient way possible. We are led by the communities we serve who help shape the services we provide, and we help those communities to make a positive difference to their own lives through active civic engagement and co-operation. We strive to be a continuously improving council, delivering excellence, reducing inequalities and improving life chances for all.

The council's budget is a financial representation of the organisation's plans for the forthcoming financial year and beyond. In times of economic uncertainty, it is imperative that the council plans over the medium term. This budget for 2025/26 and the financial framework set out in this report for the following three financial year ensures we have a clear financial strategy that underpins the delivery of the outcomes we set out in our Council Plan. The decisions proposed in this budget will ensure Walsall's finances are robust and sustainable whilst being ambitious to provide the best possible services to our communities.

This budget will tackle the financial challenges we continue to face as demand for services continue to increase much more quickly than our resources. It addresses the demographic growth in adult social care, the increasing number of children and families needing support, home to school transport and delivers on our commitments set out in the new Council Plan. We will do this by resourcing the additional costs we face now whilst retaining sufficient capacity to invest to be more efficient and effective in the future. We will drive cost reductions through investment in digital technologies and data, reducing demand through targeted prevention activity, adopting more commercial approaches setting financial returns and payback periods for our investments and continuing to support investment that provides for a buoyant taxbase.

This budget has been prepared using the council's high-level purpose and priorities as outlined in Our Council Plan 2025-2029. This sets out our vision and priorities for the next four years, where our resources will be prioritised, and how we will deliver against the We Are Walsall 2040 vision.

Our Ambitions



We have adopted the We Are Walsall 2040 ambitions as the overarching framework for our council priorities.

We have also identified cross-cutting principles that apply across everything that we do to enable us to deliver all our priorities more effectively.

Embedding these principles across all our services will support our future success.

The budget is aligned to the outcomes of the Council Plan:

- A clean and green future
- A quality experience for all
- A skilled and engaged workforce
- Accessible services and connected places
- Celebrating our culture and heritage
- Child Friendly Borough
- Homes for All
- Living active healthy lives
- Resilient and empowered communities
- Safer streets, safer people
- Skills and jobs for all
- Supported and cared for
- Supporting business and inclusive growth
- Value for money services
- Vibrant towns

Our budget proposals will recognise that we need to retain flexibility in what is an uncertain and rapidly changing economic and political environment. We continue to be dominated by fundamental financial uncertainties and our economic situation remains hugely challenging over both the short and medium term. In addition, global conflict is increasing economic uncertainty. We are faced with continuing inflationary risk and relatively high interest rates, predictions of low levels of economic growth alongside the uncertain timing and impacts of key national policy choices including adult and children's social care reform, DSG, the fair funding review of central government support for local authorities. We continue to see the emergence of long-term societal impacts of the global pandemic and rising demand for our services as households and communities struggle with the rising costs of living.

To ensure the finances of the Council are robust and sustainable we will invest:

- £25.21m in adult social care to protect our elderly citizens and vulnerable adults to fund additional demand and manage the cost of placements whilst continuing to make progress on our demand management initiatives.
- £13.95m in our Children's Services and Education including £3.55m in Home to School transport and £4.50m to support children in care.
- Up to £2.31m in waste management and recycling to deliver our commitment to a clean and green future for our communities.

We will build on the success of the Proud Transformation journey in recent years and use our short-term resources to deliver the next stage of transformation focusing on adult and children's social care and digital opportunities. We will make sure we make the best use of the funding available, ensuring investments are supported by business cases and realise benefits and help to address the long term issues of growing demand for the services we provide to vulnerable residents and the structural failures in the market for these services. Our transformation activities will be re-focused to support the organisation with evidence based decision-making through which we are looking to maximise impact without detriment to our medium-term financial sustainability. We will put in place even more rigorous prioritisation and evaluation process before funding allocations are confirmed, encompassing all allocations including both capital and revenue.

We will deliver £29.04m of budget reductions in 2025/26, increasing to £73.86m by 2029, through better procurement, improvements in efficiencies, increased income and delivering reductions in demand. We will ensure the services provided by the council deliver value for money for the taxpayers of Walsall.

We acknowledge the need for an increase in local council tax, which now amounts to 19.21% of our budget, and is necessary to fund statutory duties in the main demand driven service areas like social care and home to school transport. In the absence of other funding options, we will use the opportunity provided by the Government to levy additional council tax of 4.99% (2.99% core council tax plus up to 2% adult social care levy), to provide resources to fund rising costs and demand for our services. This is equivalent to an increase of £1.99 per week for a Band D dwelling.

2 The Medium Term Financial Framework (MTFF)

The MTFF 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 effective sound governance and good practice. It is the translation of our vision, aims and objectives into a financial plan, which thereby facilitates delivery of these through the portfolio planning process.

The MTFF 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.

Best practice financial management requires that the MTFF is regularly updated to take into account the changing environment within which we work. The last MTFF was updated and approved by Cabinet on 20 October 2021, which is currently being thoroughly reviewed and will be reported back to Cabinet for approval in due course.

Figure 1 shows the relationship between the various components of the financial framework. The MTFF is the overarching corporate financial policy sitting below the Council Plan and above the other elements of the financial cycle. It is the driver for all other financial activity. Below the MTFF sit the other financial strategies; the Capital Strategy and the Treasury Management and Investment Strategy.

Figure 1: THE FINANCIAL FRAMEWORK					
CATEGORY	OVERALL	REVENUE	CAPITAL	TREASURY MANAGEMENT	RISK MANAGEMENT
Strategies	Medium Term Financial Framework				
		Tax Strategy	Capital Strategy	Treasury Management (TM) Strategy	Risk Management Strategy
Guidance	CIPFA and technical guidance	Budget Guidelines	Capital Guidelines	CIPFA Code of Practice for TM	Risk Management Toolkit
Plans	MTFO	Annual Budget	Capital Programme and Asset Management Plan	Treasury Policy Statements	Risk Management Action Plans
Governance	Constitution	Budget Management and Control Manual and the Annual Governance Statement		Prudential Indicators & Annual Report	Risk Register reporting and regular review
	Contract and Finance Rules				Audit Committee Reports and Annual Report
	Internal and External Audit Plans and our response to inspection and audit				

The council adopts a policy-led, medium term approach to financial planning, seeking 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. We will also ensure that we benchmark against the Financial Management Code of Practice.

How we will achieve this is through:

- Financial Governance and Leadership
- Financial Planning
- Finance for Decision making
- Financial Forecasting and Monitoring
- Financial Reporting

Financial governance and leadership

1. Our senior management will be financially literate and able to understand fully the financial environment in which the council 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 council's key strategic priorities.
2. An annual medium term financial framework, covering a four-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 council plan we will consider the value for money achieved by allocating resources to different activities.
2. We will understand the financial implications of current and potential alternative policies, programmes, and activities.
3. We will analyse our cost profiles and cost drivers and how they will behave under different circumstances.
4. We will understand the whole-life costs associated with capital investment.
5. We will consider all tax related implications, as outlined in the council's tax strategy, in all decisions made.

Financial monitoring and forecasting

1. 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, 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, are easy to understand and highlight the key financial issues that they need to be aware of.
3. For its part, 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

3. Summary of the 2025/26 Revenue Budget

DIRECTORATE	2024/25 REVISED FORECAST £	BASE BUDGET ADJUSTMENTS £	PAY CHANGES £	GROWTH AND DEMAND PRESSURES (Annex 2) £	INDICATIVE SAVINGS (Annex 3) £	2025/26 FORECAST BUDGET £
Adult Social Care & Public Health	92,503,798	(1,152,006)	900,001	25,208,416	(8,709,812)	108,750,397
Children's Services & Education	98,198,162	(3,098,372)	1,739,185	13,946,633	(7,621,214)	103,164,394
Economy, Environment & Communities	53,547,825	(5,705,560)	2,602,419	6,153,763	(3,749,535)	52,848,912
Resources & Transformation	47,110,929	(546,490)	2,683,214	2,065,591	(2,054,962)	49,258,282
TOTAL SERVICES	291,360,714	(10,502,428)	7,924,819	47,374,403	(22,135,523)	314,021,985
Non-service specific prudence/central items/capital financing	(135,283,847)	(30,989,772)	0	16,466,333	(6,909,276)	(156,716,562)
Levies:						
West Midlands Combined Authority Transport Levy	11,560,655	0	0	578,030	0	12,138,685
Environment Agency	87,443	0	0	0	0	87,443
NET REVENUE EXPENDITURE	167,724,965	(41,492,200)	7,924,819	64,418,766	(29,044,799)	169,531,551
(Use of) / contribution to reserves	(15,692,541)	8,937,381	0	0	0	(6,755,160)
TOTAL COUNCIL TAX REQUIREMENT	152,032,424	(32,554,819)	7,924,819	64,418,766	(29,044,799)	162,776,391

3.1 2025/26 Revenue Budget Headlines

To reflect the significant pressures on communities and the increasing demand for services we are responsible for, whilst ensuring we continue to develop so we can deliver the public services expected for the future, we are making allocations totalling £64.42m.

We will allocate £11.21m for the estimated cost of pay inflation, pension and national insurance increases in 2025/26.

In addition to meeting the estimated cost of pay increases we will also provide £53.21m to meet additional spending needs. Details of the allocations and how we expect the funding to be used are also detailed in Annex 2.

Allocations for future years, as listed in Annex 2, are indicative at this stage. They are detailed as part of ensuring that our budget proposals are robust and sustainable over the medium-term. We require the need for, and level of, all these allocations to be reviewed as part of the 2026/27 budget refresh.

Our plan for budget reductions will generate savings of £29.04m in 2025/26 and a further £44.82m over the period of the Medium Term Financial Outlook. Approval is given to the plans for the delivery of these savings detailed in Annex 3. If during 2025/26 any of the budget reductions do not materialise to the degree shown, the Director in conjunction with their Executive Director and Portfolio Holder should identify alternative proposals to ensure the required reductions in expenditure are delivered. We will report on this as part of quarterly monitoring reports to Cabinet.

We will use £478.70m of government grants to support the budget as shown in Annex 6. Any variations to the levels of funding received will be matched by an equivalent adjustment in the budget for the respective service.

We will use business rates funding of £84.25m to support the overall budget of the council. We recognise that the level of income we will receive from business rates remains a material financial risk. In the event of business rates funding being above or below this level the s151 Officer is authorised to make an adjustment to the Business Rates Reserve during the 2025/26 financial year.

We will use £6.75m of reserves in 2025/26 to fund time-limited costs and budget allocations. We recognise that the budget inherently includes financial risks that may materialise during the financial year, especially relating to the estimates used to forecast expenditure for demand led services and the assessment of timely and full delivery of budget reductions. To mitigate these risks specific earmarked reserves have been identified and the s151 is authorised to draw on these during the 2025/26 financial year if it becomes necessary. These reserves are in addition to the general reserve considered in the s25 statement in Annex 12.

The council tax will increase by 4.99% in 2025/26, comprising 2.99% core council tax and 2% adult social care levy. With the other funding resources identified above, this will fund the proposals contained within this resolution.

3.2 Government funding

The local government finance settlement is the annual determination of funding to local government from central government. The provisional local government finance settlement for 2025/26 was announced on 18 December 2024. We expect the final 2025/26 settlement to be laid before the House of Commons, for its approval, in early February 2025. Any material change in the final settlement will be included in the final budget proposals to Council on 26 February 2025.

The provisional settlement has been favourable for Walsall compared to the planning assumptions used when developing the budget for 2025/26. Details of the Provisional Settlement has been presented to Cabinet on 15 January 2025 and can be accessed [here](#). Details of government grants are available in Annex 6.

3.3 Council Tax – Referendum principles

In recent years Central Government has capped the level of council tax rises. Capping principles are determined on a year-by-year basis. Since 2012/13, each authority has been required to determine whether their council tax increase requires a referendum, which would require the seeking of support from 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 a set of principles determined by the Secretary of State and agreed by the House of Commons.

The provisional local government settlement for 2025/26, as announced on 18 December 2024, confirmed the council tax referendum limit of up to 5%, inclusive of 2% for the social care precept. This would mean that if a local authority seeks to raise its relevant basic amount of council tax by 5% or more for 2025/26, local people would have the right to vote to keep council tax bills down through a binding referendum veto. Given the scale of the challenge in 2025/26, Walsall proposes to increase the council tax by the full 4.99% permitted.

This increase equates to a council tax increase of £1.99 per week or 28p a day for a band D property or a £1.33 increase per week (19p per day) for a band A. 67.39% of residents are in band A and B increasing to 83.44% including band C.

It is recognised that the above may have an impact on residents' income. Where residents are on low incomes, they may be entitled to council tax reduction, may be offered welfare benefits and/or money management advice. The council also has a discretionary scheme in place to help those who need support.

3.4 Levies and Precepts

Table 1 shows the levy to be made on Walsall Council by the West Midlands Combined Authority for transport, and the levy by the Environment Agency.

Table 1: Levies 2025/26				
Levy	2024/25 £	2025/26 £	Increase / (Decrease) £	Increase / (Decrease) %
West Midlands Combined Authority Levy (Transport)	11,560,655	12,138,685	578,030	5.00
Environment Agency	87,443	87,443	0	0

Walsall's precepting authorities are the West Midlands Police and Crime Commissioner, and West Midlands Fire and Rescue Authorities, as shown in Table 2 below.

Table 2: Precepts 2025/26				
Precepting Authority	2025/26 Amount £	Band D 2025/26 £	Band D 2024/25 £	Band D Increase %
WM Police and Crime Commissioner	16,031,609	299.50	215.55	6.47
WM Fire and Rescue	5,964,282	80.19	75.20	7.97

Table 3 shows the council tax calculation at Band D.

Table 3: Net Council Tax Requirement and Council Tax Levels 2025/26		
Element of budget	2025/26 budget £	Council Tax Band D £
WMBC element - required from council tax	162,776,391	2,188.58
Police & Crime Commissioner precept	16,031,609	229.50
Fire & Rescue precept	5,964,282	80.19
Total from council tax	184,772,282	2,498.27

3.5 Net Council Tax Requirement

The gross revenue expenditure budget for 2025/26 will be **£847.30m**, and gross income will be **£684.52m**, resulting in a net council tax requirement of **£162.78m**.

The council tax requirement for the period 2025/26 to 2028/29 is shown in Table 4. The council tax requirement for 2026/27 to 2028/29 will be reviewed and updated as part of the budget setting process for each year, the figures presented here are estimates based on the best information currently available.

Table 4: Council Tax requirement				
	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Council tax Requirement	152.03	162.78	172.05	181.84
Cost Pressures:				
Growth and Demand Pressures (Annex 2)	64.42	29.17	25.43	28.98
Savings / efficiencies identified (Annex 3)	(29.04)	(21.69)	(10.23)	(12.90)
Other savings to be identified	0.00	(4.00)	(4.55)	(3.38)
Other movements / funding changes:				
Other changes including base budget adjustments, grants, income	(23.20)	(0.89)	0.94	(0.77)
Core Funding changes	(10.09)	1.05	(2.74)	(3.04)
Collection fund (surplus) / deficit	(0.12)	0.47	0.00	0.00
Transfer to / (from) reserves	8.79	5.16	0.94	1.45
Revised Council Tax Requirement	162.78	172.05	181.84	192.18
Council Tax Increase – General	2.99%	2.99%	2.99%	2.99%
Council Tax Increase – Adult Social Care precept	2.00%	2.00%	2.00%	2.00%

3.6 Collection Fund

The collection fund is accounted for separately to the general fund and accounts for income collected from council tax and business rates. In January of each financial year, an in-depth appraisal is undertaken to assess the estimated level of collection (as aggregated to include that relating to the current and previous years) and the likely balance of the fund as at year end. This advises Walsall Council and the precepting authorities (Fire and Police) of their share of the surplus/deficit to enable them to take this into account in budget calculations for the following year. Any difference between the January forecast and the actual year end position then reconciles the following year.

Business Rates Estimates

The assessment undertaken in January 2025 for Business rates predicts a cumulative surplus of £1.90m (£1.88m for Walsall) which is carried forward into the 2025/26 budget setting process. This has been calculated as detailed in Table 5 below.

Table 5: Collection Fund Estimates – Business Rates			
	Walsall Council £m	Preceptors £m	Total £m
Brought forward deficit	2.60	0.02	2.62
Payments to collection fund	(5.22)	(0.05)	(5.27)
Estimated in year deficit	0.74	0.01	0.75
Cumulative carry forward surplus	(1.88)	(0.02)	(1.90)

Council Tax Estimates

The assessment undertaken in January 2025 for Council Tax predicts a cumulative surplus of £0.54m (£0.47m for Walsall) which will be carried forward into the 2025/26 budget setting process. This has been calculated as detailed in Table 6 below.

Table 6: Collection Fund Estimates – Council Tax			
	Walsall Council £m	Preceptors £m	Total £m
Brought forward deficit	1.04	0.14	1.18
Payments from collection fund	0.34	0.05	0.39
Estimated in year surplus	(1.85)	(0.26)	(2.11)
Cumulative carry forward surplus	(0.47)	(0.07)	(0.54)

Changes to council tax base

The Council tax base is to be set at 74,375.36 Band D equivalents (72,932.78 in 2024/25). The council tax base (which measures the number of Band D equivalent properties) has increased mainly due to the estimated number of new build properties in the borough.

Changes to collection rates

In year collection for council tax is expected to be 92.5% in 2024/25, this is a slight improvement on the 2023/24 collection rate of 92.3%. Collection rates remain slightly below pre Covid-19 levels of approximately 94.0%. Over the longer period 98.0% of debt is still expected to be collected, in line with budgeted expectations.

In year collection for business rates is expected to be 97.5% in 2024/25, up from 96.9% in 2023/24.

3.7 Growth and Demand Pressures

The following key financial planning assumptions are based on best professional estimates. The budget 2025/26 – 2028/29 includes provision for growth and demand pressures of £64.42m in 2025/26 and £148.00m across the four years as shown in **Annex 2** and summarised below.

Primarily, growth and demand pressures cover:

1. Provision for pay and pensions and contractual inflation:

- Annual pay increase of 3% for 2025/26 and provision for pay increments;
- Impact of pension auto-enrolment and tri-annual employer pensions contributions based on the latest valuation information;
- Provision for contractual increases of between 1.4% to 7.29%, depending on the individual contract;
- Social Care uplifts - based on average 7.29% across care types reduced for market management of new client rates for 2025/26, 3% for 2026/27 and 2.5% from 2027/28 onwards;
- Housing 21 – 2.5% for 2025/26 and then 2.5% from 2026/27 onwards;
- Intermediate Care - 4% for 2025/26 and then 4% from 2026/27 onwards;

- Internal carers and special guardians allowances – 6.88% (as per DfE guidance)
- External residential and Independent Fostering Agency framework placements – 4%
- Spot placements – 2%
- Waste, Traffic Control, Highways Maintenance and Coroners – 2.7% in 2025/26, 1.4% in 2026/27, 2% 2027/28 and 2% 2028/29.
- Managing the cost of energy and fuel price changes as a result of the cost-of-living impact.

2. Demand, demographic changes and managing market conditions within Services:

- Increases in placements/costs for children in care.
- Increased care packages/costs within Adult Social Care arising from an increased ageing population with more complex care needs.
- Investment to vulnerable residents in crisis.
- Support to the adult social care market.
- Increase in the number of clients requiring home to school transport.
- Increases in fostering and Special Guardianship Orders fees.

3. Other service-based growth and demand pressures:

- Reinstatement of some 2024/25 approved savings: Reduction in opening hours for Fryers Road and Merchants Way household waste recycling centres (£150k), Third Party Spend (£2.5m), Triple Value Impact (£2.7m), Integrated Care Board joint arrangements (£1.41m);
- Reductions in grants such as housing benefit administration grant;
- Increased property related costs including water, caretaking, cleaning and energy costs due to an increase in local buildings and deregulation;
- Increased costs within waste management as result of co-mingled waste and additional staffing costs;
- To fund reduced demand on cremations income due to a new local competitor;
- Recruitment and retention, particularly within adults and children's services;
- Review of Digital and Technology infrastructure requirements, Cloud/ licences, One Source and associated resources.

4. Other central provisions:

- Review of the capital financing, treasury debt and investment portfolio.
- Revenue implications of the capital programme.

Table 7 summarises growth and demand pressures identified for 2025/26 to 2028/29 by directorate.

Table 7: Growth and Demand Pressures by directorate					
Directorate	2025/ 26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Adult Social Care and Public Health	25.21	12.01	11.58	12.34	61.14
Children's & Education	13.95	6.40	5.71	5.40	31.46
Economy, Environment & Communities	6.15	0.24	(0.81)	2.11	7.69
Resources and Transformation	2.07	0.44	(0.32)	(0.14)	2.05
Central / Capital Financing	17.04	10.08	9.27	9.27	45.66
Total	64.42	29.17	25.43	28.98	148.00

3.8 Savings requirement

For 2025/26 and future years, the council's medium term financial outlook has been updated to reflect the predicted changes to government funding, the collection fund and known growth and demand pressures set out in the previous sections of this report, resulting in a revised requirement to make changes to service delivery to meet a four-year funding shortfall of £85.58m as follows:

- 2025/26 - £29.04m savings have been identified and these are included within Annex 3 of this report. As stated above, £3.91m of 2024/25 savings will be carried forward for delivery in 2025/26, resulting in total savings to be delivered of £32.95m.
- 2026/27 – 2028/29 - £56.76m savings required of which £44.82m of savings have been identified, leaving a potential balance of £11.93m to identify.

The £29.04m identified for 2025/26 have been split into the following two categories;

- A. Policy Proposals** - which require an Executive (Cabinet) decision to proceed, and which has been referred for public consultation and equality and health impact assessment prior to any decision being made to include these in Cabinet's final budget proposals. These total £460k in 2025/26 only.
- B. Operational Proposals** – savings which officers have delegations to implement; examples include restructures, back office savings, operational efficiencies. These total £28.58m in 2025/26 (£73.40m over the four years).

Table 8 summarises savings identified for 2025/26 to 2028/29 by directorate.

Table 8: Summary of savings by directorate					
Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Adult Social Care and Public Health	(8.71)	(7.94)	(7.40)	(7.48)	(31.53)
Children's & Education	(7.62)	(6.30)	(5.50)	(4.85)	(24.27)
Economy, Environment and Communities	(3.75)	(1.50)	0.28	(0.57)	(5.54)
Resources and Transformation	(2.05)	(0.11)	(0.11)	0.00	(2.27)
Central / Capital Financing	(6.91)	(5.84)	2.50	0.00	(10.25)
Total	(29.04)	(21.69)	(10.23)	(12.90)	(73.86)

Table 9 shows net investment (investment less savings) for each directorate indicating significant net investment overall of £35m in 2025/26, specifically into the key priority areas of Adult Social Care and Children's Services. Central investment includes £11.21m of additional pay and pension costs which will be allocated to services following a detailed review of salary budget requirements.

Table 9: Summary of net investment by directorate 2025/26			
Directorate	Growth and Demand Pressures - Annex 2	Savings - Annex 3	Net growth and demand pressures
	£m	£m	£m
Adult Social Care and Public Health	25.21	(8.71)	16.50
Children's & Education	13.95	(7.62)	6.33
Economy, Environment and Communities	6.15	(3.75)	2.40
Resources and Transformation	2.07	(2.05)	0.02
Central / Capital Financing	17.04	(6.91)	10.13
Total	64.42	(29.04)	35.38

Annex 1 outlines indicative cash limits by directorate over the four-year period to 2028/29, which will be amended following the identification of how ongoing savings are to be made to balance the budget in each year.

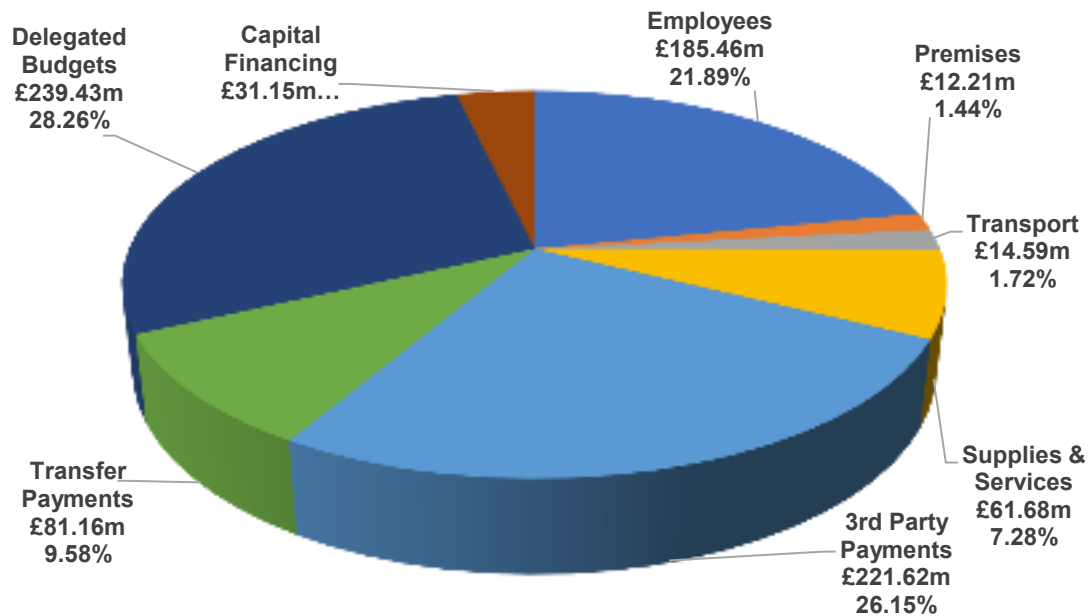
3.9 Expenditure and Income

Expenditure analysis

The council analyses its expenditure by category, as referred to in Table 10, and illustrated in figure 2.

Table 10: Expenditure by Category of Spend	
Type of Expenditure	£m
Employees	185.46
Premises and Transport	26.80
Supplies and Services	61.68
Third Party Payments	221.62
Delegated Budgets	239.43
Leasing and Capital Financing	31.15
Transfer Payments	81.16
Total Expenditure (excluding Internal Recharges)	847.30

Figure 2 – Spend by Type of Expenditure



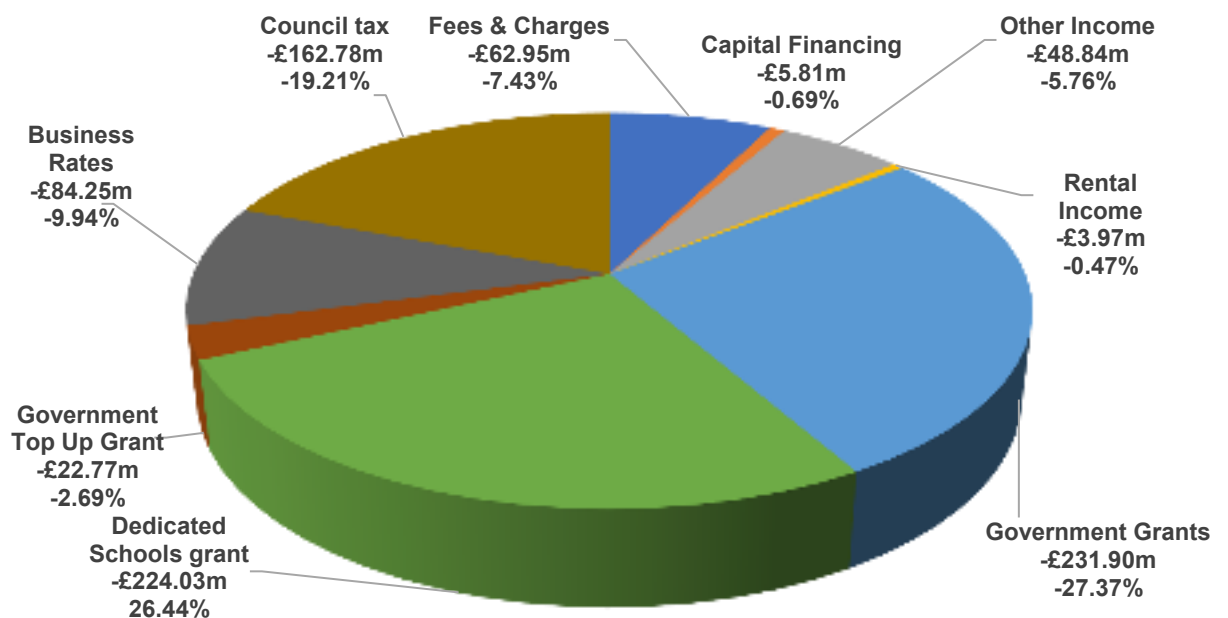
Notes

- *Transfer payments include expenditure such as housing benefits, 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.*
- *Third Party Payments include payments to external contractors.*

Income analysis

The council receives income from a number of sources including council tax, government grant and specific grants. The council also charges for some services, such as parking, use of leisure facilities, etc. In 2025/26 council tax will account for c19% of total income. Figure 3 shows all the main sources of income.

Figure 3 – Sources of income



As illustrated above, revenue grants total £478.70m (£224.03m Dedicated Schools Grant, £254.67m Government Grants), and are summarised at Annex 6.

Council services are required to annually review their fees and charges to ensure they remain relevant, competitive, and recover appropriate costs of running the service (where applicable). The fees and charges register for 2024/25 is a key document and can be accessed by the following link – [Schedule of Fees and Charges 2024-25 \(walsall.gov.uk\)](https://www.walsall.gov.uk/schedule-of-fees-and-charges-2024-25)

This document will be updated for 2025/26 charges once they have been finalised following approval of the 2025/26 budget.

3.10 General / Earmarked Reserves and Contingencies

The council's MTFF sets out how the council will structure and manage its finances now and in the future to ensure it continues to demonstrate financial stability and to ensure this facilitates delivery of the council plan objectives.

The council's S151 Officer produces the Framework and advises on the level of reserves, in accordance with statute, best practice, professional opinion and the council's MTFF. In accordance with Section 25 of the Local Government Act 2003 and to comply with CIPFA guidance on local authority reserves and balances, the S151 Officer is required to formally consider and report to members upon the adequacy of reserves in respect of the 2025/26 budget, as outlined in **Annex 12**. Additionally, this requirement covers reporting on the robustness of the estimates used for the purpose of calculating the budget. In accordance with statute and best practice, the level and nature of reserves have been reviewed as part of the budget process.

4 Summary of the 2025/26 Capital Budget

The council has an asset portfolio of £590m as at 31 March 2024. Each year we need to spend money to ensure these assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements and deliver the Council's vision.

Our Capital and Investment Strategy as set out at **Annex 7** and not only meets the requirements of the Prudential Code for Capital Finance in Local Authorities 2017 but also sets out how we aim to use our capital resources and deliver our priorities.

The Capital Programme has been constructed within the principles outlined in our Capital Strategy. A strategic review of assets is currently being undertaken which will inform the revision of the Capital Strategy and formulation of future years capital programmes.

The 2025/26 capital programme totals £92.56m, as detailed in **Annexes 8 and 9**, and is presented below:

Table 11: Capital Programme by Outcome					
Outcome	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Accessible services & connected places	10.39	6.95	8.45	8.45	34.24
Celebrating our culture and heritage	0.28	0.15	0.15	0.15	0.73
A quality experience for all	4.36	4.62	4.01	2.57	15.56
Homes for all	11.19	11.24	6.15	6.15	34.73
Vibrant towns	32.91	21.20	0.47	0.33	54.91
Safer streets, safer people	1.12	1.12	1.15	1.21	4.60
Supporting business and inclusive growth	2.18	0.00	0.00	0.00	2.18
Living active & healthy lives	0.00	0.00	0.00	0.00	0.00
Child-friendly borough	19.54	15.93	9.60	9.31	54.38
A clean and green future	10.61	0.68	0.68	0.68	12.65
Capital Programme by Outcome	92.59	61.89	30.66	28.85	213.98

The capital programme will be financed by a mixture of capital grants, capital receipts, revenue and self-financed and corporate borrowing as detailed in Table 12.

Table 12: Financing of the Capital Programme					
	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Capital grants and contributions	43.96	28.90	19.36	19.08	11.30
Capital receipts	1.50	1.50	1.50	1.50	6.00
Revenue contributions	0.02	0.02	0.02	0.02	0.08
Borrowing	47.11	31.47	9.77	8.25	96.60
Total capital financing	92.59	61.89	30.66	28.85	213.98

We recognise that the expansion of our investment programme in recent years will result in additional borrowing costs, and we have made full provision for this within our revenue budget resolution.

Our modelling of future debt levels leaves the Council with sufficient headroom against its Operational Boundary and Affordable Limit, two of the key indicators within the Prudential Framework.

Our approach of determining borrowing affordability from the position of ongoing revenue resource availability ensures that we will not commit the Council to future costs it cannot afford.

The Affordable Borrowing Limit and other Prudential Indicators consistent with the capital programme for 2025/26 are agreed as part of the Treasury Management and Investment Strategies.

In the appendixes of this report the capital programme is presented in the following structure:

A. Council funded programme - funded through borrowing and capital receipts (**Table 13**).

B. Non-council funded programme - funded from capital grants and other external contributions (**Table 14**).

In addition, the council's leasing programme for 2025/26 is £4.39m, the revenue costs of which are included in the revenue budget (**Table 15**).

4.1 Council Funded Programme: Funded from Walsall's own resources

Funding

The council funded element of the capital programme is normally financed from new borrowing, revenue contribution, capital receipts and the carry forward of unspent allocations from previous years.

Borrowing is required to be 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 / services cash limit is forecast to be able to support £47.11m of additional borrowing to fund high priority items in 2025/26 (excluding carry forwards from 2024/25).

Annex 11 sets out the council's Flexible Use of Capital Receipts Strategy, which will utilise eligible new receipts to fund elements of the qualifying revenue costs that enables the generation of on-going savings. The provisional local government settlement on 18 December 2024 announced an extension to the current flexibility from March 2025 to March 2030 and included a wider set of eligible costs.

Carry forwards from 2024/25 are estimated based on the forecast position at December 2025, which are included in the capital programme at **Annexes 8 and 9**. All carry forwards will be reported to Cabinet for approval alongside the outturn position for 2024/25 once finalised.

Table 13: Capital Programme by Directorate (Council funded)				
Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Adult Social Care and Public Health	0.25	0.00	0.00	0.00
Children's Services & Education	1.21	0.20	0.20	0.20
Economy, Environment and Communities	31.59	25.33	4.21	4.07
Resources and Transformation	14.08	5.96	5.38	4.00
Centrally held budgets	1.50	1.50	1.50	1.50
Total Council Funded Capital	48.63	32.99	11.29	9.77

Capital schemes funded from the council's own resources are recommended to go ahead for a number of reasons:

- Address policy including;
 - Accessible services & connected places
 - Celebrating our culture and heritage
 - A quality experience for all

- Homes for all
- Vibrant towns
- Safer streets, safer people
- Supporting business and inclusive growth
- Living active & healthy lives
- Child-friendly borough
- A clean and green future
- Return on investment / asset management - schemes that unlock external investment in the borough; drive out long term revenue savings; support the strengthening of the borough's economy; deliver an efficient and effective operational estate; and invests in assets to grow future income streams for the council;
- Supports the delivery of ongoing revenue savings;
- Priority schemes for which external funding can be drawn down and which may require a contribution from the council's own resources.

All capital schemes were reviewed by the Executive Leadership Team prior to formal consideration by Cabinet for recommendation to Council. The draft capital programme was also scrutinised by Overview and Scrutiny Committees. 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 2025/26 with indicative allocations which are subject to further review for 2026/27 onwards.

4.2 Externally Funded Programme

Full details of externally funded schemes are found at **Annex 9** and are summarised in **Table 14** below for 2025/26. 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 final allocations. Grant funded schemes will only commence once confirmation of the funding is received.

Table 14: Capital Programme by Directorate (Externally funded)				
Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Adult Social Care and Public Health	0.89	0.89	0.89	0.89
Children's & Education	18.33	15.73	9.40	9.11
Economy, Environment and Communities	5.13	8.33	5.13	5.13
Resources and Transformation	19.61	3.95	3.95	3.95
Centrally held budgets	0.00	0.00	0.00	0.00
Total Council Funded Capital	43.96	28.90	19.36	19.08

4.3 Leasing Programme

The 2025/26 leasing programme totals £1.42m, summarised in **Table 15** below. Leasing minimises the call on capital resources by spreading the acquisition cost over a number of years. Revenue funds are required to finance operating leases and are included in the revenue budget.

Table 15: Leasing Programme	Capital £m	Revenue £m
Equipment	0.00	0.01
Light Commercial vehicles	3.07	0.38
Refuse Vehicles	0.00	0.71
Tractors and Agricultural Implements	1.24	0.31
Welfare vehicles	0.08	0.01
Total	4.39	1.42

5 Medium term financial outlook – 2025/26 onwards

5.1 Revenue

Key sources of funding, in particular council tax and business rates and fees and charges, government core grant and specific grants are assessed on a regular basis, along with existing and 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 revenue cost of capital investment decisions.

We continue to await the governments fundamental review of local authority funding.

The new government set out plans to reform local government funding in December 2024. These will reset the funding model based on the latest data and redistribute resources to those authorities with the greatest need. The last reset of the local government funding system was in 2013/14 so these reforms are long overdue and much welcome by Walsall. Our expectation is that the review will have a favourable outcome for Walsall by increasing the available resources, it also introduces significant risk into the financial planning process until further details of the new proposals emerge.

The next Spending Review is on-going and we are expecting its results to be announced in Summer 2025. The Spending Review will set out the economic forecast and departmental budgets for a three year period 2026/27 to 2028/29 and recent comments from the Treasury indicated an expectation of a 5% efficiency target across all government departments. This would not only impact the council via the reduction in core funding from MHCLG but potentially through reduction in other specific grants from other departments too as they pass on the reduction in funding. Furthermore, reduced government spending could contribute to increased demand from individuals and communities for Council services.

Government also indicated a reset of the business rates system. The current system has been in place since 2013/24 and Walsall currently part of 100% rate retention agreement. Consultation on the parameters of the reset are expected to be launched in the Spring of 2025 with the new system in place by the provisional settlement in December 2025.

With regards to government grants, the assumption is that they will flatline in cash terms, this assumption will be revisited once more information becomes available.

The balanced budget for 2025/26 includes the delivery of savings of £29.04m with further saving requirement of £56.53m over the period 2026/27 to 2028/29, of which

indicative savings of c£44.82m has been identified leaving a further £11.71m to be found.

The management team continue to work on the delivery plans for future opportunities, along with identifying further options for Members consideration, including the implementation of the new transformation programme focusing on adult and children social care and digital opportunities. Further options to balance the budget beyond 2025/26 will be presented to members as part of the 2026/27 planning process.

5.2 Capital

Resources to fund the capital programme are limited. The financing for capital expenditure on new investment is heavily reliant on external funding, largely government grants. Walsall has a strong track record of attracting external capital funding for key regeneration and infrastructure projects, however the availability of government funding is expected to be constrained over the medium term.

Alternative funding sources include capital receipts and borrowing. Capital receipts are generated from the sale of council owned assets. Earmarking of capital receipts beyond what we are statutorily obliged to do is not recommended without overall strategic consideration of the entire capital programme.

The use of borrowing incurs ongoing revenue cost and impacts on council taxpayers. An in-depth review of the council's ability to take on additional debt to fund new capital schemes has been carried out as part of the budget setting process and identified the limits within which we must operate in order to remain within statutory requirements and prudential guidelines.

Despite the constraints, significant investment is planned and funded over the four years 2025/26 to 2028/29. The council is able to fund all existing commitments and has, through prioritisation of bids and resources and sound treasury management, been able to support new investment into key services, and areas of capital investment need.

Annex 1: Revenue Cash Limit 2025/26 to 2028/29 by Directorate

This annex outlines the indicative cash limits by directorate, including portfolio responsibilities. These will be updated in year to reflect any movement in directorate/portfolio responsibilities. Savings plans for 2025/26 onwards will be realigned to services when agreed.

1. Adult Social Care and Public Health Directorate

- **Adult Social Care Portfolio**

Social Care services for older people and people with learning disabilities, physical disabilities and mental health needs. Supporting people. Health partnerships, ICB health interface lead, protection for vulnerable adults, transition arrangements between Children's and Adult Social Care, early intervention and prevention, Ofsted and CQC and transformation and reform. Adult social care commissioning, brokerage, market shaping and management.

- **Health and Wellbeing Portfolio**

Public Health functions and activities including commissioning services that affect the long-term health of residents including: Health visiting & school nursing, Alcohol and drug services, wellbeing services, Health protection services for local outbreak and incident management, screening and immunisation and mental and emotional wellbeing.

	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Opening cash limit	92,503,798	108,750,397	111,949,108	115,255,977
Base budget adjustments				
- Increase in grant income - Public Health	(275,901)	(261,300)	(264,745)	(269,040)
- Increase in income - Better Care Fund	(624,785)	(608,058)	(608,058)	(608,058)
- Fall out of one of investment - single handed review	(137,000)	0	0	0
- Fall out of grant income - Supplementary drugs and alcohol	1,183,710	0	0	0
- Fall out of grant expenditure - Supplementary drugs and alcohol	(1,183,710)	0	0	0
- Transfer of staff budget to EE&C	(13,542)	0	0	0
- Transfer of staff budget to R&T	(56,200)	0	0	0
- Business rates budget returned to corporate	(44,578)	0	0	0
Pay Changes	900,001	0	0	0
Growth and Demand Pressures – see Annex 2	25,208,416	12,007,024	11,582,386	12,335,078
Less Proposed Savings Plans – see Annex 3	(8,709,812)	(7,938,955)	(7,402,714)	(7,479,999)
Adult Social Care and Public Health draft cash limit	108,750,397	111,949,108	115,255,977	119,233,958

2. Children's Services and Education

- **Children's Portfolio**

Services for children in need of help and protection, children looked after and care leavers, Family Safeguarding, involvement of children and young people, transition arrangements between Children's and Adult Social Care Walsall, Safeguarding, Corporate Parenting. Ofsted and CQC inspections. Early Help, Family Hubs, Youth Justice, Children's Strategic Alliance and Performance Improvement.

- **Education and Skills Portfolio**

Admissions and school place planning, quality and performance of schools and academies, governors of schools and governance, Early Years, Home Education, Alternative Provision, Access and Inclusion, Virtual School, Home to School Transport, Services to Children with Special Needs and disabilities and their families, Safeguarding. Walsall Learning Alliance. Ofsted and CQC inspections. Adult learning and skills.

	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Opening cash limit	98,198,162	103,164,394	103,110,375	103,320,182
Base budget adjustments				
- New grant income - Children's Social Care Prevention Grant	(2,884,555)	0	0	0
- Increase in grant income - Family Hubs Start for Life Programme	(90,637)	0	0	0
- Extended Rights to Home to School Transport grant income removed as rolled into general funding	78,900	0	0	0
- Removal of one off investment - placements	(181,000)	0	0	0
- Removal of one off investment - young people care costs	(198,299)	(148,894)		
- Funding of grant funded posts	188,371	0	0	0
- Pay budget returned to corporate	(11,152)	0	0	0
Pay Changes	1,739,185	0	0	0
Growth and Demand Pressures – see Annex 2	13,946,633	6,399,263	5,706,954	5,399,651
Less Proposed Savings Plans – see Annex 3	(7,621,214)	(6,304,388)	(5,497,147)	(4,846,484)
Children's Services and Education draft cash limit	103,164,394	103,110,375	103,320,182	103,873,349

3. Economy, Environment and Communities Directorate

- **Leader of the Council - Strategy, Partnerships and Communities Portfolio**

Strategic partnerships, community development and diversity, community associations, voluntary and community sectors, community cohesion, community safety, prepare and protect, emergency planning, community protection including anti-social behaviour, statutory, nuisance & environmental crime enforcement,

environmental health

- **Associate Leader - Economic Growth and Regeneration Portfolio**
Regeneration, economic development, planning policy, planning and building control service, employment growth, strategic housing, strategic use of assets, strategic transport, markets, corporate landlord.
- **Health and Wellbeing Portfolio**
Heritage, tourism and culture including New Art Gallery, Walsall Arena, museums, leisure, including Active Living Centres, bereavement and registration services, cemeteries/crematoria, healthy spaces (parks and open spaces), climate change/ net zero.
- **Education and Skills Portfolio**
Adult learning, skills, not in employment, education or training, apprenticeships and internships.
- **Resident Access and Housing Support Portfolio**
Libraries.
- **Street Pride Portfolio**
Operations - household waste collection, grounds maintenance, street cleansing, highway asset management, trees, flood risk management and fleet services. Waste infrastructure - trade waste, waste disposal, HWRCs, waste strategy and waste education. Highway network - street lighting, traffic signals, parking and moving traffic enforcement, street works permitting, permanent traffic manage and winter service. Transportation - road safety, highway structures and minor highway improvements. Environmental protection.

	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Opening cash limit	53,547,825	52,848,912	51,585,035	51,064,913
Base budget adjustments				
<i>Fall out of one off investment / savings</i>				
- Loss of income - Active living centres	(40,000)	0	0	0
- Biodiversity grant	10,000	0	0	0
- Vehicle fuel costs	(75,000)	0	0	0
- Active living income	180,000	0	0	0
- Waste services	280,000	0	0	0
<i>Other changes</i>		0		
- New grant income - Extended Producer Responsibility Grant	(5,877,000)	0	0	0
- Increase in grant income - Domestic Abuse Grant	(177,114)	0	0	0
- Pay budget returned to corporate	(19,988)	0	0	0
- Transfer of staff budget from ASC	13,542	0	0	0
Pay Changes	2,602,419	0	0	0
Growth and Demand Pressures – see Annex 2	6,153,763	237,575	(805,122)	2,114,878
Less Proposed Savings Plans – see Annex 3	(3,749,535)	(1,501,452)	285,000	(575,000)
Economy, Environment and Communities draft cash limit	52,848,912	51,585,035	51,064,913	52,604,791

4. Resources and Transformation Directorate

- **Leader of the Council - Strategy, Partnerships and Communities Portfolio**
Policy and strategy including Council Plan & Walsall 2040, transformation and change.
- **Deputy Leader - Finance Portfolio**
Strategic Financial Planning including: budget and medium term financial strategy, commercial strategy, budget management & accountancy, financial & transactional services, internal audit risk & insurance, treasury management, procurement and contract management, Walsall pound.
- **Internal Resources Portfolio**
Equalities, diversity and inclusion, human resources, organisational development, administration and business support, technology strategy and delivery, information governance and digital records management, business insights, communications, marketing and brand, legal and democratic services.
- **Resident Access and Housing Support Portfolio**
Customer access management, Walsall Connected, Customer experience centre, Revenue and benefits - Council Tax, Business Rates, household support and welfare, homelessness, asylum and migrant support, housing advice.

	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Opening cash limit	47,110,929	49,258,282	49,593,990	49,164,642
Base budget adjustments				
- Funding of grant funded posts	26,151	0	0	0
- Transfer of staff budget from ASC/ Corporate	129,718	0	0	0
- Removal of one off investment - Leadership training	(100,000)	0	0	0
- Removal of one off investment - Specialist services HR	(280,000)	0	0	0
- Increase in grant income - Homelessness Prevention Grant	(322,359)	0	0	0
Pay Changes	2,683,214	0	0	0
Growth and demand Pressures – see Annex 2	2,065,591	439,126	(316,165)	(139,162)
Less Proposed Savings Plans – see Annex 3	(2,054,962)	(103,418)	(113,183)	0
Resources and Transformation draft cash limit *	49,258,282	49,593,990	49,164,642	49,025,480

Annex 2 - Summary of Growth and Demand Pressures 2025/26 to 2028/29 aligned to the ambitions of the Council Plan

Directorate	Ref No	Details of Growth and Demand Pressures	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
A clean and green future							
Economy, Environment & Communities	37	Domestic and garden waste agency staffing costs	70,502	74,027	74,027	74,027	292,583
	38	Increase in disposal costs for mixed dry recycling waste	800,000	0	0	0	800,000
	41	Reduction in demand leading to income pressure on cremations income due to local competitor	680,000	(680,000)	0	0	0
	42	Reduction in opening hours for Fryers Road and Merchants Way household waste recycling centres saving in 2024/25 not being implemented - reversal of saving in 2025/26	150,000	0	0	0	150,000
	45	Vehicle lease costs for green waste previously funded by lease reserve - link to potential charge for green waste	170,000	0	0	0	170,000
	46	Greener Bloxwich - revenue impact of capital investment	80,000	40,000	20,000	0	140,000
	47	Increased rental hire for road sweepers	70,000	0	0	0	70,000
	48	Increase in landfill tax from Apr 25 (103p/tonne to 126p/tonne)	150,000	0	0	0	150,000
	NEW	Short term waste management contract	870,000	(430,000)	(440,000)	0	0
	NEW	Middlemore Lane - Equipment Lease	246,000	0	0	0	246,000
Total A clean and green future			3,286,502	(995,973)	(345,973)	74,027	2,018,583
Accessible services and connected places							
Economy, Environment & Communities	44	Traffic control - reduced income pressure	50,000	0	0	0	50,000
Resources & Transformation	52	Reduction in housing benefit administration grant	43,840	40,000	40,000	40,000	163,840
	53	One-off transformation programme investment to support savings within customer experience saving (linked to OP40)	347,662	26,091	(114,591)	(259,162)	0
	54	Additional revenue inspector post to enable property inspections to support the identification of any tax avoidance (linked to saving OP37)	47,179	0	0	0	47,179
	56	Additional posts required to meet the enhanced regulations around LA complaints handling	165,161	0	0	0	165,161
Resources & Transformation	52	Ongoing software costs following completion of Enabling technology capital project (linked to saving OP40)	0	0	0	80,000	80,000
	NEW	Continuation of Walsall Connected initiative	0	60,000	0	0	60,000
Total Accessible services and connected places			653,842	126,091	(74,591)	(139,162)	566,180
Child Friendly Borough							
Children's Services & Education	9	Children's young carers service	17,184	0	0	0	17,184
	10	Carer allowances uplifts	0	0	0	0	0

Directorate	Ref No	Details of Growth and Demand Pressures	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
	11	External framework placement uplifts	461,525	117,035	297,987	0	876,547
	12	Carer fee uplifts	78,000	81,000	84,000	0	243,000
Children's Services & Education	13	Children in care growth	2,477,099	1,507,875	1,257,611	811,947	6,054,532
	14	Children placement moves	2,019,917	2,520,942	2,604,212	2,690,814	9,835,885
	15	Home to school transport	3,551,850	883,369	859,501	1,061,369	6,356,089
	16	Increase staffing costs in education, health and care plan assessment team to meet increased demand	51,667	124,000	0	0	175,667
	17	Educational psychology service - staffing to meet demand change	(74,218)	14,658	36,947	40,000	17,387
	18	Short breaks increased costs and demand	200,000	0	0	0	200,000
	19	Independent visitor	20,000	0	0	0	20,000
	20	Family time services additional workers to meet increased demand	100,000	0	0	0	100,000
	21	Management team localities	155,000	0	0	0	155,000
	22	Transition and leaving care staffing team	72,200	0	0	0	72,200
	23	Development of a youth collaborative as part of the Children & Young People Alliance	125,993				125,993
	24	Regional adoption agency increases	50,000	0	0	0	50,000
	25	Framework placements inflation increase	38,584	37,856	39,013	344,000	459,453
	26	New adolescent service (linked to saving OP19)	5,701	0	0	0	5,701
	27	New internal residential home to open from 2026/27 (linked to saving OP23)	0	631,970	45,583	0	677,553
	28	Revenue costs for new internal residential home opened 2024/25 (linked to saving OP24)	677,553	0	0	0	677,553
	29	Internal residential career pathway to support recruitment and retention (linked to saving OP24)	61,000	0	0	0	61,000
	30	Emergency foster carer scheme (linked to saving OP 25)	121,000	4,840	5,034	5,235	136,109
	31	Housing project (linked to saving OP26)	58,000	25,000	(10,000)	0	73,000
	32	Independent fostering agency framework retender outcome	557,386	298,678	328,786	194,453	1,379,303
	33	Staying put allowance uplifts	24,000	24,960	25,958	26,997	101,915
	34	Carer fee uplifts	20,000	21,000	22,000	110,100	173,100
	35	Carer allowances uplifts	102,000	106,080	110,323	114,736	433,139
	NEW	Children's Social Care Prevention (fully funded from grant income)	2,884,555	0	0	0	2,884,555
	NEW	Family Hubs Start for Life Programme (fully funded from grant income)	90,637	0	0	0	90,637
Total Child Friendly Borough			13,946,633	6,399,263	5,706,955	5,399,651	31,452,502
Homes for all							

Directorate	Ref No	Details of Growth and Demand Pressures	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Resources & Transformation	NEW	Homelessness prevention (fully funded from grant income)	322,359	0	0	0	322,359
Total Homes for all			322,359	0	0	0	322,359
Cross Cutting							
Economy, Environment & Communities	36	Contractual inflation	530,147	373,548	440,851	440,851	1,785,397
Total Cross Cutting			530,147	373,548	440,851	440,851	1,785,397
Living active healthy lives							
Adult Social Care & Public Health	60	Public Health grant increase to meet pressures in sexual health services and the need to provide sustainable funding for the Young People's health and wellbeing service	225,901	211,300	214,745	219,040	870,986
	61	Pay award and increments for posts funded through Public Health grant	50,000	50,000	50,000	50,000	200,000
Total Living active healthy lives			275,901	261,300	264,745	269,040	1,070,986
Resilient and empowered communities							
Economy, Environment & Communities	62	Contribution to Black Country Armed Forces Covenant Officer	10,000	0	0	0	10,000
	NEW	Town Hall and events - reversal of 2024/25 saving	40,000	0	0	0	40,000
Total Resilient and empowered communities			50,000	0	0	0	50,000
Safer streets, safer people							
Economy, Environment & Communities	43	Fall out of street lighting private finance initiative grant when contract ends	0	0	0	1,600,000	1,600,000
	63	Increase in enforcement officer role to create a more effective and efficient service	60,000	0	0	0	60,000
	64	Increase in CCTV operator role to create a more effective and efficient service	50,000	0	0	0	50,000
	NEW	Domestic abuse (fully funded from grant income)	177,114	0	0	0	177,114
Total Safer streets, safer people			287,114	0	0	1,600,000	1,887,114
Supported and cared for							
Adult Social Care & Public Health	65	Additional social work capacity in localities and complex teams	298,910	0	0	0	298,910
	66	Community reablement internal team, external block contract premium, training and equipment (linked to saving OP59)	644,008	0	0	0	644,008
	67	Community reablement service (linked to saving OP59)	623,878	0	0	0	623,878
	68	Improve access and take up as part of prevention strategy (linked to saving OP65)	150,000	0	0	0	150,000
	69	Additional staffing resources in Safeguarding team	198,801	0	0	0	198,801

Directorate	Ref No	Details of Growth and Demand Pressures	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
	70	Contractual inflation for intermediate care service reablement contracts (funded through Better Care Fund)	0	412,053	412,053	412,053	1,236,159
	71	Uplift in care provider fees	8,094,314	3,253,202	2,986,472	3,283,721	17,617,709
	72	Pay award and increments for posts funded through Better Care Fund	229,456	196,005	196,005	196,005	817,471
Adult Social Care & Public Health	73	Social Care increase in existing service user placements costs following strength-based reviews	7,005,858	4,677,404	4,592,844	4,923,459	21,199,565
	74	Transforming care programme costs relating to service users care	219,254	130,357	0	0	349,611
	75	Inflationary increase for S117 Mental Health service users care costs	70,226	72,105	60,088	60,088	262,507
	76	Housing 21 - contractual uplift	164,645	295,861	303,257	310,839	1,074,602
	77	Co-production and consultation post	18,754	0	0	0	18,754
	78	Reprofiling of service development staffing resources	(88,623)	0	88,623	0	0
	79	Financial assessment & charging team	107,327	0	0	0	107,327
	80	Reduction and reprofiling of previous years staffing investments due to revised structures	(380,000)	190,000	0	0	(190,000)
	81	Adult social care management structure	49,230	0	0	0	49,230
	82	Social worker apprentice posts	42,500	0	0	0	42,500
	83	One-off staffing resources to provide support to existing teams and delivery of the adult social care continuous improvement programme	89,178	(89,178)	0	0	0
	84	Social care increase in demand pressures (inflow/attrition)	5,601,652	2,607,915	2,678,298	2,879,873	13,767,738
	85	Additional staffing for commissioning team	236,000	0	0	0	236,000
	86	Additional staff resources including debt recovery post in the adult social care client services finance team	150,000	0	0	0	150,000
	87	Income shortfall relating to Integrated Care Board joint funding arrangements	1,407,147	0	0	0	1,407,147
Total Supported and cared for			24,932,515	11,745,724	11,317,640	12,066,038	60,061,917
Supporting business and inclusive growth							
Economy, Environment & Communities	51	Saddlers Centre - regeneration project temporary impact on income generation	0	900,000	(900,000)	0	0
Resources & Transformation	55	Additional resources to support external funding team (linked to saving OP42)	122,123	(19,110)	(25,574)		77,439
Total Supporting business and inclusive growth			122,123	880,890	(925,574)	0	77,439
Value for money services							
Resources & Transformation	2	Cloud/ Microsoft licences and infrastructure costs	272,303	226,520	0	0	498,823
	4	One-off investment to fund additional resources within the procurement function	200,000	0	-200,000	0	0
	5	Administration staff in Children's locality teams to support social workers	288,964	0	0	0	288,964
	6	Contract with external company to provide 24/7 cyber security protection	110,000	0	0	0	110,000

Directorate	Ref No	Details of Growth and Demand Pressures	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
	7	Existing co-pilot licenses	110,000	0	0	0	110,000
	3	Online consultation tool	20,000	20,000	0	0	40,000
	NEW	Senior Partnership Officer to support Walsall 2040	16,000		(16,000)	0	0
	NEW	Additional HR advisory posts	0	85,625	0	0	85,625
Economy, Environment & Communities	49	Increased costs of water for corporate council buildings due to deregulation (linked to asset review)	180,000	0	0	0	180,000
	50	Energy reductions - removal of 2025/26 saving (linked to saving (OP29)	200,000	0	0	0	200,000
	39	Increase in number of local buildings and the increased cleaning and caretaking responsibilities	700,000	0	0	0	700,000
	NEW	Increase in energy costs	700,000	0	0	0	700,000
Central	8	Transport levy	578,030	606,931	637,278	669,142	2,491,381
	57	One off increase energy costs - fall out of 2024/25 investment	(1,360,000)	0	0	0	(1,360,000)
	58	Revenue implications of capital	170,000	210,000	230,000	250,000	860,000
	59	Revision to minimum revenue provision charges, Interest costs on capital programme and Interest income forecast	0	0	600,000	600,000	1,200,000
	88	Social Care Investment / Demand	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
	90	Contribution to West Midlands Growth Company	0	468,000	0	0	468,000
	NEW	Revenue implications of leasing	0	0	500,000	0	500,000
	NEW	Reprofiling of third party spend saving	2,250,000	(750,000)	(750,000)	(750,000)	0
	NEW	TVI	2,700,000	0	0	0	2,700,000
	1	Pay/pension provision	11,206,333	8,047,828	6,547,828	7,000,000	32,801,989
Total Value for money services			19,841,630	10,414,904	9,049,106	9,269,142	48,574,782
Vibrant Towns							
Economy, Environment & Communities	40	Pressure due to reduced demand for market stalls, reduction in opening days and loss of income due to reduced stall rates, (Walsall Market)	150,000	0	0	0	150,000
	89	Local Plan consultation & sustainability appraisal x 3 stages	20,000	(40,000)	0	0	(20,000)
Total Vibrant Towns			170,000	(40,000)	0	0	130,000
Total Growth and investment			64,418,766	29,165,747	25,433,159	28,979,587	147,997,259

Summary of Growth and Demand Pressures by Directorate

Directorate	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Adult Social Care and Public Health	25,208,416	12,007,024	11,582,385	12,335,078	61,132,903
Children's Services and Education	13,946,633	6,399,263	5,706,955	5,399,651	31,452,502
Economy, Environment and Communities	6,153,763	237,575	(805,122)	2,114,878	7,701,094
Resources and Transformation	2,065,591	439,126	(316,165)	(139,162)	2,049,390
Central	17,044,363	10,082,759	9,265,106	9,269,142	45,661,370
Total Growth and Demand Pressure Proposals	64,418,766	29,165,747	25,433,159	28,979,587	147,997,259

Summary of Growth and Demand Pressures by Outcome

Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
A clean and green future	3,286,502	(995,973)	(345,973)	74,027	2,018,583
A quality experience for all	0	0	0	0	0
A skilled and engaged workforce	0	0	0	0	0
Accessible services and connected places	653,842	126,091	(74,591)	(139,162)	566,180
Celebrating our culture and heritage	0	0	0	0	0
Child Friendly Borough	13,946,633	6,399,263	5,706,955	5,399,651	31,452,502
Cross Cutting	530,147	373,548	440,851	440,851	1,785,397
Homes for All	322,359	0	0	0	322,359
Living active healthy lives	275,901	261,300	264,745	269,040	1,070,986
Resilient and empowered communities	50,000	0	0	0	50,000
Safer streets, safer people	287,114	0	0	1,600,000	1,887,114
Skills and jobs for all	0	0	0	0	0
Supported and cared for	24,932,515	11,745,724	11,317,640	12,066,038	60,061,917
Supporting business and inclusive growth	122,123	880,890	(925,574)	0	77,439
Value for money services	19,841,630	10,414,904	9,049,106	9,269,142	48,574,782
Vibrant towns	170,000	(40,000)	0	0	130,000
Total Growth And Demand Pressures by Outcome	64,418,766	29,165,747	25,433,159	28,979,587	147,997,259

Annex 3 – Savings for 2025/26 to 2028/29 aligned to the ambitions of the Council Plan

A: Summary of Draft Policy Proposals by Outcome 2025/26 to 2028/29

Directorate	Ref No	Detail of Policy Proposals by Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
A Clean and Green Future							
Economy, Environment & Communities	P3	Seek sponsorship for festive decorations - part	(10,000)	0	0	0	(10,000)
Total A Clean and Green Future			(10,000)	0	0	0	(10,000)
Celebrating Culture							
Economy, Environment & Communities	P5	Relocation of the leather museum	(190,000)	0	0	0	(190,000)
Total Celebrating Culture			(190,000)	0	0	0	(190,000)
Child Friendly Borough							
Economy, Environment & Communities	P2	Phased changes to school crossing patrols	(190,000)	0	0	0	(190,000)
Total Child Friendly Borough			(190,000)	0	0	0	(190,000)
Resilient and empowered communities							
Economy, Environment & Communities	P3	Seek sponsorship for festive decorations - part	(20,000)	0	0	0	(20,000)
Total Resilient and empowered communities			(20,000)	0	0	0	(20,000)
Vibrant Towns							
Economy, Environment & Communities	P1	Charge for amendments to planning applications	(50,000)	0	0	0	(50,000)
Total Vibrant Towns			(50,000)	0	0	0	(50,000)
Total Net Policy Proposals			(460,000)	0	0	0	(460,000)

B: Summary of Draft Operational Proposals 2025/26 to 2028/29

Directorate	Ref No	Detail of Operational Proposals by Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
A clean and green future							
Economy, Environment & Communities	OP1	Income from introduction of electrical vehicle charging points	0	0	0	(500,000)	(500,000)
	OP5	Commercialisation of services - potential to develop services to be self-funding - Registrars	(1,410)	(1,452)	0	0	(2,862)
	OP8	Increase in citizenship income	(50,000)	0	0	0	(50,000)
	OP57	Increase bulky waste collection charges by 20%	(20,000)	0	0	0	(20,000)
	OP58	Reduction in costs linked to waste strategy/Sherbourne	(400,000)	(400,000)	0	0	(800,000)
	OP51	Leisure review and health initiative's part	(330,000)	0	0	0	(330,000)
Total A clean and green future			(801,410)	(401,452)	0	(500,000)	(1,702,862)
A skilled and engaged workforce							
Resources & Transformation	OP3	Employee Benefits - car leasing	(205,000)	0	0	0	(205,000)
	OP4	Employee Benefits - other salary sacrifice offers	(94,000)	0	0	0	(94,000)
	OP41	Reduction in human resources staffing resources	(108,348)	0	0	0	(108,348)
Total A skilled and engaged workforce			(407,348)	0	0	0	(407,348)
Accessible services and connected places							
Economy, Environment & Communities	OP2	Introduce an annual administration charge to facilitate free parking permits for staff	(10,000)	0	0	0	(10,000)
	OP6	Alternative delivery model for the New Art Gallery	0	(210,000)	0	0	(210,000)
	OP7	Increase parking charges by 20%	(70,000)	(20,000)	0	0	(90,000)
	NEW	Bereavement services	0	0	0	0	0
Resources & Transformation	OP37	Reduction in customer engagement vacant posts	(102,749)	0	0	0	(102,749)
	OP40	Reduction in customer engagement costs enabled by technology	(198,089)	(113,183)	(113,183)	0	(424,455)
Total Accessible services and connected places			(380,838)	(343,183)	(113,183)	0	(837,204)
Celebrating our culture and heritage							
Economy, Environment & Communities	OP9	Arts & Events income - Increased ticket sales	(10,000)	(25,000)	(25,000)	0	(60,000)
	OP55	Invest to save (capital funding) for 2025/26 to deliver a pilot partnership model for library services with savings from 2026/27	0	(600,000)	0	0	(600,000)
Total Celebrating our culture and heritage			(10,000)	(625,000)	(25,000)	0	(660,000)
Child Friendly Borough							
Children's Services & Education	OP10	Recruitment & retention of internal foster carers	(600,000)	(600,000)	(133,905)	0	(1,333,905)
	OP11	Specialist foster placements	(694,000)	(432,000)	0	0	(1,126,000)
	OP12	Extend the family safeguarding programme into corporate parenting	(698,167)	(863,605)	(863,605)	(863,605)	(3,288,982)
	OP13	Continued focus on placement step downs	(439,174)	0	0	0	(439,174)
	OP14	Adolescent service - early help	(1,724,981)	(1,724,981)	(1,724,981)	0	(5,174,943)
	OP15	Capitalise school organisational officer post	(50,000)	0	0	0	(50,000)
	OP16	Home to school transport transformation programme	(388,111)	(102,000)	(56,000)	0	(546,111)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Children's Services & Education	OP17	Reduced management costs following integration of early help into children's social care	0	(100,000)	0	0	(100,000)
	OP18	Recruitment & retention of Internal foster carers	0	0	(600,000)	(600,000)	(1,200,000)
	OP19	Adolescent service - increase existing sustainability and transformation plans linked to Family Pathfinder	(200,854)	(177,679)	(177,679)	(1,902,660)	(2,458,872)
	OP20	Families First for Children Pathfinder Programme - additional connected carers	(184,835)	(295,476)	(295,476)	(295,476)	(1,071,263)
	OP21	Families First for Children Pathfinder Programme - care avoidance	(297,525)	(550,523)	(550,523)	(550,523)	(1,949,094)
	OP22	Families First for Children Pathfinder Programme - lower cost placements	(247,467)	(634,220)	(634,220)	(634,220)	(2,150,127)
	OP23	New internal residential home to open from 2026/27 creating additional internal placements	0	(633,862)	(452,759)	0	(1,086,621)
	OP24	Placement sufficiency, an opportunity to open further internal residential homes from 2025/26	(999,078)	(87,542)	0	0	(1,086,620)
	OP25	Emergency foster carer scheme	(390,000)	0	0	0	(390,000)
	OP26	Housing project	(409,000)	(8,000)	(8,000)	0	(425,000)
	OP27	Development of a youth collaborative as part of the Children & Young People Alliance	(125,993)	0	0	0	(125,993)
	NEW	Integrate parenting offer within early help and children's social care as part of family help	(59,517)	0	0	0	(59,517)
	NEW	Deletion of quality assurance officer post	(50,000)	0	0	0	(50,000)
	NEW	Review of statutory service provision	(37,066)	0	0	0	(37,066)
	NEW	Increase in traded services income	(5,446)	0	0	0	(5,446)
	NEW	Integrate customer facing activity within HAF to the customer experience centre	(20,000)	0	0	0	(20,000)
	NEW	Review of the Family Drugs and Alcohol model and provision	0	(94,500)	0	0	(94,500)
Total Child Friendly Borough			(7,621,214)	(6,304,388)	(5,497,148)	(4,846,484)	(24,269,234)
Cross Cutting							
Economy, Environment & Communities	OP70	Increase in fees & charges	(150,000)	0	0	0	(150,000)
Total Cross Cutting			(150,000)	0	0	0	(150,000)
Living active healthy lives							
Adult Social Care & Public Health	OP49	Removal of 2024/25 investment over and above Public Health grant	(168,719)	0	0	0	(168,719)
Economy, Environment & Communities	OP50	Leisure health checks based on 5% forecast take up	(20,125)	0	0	0	(20,125)
	OP51	Leisure review and health initiatives	(220,000)	0	0	0	(220,000)
	OP52	Review of coffee shop operations	(10,000)	0	0	0	(10,000)
Total Living active healthy lives			(418,844)	0	0	0	(418,844)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Resilient and empowered communities							
Economy, Environment & Communities	OP53	Community Cohesion and Social Integration - aim to merge a Community Safety and Enforcement and Cohesion Management resource	(13,000)	0	0	0	(13,000)
	OP56	£100k capital investment in CCTV to support revenue savings - REMOVED	0	0	0	0	0
Total Resilient and empowered communities			(13,000)	0	0	0	(13,000)
Safer streets, safer people							
Economy, Environment & Communities	OP54	Efficiencies within community safety and enforcement	(10,000)	0	0	0	(10,000)
Total Safer streets, safer people			(10,000)	0	0	0	(10,000)
Homes for all							
Resources & Transformation	OP48	Reduction in bed & breakfast costs linked to the capital investment to accelerate the acquisition of suitable self-contained accommodation for homeless families	(406,260)	0	0	0	(406,260)
Total Homes for all			(406,260)	0	0	0	(406,260)
Supported and cared for							
Adult Social Care & Public Health	OP59	Community reablement model refresh based on Impower throughput	(3,321,113)	(4,933,131)	(4,933,131)	(4,933,131)	(18,120,506)
	OP60	Enablement for Learning Disability, Mental Health and Transitions cohort	(438,702)	(258,533)	(257,137)	(237,800)	(1,192,172)
	OP61	Social care decrease in existing service user costs following strength-based reviews (Investment 73 linked to increased costs)	(984,208)	(647,087)	(664,550)	(714,566)	(3,010,411)
	OP62	Additional service user contributions based on net inflow of service users, price increases (uplifts) and benefit changes	(1,201,145)	(315,782)	(275,831)	(275,505)	(2,068,263)
	OP63	Health contributions - Section 117/ Continuing Health Care/ part health funded	(1,500,467)	(601,715)	(621,358)	(668,290)	(3,391,830)
	OP64	Review of high-cost home care packages post intermediate care services discharge	(159,542)	0	0	0	(159,542)
	OP65	Create opportunities within communities to keep people independent longer and Improve access and take up as part of prevention strategy.	(321,182)	(650,707)	(650,707)	(650,707)	(2,273,303)
	OP66	Partnership model between the council and care providers for delivery of care	0	(532,000)	0	0	(532,000)
	OP67	Reduction of Section 117 expenditure	(294,734)	0	0	0	(294,734)
	OP68	Discontinue use of Better Care Finance System	(100,000)	0	0	0	(100,000)
	OP69	Cessation of home care call monitoring service (CM2000) contract	(220,000)	0	0	0	(220,000)
Total Supported and cared for			(8,541,093)	(7,938,955)	(7,402,714)	(7,479,999)	(31,362,761)
Supporting business and inclusive growth							
Resources & Transformation	OP42	Generation of additional external funding to be used against existing costs (linked to investment 55)	(150,000)	0	0	0	(150,000)
Total Supporting business and inclusive growth			(150,000)	0	0	0	(150,000)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Value for money services							
Economy, Environment & Communities	OP28	One public estate – income from partners	(250,000)	0	0	0	(250,000)
	OP29	Energy reductions	(200,000)	0	0	0	(200,000)
	OP30	Reduction in running costs as a result of rationalising the council's property portfolio	(500,000)	(150,000)	0	0	(650,000)
	OP31	Amalgamation of facilities management	(100,000)	0	0	0	(100,000)
	OP32	20% reduction in post room costs	(50,000)	0	0	0	(50,000)
	OP51	Leisure review and health initiatives	(95,000)	(95,000)	(90,000)	(75,000)	(355,000)
	OP33	Review of caretaking and cleaning services in council buildings.	(320,000)	0	0	0	(320,000)
Resources & Transformation	OP34	Cessation of Mayrise system	(40,000)	0	0	0	(40,000)
	OP38	Reduction in storage costs by digitalisation of records	(55,000)	0	0	0	(55,000)
	NEW	Removal of system support contract	(77,000)	(108,000)	0	0	(185,000)
	NEW	Staffing efficiencies to be identified as part of OneSource phase 2 implementation subject to the business case approval	(53,750)	(161,250)	0	0	(215,000)
	OP43	Reduction in Dynamic 365 Customer Relationship Management licenses	(95,940)	0	0	0	(95,940)
	NEW	One-off reduction in elections due to a fallow year in 25/26	(327,228)	327,228	0	0	0
	OP35	Additional income from an increase in outdoor advertising & sponsorship	(17,213)	(48,213)		0	(65,426)
	OP39	Reduction in vacant posts across the Hub	(124,385)	0	0	0	(124,385)
Central	OP46	Council wide redesign	(700,000)	0	0	0	(700,000)
	OP47	Increased income from airport dividends	(733,042)	(2,500,000)	2,500,000	0	(733,042)
	OP45	Reduction in borrowing costs due to review of capital programme	(1,592,519)	(3,342,171)	0	0	(4,934,690)
	OP44	Increase vacancy management across the council	(3,883,715)	0	0	0	(3,883,715)
Total Value for money services			(9,214,792)	(6,077,406)	2,410,000	(75,000)	(12,957,198)
Vibrant Towns							
Economy, Environment & Communities	OP71	Markets review	(60,000)	0	0	0	(60,000)
	OP72	Rental income from Park Place and Lex site	(400,000)	0	400,000	0	0
Total Vibrant Towns			(460,000)	0	400,000	0	(60,000)
Total Net Operational Proposals			(28,584,799)	(21,690,384)	(10,228,045)	(12,901,483)	(73,404,711)
Total Net Savings Proposals			(29,044,799)	(21,690,384)	(10,228,045)	(12,901,483)	(73,864,711)

Net Savings Proposals Summary by Directorate

Directorate	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Adult Social Care and Public Health	(8,709,812)	(7,938,955)	(7,402,714)	(7,479,999)	(31,531,480)
Children's Services and Education	(7,621,214)	(6,304,388)	(5,497,148)	(4,846,484)	(24,269,234)
Economy, Environment and Communities	(3,749,535)	(1,501,452)	285,000	(575,000)	(5,540,987)
Resources and Transformation	(2,054,962)	(103,418)	(113,183)	0	(2,271,563)
Central	(6,909,276)	(5,842,171)	2,500,000	0	(10,251,447)
Total Savings Proposals	(29,044,799)	(21,690,384)	(10,228,045)	(12,901,483)	(73,864,711)

Net Savings Proposals Summary by Outcome

Outcome	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
A clean and green future	(811,410)	(401,452)	0	(500,000)	(1,712,862)
A quality experience for all	0	0	0	0	0
A skilled and engaged workforce	(407,348)	0	0	0	(407,348)
Accessible services and connected places	(380,838)	(343,183)	(113,183)	0	(837,204)
Celebrating our culture and heritage	(10,000)	(625,000)	(25,000)	0	(660,000)
Child Friendly Borough	(7,811,214)	(6,304,388)	(5,497,148)	(4,846,484)	(24,459,234)
Cross Cutting	(340,000)	0	0	0	(340,000)
Homes for All	(406,260)	0	0	0	(406,260)
Living active healthy lives	(418,844)	0	0	0	(418,844)
Resilient and empowered communities	(33,000)	0	0	0	(33,000)
Safer streets, safer people	(10,000)	0	0	0	(10,000)
Skills and jobs for all	0	0	0	0	0
Supported and cared for	(8,541,093)	(7,938,955)	(7,402,714)	(7,479,999)	(31,362,761)
Supporting business and inclusive growth	(150,000)	0	0	0	(150,000)
Value for money services	(9,214,792)	(6,077,406)	2,410,000	(75,000)	(12,957,198)
Vibrant towns	(510,000)	0	400,000	0	(110,000)
Total Savings Proposals	(29,044,799)	(21,690,384)	(10,228,045)	(12,901,483)	(73,864,711)

Annex 4 - MTFO movements since reported to Cabinet 16 October 2025

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Gap as per report to Cabinet 16 October 2024	11.05	7.47	0.00	0.00	18.52
Changes to investments					
NEW – Energy cost	0.70	0.00	0.00	0.00	0.70
NEW - Remove third party spend saving	2.25	(0.75)	(0.75)	(0.75)	0.00
NEW - Remove TVI saving	2.70	0.00	0.00	0.00	2.70
NEW - Ongoing software costs following completion of Enabling technology capital project	0.00	0.00	0.00	0.08	0.08
NEW - Continuation of Walsall Connected initiative	0.00	0.06	0.00	0.00	0.06
NEW - Senior Partnership officer to support Walsall 2040	0.02	0.00	(0.02)	0.00	0.00
NEW – Additional HR advisory posts	0.00	0.09	0.00	0.00	0.09
NEW - Revenue implications of leasing	0.00	0.00	0.50	0.00	0.50
NEW - Waste short term contract	0.87	(0.43)	(0.44)	0.00	0.00
NEW - Middlemore Lane equipment lease	0.25	0.00	0.00	0.00	0.25
NEW - Children's Social Care Prevention Grant	2.88	0.00	0.00	0.00	2.88
NEW - Family Hubs Start for Life Programme Income	0.09	0.00	0.00	0.00	0.09
NEW - Domestic Abuse grant	0.18	0.00	0.00	0.00	0.18
NEW - Homelessness Prevention grant	0.32	0.00	0.00	0.00	0.32
NEW - Increase in national insurance contributions	3.30	0.00	0.00	0.00	3.30
NEW - Pay Award (1%)	1.70	0.00	0.00	0.00	1.70
NEW – Remove Town hall and events saving	0.04	0.00	0.00	0.00	0.04
No 2 Cloud/ Microsoft licences and infrastructure costs (reduce and re-profile)	(0.24)	0.20	0.00	0.00	(0.04)
No 10 Carer allowances uplifts (removed)	(0.11)	(0.12)	0.00	0.00	(0.23)
No 11 & 25 External framework placement uplifts (merged and one-off increase)	0.18	(0.18)	0.00	0.00	0.00
No 13 Children in care growth (re-profile and increase)	0.38	0.14	(0.34)	(0.11)	0.07
No 14 Children placement moves (re-profile and increase)	(0.26)	0.09	0.09	0.10	0.02
No 15 Home to school transport (increase)	0.07	0.01	0.01	0.00	0.09
No 32 Independent fostering agency framework retender outcome (increase)	0.10	0.06	0.07	0.05	0.28

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
No 53 One-off transformation programme investment to support savings within customer experience saving (re-profile)	-0.04	0.00	0.05	-0.01	0.00
No 71 Uplift in care provider fees (impact of new living wage and national insurance contributions)	2.45	0.00	0.00	0.00	2.45
No 71 Uplift in care provider fees (re-profile and reduction)	(2.14)	(4.22)	(2.10)	0.81	(7.65)
No 73 Social Care increase in existing service user placements costs following strength-based reviews (re-profile and increase)	(0.18)	3.16	3.08	3.41	9.47
No 75 Inflationary increase for S117 Mental Health service users care costs (re-profile)	0.01	0.01	(0.01)	(0.01)	0.00
No 84 Social care increase in demand pressures (inflow/attrition)	0.03	0.42	0.49	0.69	1.63
Total changes to investments	15.55	(1.46)	0.63	4.26	18.98
Changes to savings proposals					
NEW - One-off reduction in elections due to a fallow year in 25/26	(0.33)	0.33	0.00	0.00	0.00
NEW - Airport dividend – one off income	0.00	(2.50)	2.50	0.00	0.00
NEW - Review of the family drugs and alcohol model and provision.	0.00	(0.09)	0.00	0.00	(0.09)
NEW - Increased traded income with schools	(0.01)	0.00	0.00	0.00	(0.01)
NEW - Review of statutory service provision	(0.04)	0.00	0.00	0.00	(0.04)
NEW - Deletion of quality assurance officer post	(0.05)	0.00	0.00	0.00	(0.05)
NEW - Integrate parenting offer within early help and children's social care as part of family help	(0.06)	0.00	0.00	0.00	(0.06)
NEW - Integrate customer facing activity within HAF to the customer experience centre	(0.02)	0.00	0.00	0.00	(0.02)
NEW - Removal of system support contract	(0.08)	(0.11)	0.00	0.00	(0.19)
NEW - Staffing efficiencies as part of One Source phase 2 implementation	(0.05)	(0.16)	0.00	0.00	(0.21)
P4 - Introduce more rewilding	0.05	0.00	0.00	0.00	0.05
OP35 Additional income from an increase in outdoor advertising (reduced)	0.05	0.05	0.00	0.00	0.10
OP36 Remove external One Source system support by using in-house expertise (removed)	0.20	0.20	0.00	0.00	0.40

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
OP56 £100k capital investment in CCTV to support revenue savings	0.00	0.00	0.05	0.00	0.05
OP61 ASC demand – decrease in existing service user placement costs (re-aligned)	0.10	(0.65)	(0.65)	(0.72)	(1.92)
OP62 ASC demand – additional service use contributions based (re-aligned)	(0.20)	0.14	0.18	0.19	0.31
OP63 Health contribution – Section 117/continuing health care (re-aligned)	0.26	0.06	0.05	(0.27)	0.10
Total changes to savings	(0.18)	(2.73)	2.13	(0.80)	(1.58)
Other service adjustments					
EEC - Extended producer responsibility	(5.88)	0.00	0.00	0.00	(5.88)
Children's - Extended rights to home to school transport (grant rolled into general funding)	0.08	0.00	0.00	0.00	0.08
Children's - Children's Social Care Prevention Grant (new funding)	(2.88)	0.00	0.00	0.00	(2.88)
Children's - Family Hubs Start for Life Programme Income (increase in funding)	(0.09)	0.00	0.00	0.00	(0.09)
EEC – Domestic Abuse grant (increase in funding)	(0.18)	0.00	0.00	0.00	(0.18)
R&T – Homelessness Prevention grant (increase in funding)	(0.32)	0.00	0.00	0.00	(0.32)
Total service adjustments	(9.27)	0.00	0.00	0.00	(9.27)
Central adjustments					
Increase in business rates income (funding)	(2.47)	2.42	0.15	1.66	1.76
Council tax surplus (funding)	(0.47)	0.47	0.00	0.00	0.00
Council taxbase changes (funding)	(0.85)	(0.10)	(0.11)	(0.11)	(1.17)
Reprofiling of central budget	3.53	0.43	(0.75)	(1.63)	1.58
New Homes Bonus increased income (funding)	(0.15)	0.00	0.00	0.00	(0.15)
Social Care grant increase income (funding)	(5.93)	0.00	0.00	0.00	(5.93)
Recovery Grant (funding)	(9.84)	0.00	0.00	0.00	(9.84)
National insurance contributions grant (funding)	(1.65)	0.00	0.00	0.00	(1.65)
Net use of reserves	0.68	(2.50)	2.50	0.00	0.68
Total central adjustments	(17.15)	0.72	1.79	(0.08)	(19.23)
Revised savings to be identified (Current budget shortfall)	0.00	4.00	4.55	3.38	11.93

Annex 5 – Capital Programme movements since reported to Cabinet 16 October 2025

	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m
Council Funded Schemes - Cabinet 16 October 2024	48.95	32.38	10.40	8.79	100.52
Maintaining a safe and secure environment - reduced	(0.05)	(0.05)	(0.05)	0.00	(00.15)
Telephony - removed	(0.19)	(0.19)	0.00	0.00	(00.38)
Wi-Fi – reprofiled	(0.08)	0.00	0.08	0.00	00.00
Bloxwich Town Deal –reduced	(1.44)	0.00	0.00	0.00	(01.44)
Council roof repairs – reduced	(0.08)	0.00	0.00	0.00	(00.08)
Wheeled bin stock - reduced	(0.07)	0.00	0.00	0.00	(00.07)
Aids and adaptations - increased	0.83	0.83	0.83	0.83	03.32
New children’s home 2025- new	0.85	0.00	0.00	0.00	00.85
Refurbishments to foster carer’s homes - increased	0.10	0.15	0.15	0.15	00.55
Libraries – Community association style Hub – new	0.10	0.00	0.00	0.00	00.10
Assistive technologies - new	0.25	0.00	0.00	0.00	00.25
Promotion of community health and safety - reduced	(0.04)	(0.04)	(0.06)	0.00	(00.14)
ICT Safe & Secure bring forward 2025/26 budget into 2024/25	(0.05)	0.00	0.00	0.00	(00.05)
Maintaining a Safe & Secure Environment - bring forward budget for upfront CISCO license	(0.09)	(0.09)	(0.06)	0.00	(00.24)
Allotment Boundary Improvement Works	(0.02)	0.00	0.00	0.00	(00.02)
Hatherton Road car park	(0.21)	0.00	0.00	0.00	(00.21)
Play areas & outdoor gym	(0.13)	0.00	0.00	0.00	(00.13)
Revised Council Funded Schemes	48.63	32.99	11.29	9.77	102.68
External Funded Schemes - Cabinet 16 October 2024	31.19	22.27	23.08	30.10	106.64
Family Hubs 25/26 allocation	0.09	0.00	0.00	0.00	00.09
Disable Facilities Grant additional budget	0.63	0.63	0.63	0.63	02.52
High Needs budget reprofile	1.72	0.00	0.00	0.00	01.72
Basic Needs budget re-profile	10.00	6.00	(4.35)	(11.65)	00.00
LA Housing fund 3	0.32	0.00	0.00	0.00	00.32
Revised External Funded Schemes	43.95	28.90	19.36	19.08	111.29
Revised Programme	92.58	61.89	30.65	28.85	213.97

Annex 6 – Summary of Revenue Grants 2025/26

Revenue Grant	£m
Magistrates & Probation Service Grant	(22,064)
Bikeability Grant	(88,508)
Housing Benefit Subsidy - Rent Allowances	(57,269,985)
Housing Benefit Subsidy Administration	(790,574)
Woodland Creation Accelerator Fund	(29,464)
Local Reform Community Voices Grant	(235,436)
16 to 19 Education Funding	(3,026,619)
West Midlands Police Crime Commissioner Community Safety Grant	(125,426)
Housing Benefit Subsidy	(839,739)
AYSE Grant	(74,316)
Dedicated Schools Grant (DSG)	(224,028,889)
Pupil Premium Grant	(12,247,845)
Primary PE & Sport Premium	(1,223,118)
Universal Infant Free School Meals Grant	(2,387,771)
Arts Council National Portfolio Grant	(1,218,152)
Heritage Lottery Fund	(73,028)
Holiday Activity and Food Programme Grant	(1,912,527)
DEFRA Countryside Stewardship Grant Income	(11,587)
St Thomas More Public Finance Initiative Grant (PFI)	(772,600)
Verified Earnings & Pension Grant	(10,967)
Discretionary Housing Payments	(540,168)
DWP Housing Benefit Award Accuracy Grant	(50,000)
Public Health Grant	(19,968,817)
Teachers Pay Additional Grant	(2,600,194)
Social Care Support Grant	(38,054,524)
Teachers' Pension Employer Contribution Grant	(95,493)
Youth Justice Board Grant	(488,691)
COVID-19 Recovery Premium	(423,336)
Afghan Relocation Grant	(802,740)
Market Sustainability & Fair Cost of Care	(6,264,233)
Restart Grant	(42,499)
Homes for Ukraine Scheme	(139,419)
Homelessness Prevention Grant	(1,430,821)
The Remand Framework for Children	(318,375)
Key Stage 2 Moderation and Key Stage 1 Phonics Grant	(11,917)
Domestic Abuse Safe Accommodation Grant	(896,337)
Arts Council Music Education Hub Grant	(484,072)
Household Support Fund Cost of Living	(5,639,418)
Violence Reduction Partnership Grant	(82,981)
Family Hub Grant	(1,359,537)
Supported Housing Improvement Programme	(107,609)
Staff Related Inherited Liabilities Grant	(400,000)
Shared Prosperity Fund (UKSPF)	(1,842,601)
Commonwealth Games Legacy Fund	(75,443)

Revenue Grant	£m
Local Stop Smoking Services Grant	(367,927)
Walsall Energy Action Project	(513,966)
Darlaston Towns Fund	(200,000)
Social Worker Apprenticeship Grant	(88,868)
Rough Sleeping Prevention and Recovery grant	(734,900)
Rough Sleeping Accommodation Programme	(48,552)
Local Authority Better Care Grant	(17,494,592)
Children's Social Care Prevention Grant	(2,884,555)
Children's and Families Grant	(2,766,839)
Street Lighting Public Finance Initiative Grant (PFI)	(1,595,348)
Business Rates Retention Section 31 Grant	(29,056,547)
Biodiversity Net Gain Grant	(26,807)
Recovery Grant	(9,836,997)
National Insurance Contribution Grant	(1,650,000)
New Homes Bonus Scheme	(152,716)
Top Up Grant	(22,772,985)
Total Revenue Grants 2025/26	(478,699,439)

Annex 7 – Capital & Investment Strategy

1. INTRODUCTION

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code (2021) requires local authorities to produce a Capital Strategy (the “Strategy”) to demonstrate how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

The Strategy forms part of the framework for financial planning and is integral to both the Medium Term Financial Framework (MTFF) and the Treasury Management and Investment Strategy (shown at section B, part 2 of the Corporate Budget Plan) and considers the funding implications of the capital programme and where borrowing is required. It sets out how capital investment will play its part in delivering the ambitious long term strategic objectives of the council, how associated risk is managed and the implications for future financial sustainability. The Strategy is also in line with the Department for Levelling Up, Housing & Communities (DLUHC) Investment Guidance.

2. AIM AND OBJECTIVES

- a. The Capital Strategy forms a key part of the council’s overall corporate planning framework within which capital and investment decisions will be made with a focus on protecting the council’s assets and delivering the council’s corporate objectives. The overarching aim of the 2025/26 to 2028/29 Capital Strategy is to provide a framework within which the council’s capital investment and financing decisions can be aligned with the council’s corporate priorities and objectives over the medium term. The Strategy recognises uncertainties, especially in relation to funding in later years.

In order to reflect the council’s corporate priorities the Strategy is driven by the ‘Pursuing Excellence’: Our Council Plan 2025-2029. The current Council Plan (Our Council Plan 2022-25) is due to be replaced next year, but there are additional drivers that make this a timely opportunity to completely review our corporate ambitions and priorities.

The main sections of the Capital Strategy link to the Council Plan in the following key areas:

- **Asset Management Planning** – is aligned to the Council Plan by reviewing service needs to ensure that quality services are delivered, and to further protect the Council’s assets.
- **School Estate Planning** – is aligned to the Council Plan by investing in Schools to providing the best start in life for the boroughs children.

- **Investment in Regeneration** – is aligned to the Council Plan by a focus on economic growth by supporting key strategic projects that will deliver business and inclusive growth and jobs across the borough.
- **Investment in ICT and Digital Services** - is aligned to the Council Plan by Striving for excellence by providing efficient and effective value for money services, supported by a skilled and engaged workforce to provide a high-quality experience for all those engaging with the council.
- **Capital Investment for Revenue Benefits** – is aligned to the Council Plan by investing in relevant services to reduce expenditure or create or increase revenue, impacting better value for money.

3. CAPITAL EXPENDITURE

3.1 Setting the Capital Programme

- a. The council's Capital Programme covering the period 2025/26 to 2028/29 is set out within **Annex 8 - 10** of this Corporate Budget Plan.
- b. The basis of the Capital Programme is driven by the budget and service planning process. This process begins during the summer. The size of the Capital Programme is determined by:
 - The need to incur capital expenditure
 - Capital resources available
 - The revenue implications flowing from the expenditure.
- c. As part of the budget and service planning process, services are required to review capital needs locally, and to align with service priorities. Where directorate capital and asset groups agree these requirements, then these capital investments are named as projects and included in the Council's investment pipeline schedule ("Pipeline"). The Pipeline includes the following information:
 - Project background, including context, key dates and requirements
 - Project objectives and outputs
 - Scope and justification of the project
 - Draft profile of spend by financial year, source of funding, and revenue implications
 - References to background papers and key documentation
 - Anticipated project sponsor and project manager
- d. The Pipeline is scored, initially by project leads and managers, using the scoring matrix in Table 1 below. The scored Pipeline is then tested and challenged by the Council's Transformation Board and its Transformation and Finance Group, with scores adjusted where necessary. This ensures that scoring is robust and consistent across directorates, and projects can be categorised between "highly recommended", "recommended" and "not recommended" based on their score and funding available. Once Transformation Board are content with the prioritised Pipeline, this is reviewed

by Members for review and challenge. This process ensures that investment is directed to projects that align with the Council's strategies and meets our aims, objectives and outcomes. It also ensures that budgets are ring-fenced for critical and deliverable schemes, rather than silting up funds that are at risk carry forward.

Table 1: Pipeline investment scoring matrix

Ranking Criteria	Weighting	Notes	SCORING		
		Rag rating	GREEN	AMBER	RED
		Points	3	2	1
Aligned to local plans and strategies	40%	We should only be developing schemes in our wider plans. WM and BC Strategic Economic Plans, Walsall Council Plan, MTFs, Local planning policy, Site Allocation Document, Town Centre Area Action Plan, Walsall 2040.	Aligns to National AND local strategies	Aligns only to to National OR local strategies	No alignment to a specific strategy
Essential service	20%	Supports Council Infrastructure to enable service delivery	Non-investment is not an option	Investment would be preferable and enhance service	Non-essential
Short term deliverability	20%	Likelihood of end scheme being delivered in short term	Delivery could commence in 12 months	Delivery 1-3 years	Delivery 4-5 years
Finance potential	20%	Potential for the wider scheme to secure external funding / match funding / recycling of funds i.e. commercialisation, overage, land sale etc so that more of the pipeline can be funded in the longer term	match funding (>50%) and revenue savings meaning payback within 5	funding or revenue savings generate, or significant cost avoidance	funding OR will result in no revenue change or a net revenue cost

- e. Pipeline projects are categorised between existing need (i.e. business as usual or project overspends) and new investments:
 - Existing projects are named and valued in the Capital Programme.
 - Statutory or legally required capital expenditure may be added directly to the capital programme depending upon its nature.
 - A Pipeline Investment marker will be included in the Capital Programme for new investments, where indicative schemes are named but are subject to a Green Book compliant business case, future endorsement by Transformation Board and approval by Cabinet.
- f. Business cases, where requested to be completed, will be subject to formal review and assessment. A business case will include more detailed information on the proposed scheme, along with options where applicable, in line with the Government's 5 case model for developing business cases and would expect to include the following:
 - Strategic Case - Provides strategic fit and is supported by a compelling case for change, and why the project is proposed.
 - Economic Case - Focuses on options appraisal and the identification of the preferred option by comparing value for money and non-quantified benefits of each delivery option
 - Financial Case – Assesses if the preferred option is fundable and affordable over the project lifetime (capital and revenue)
 - Commercial Case - Is commercially viable and attractive to suppliers. This section focuses on the development and procurement of the potential Deal

- Management Case: Can the project be delivered successfully by the organisation and its partners, does it need extra support and resource? This section focuses on the implementation arrangements for the proposal and milestones.
- g. Prior to cabinet approving the capital programme, the final version of the development pipeline is reviewed by members at CMT with any adjustments requested being made in the light of the relative priorities and the overall impact on the revenue budget.
- Existing capital schemes and expenditure that is unavoidable to meet statutory and legislative requirements (i.e. health & safety, expenditure to meet new legislation etc) will be presented separately in the capital programme. By their nature, these schemes are a first call on available resources. It also includes supported borrowing allocations which are ring fenced to a specific programme of activity.
- h. The council's policy is to agree the Capital Programme on an annual basis at the Council meeting in February, in line with statute. Once approved, the budget report is made available on the council's website and published on the finance pages of the council's intranet.

3.2 Managing the Capital Programme

- a. The council's contract/financial procedure rules and Constitution provide a clear framework on how all capital projects are to be managed.
- b. Regular monthly monitoring reports are submitted to directorate management teams and then to CMT, ASG, Cabinet and Overview and Scrutiny Committees, showing actual expenditure compared with budget. This enables high-level scrutiny of the delivery of capital objectives against the plan and for action to be taken to ensure the longer term programme reflects emerging priorities.
- c. The majority of items for the capital programme will be identified as part of the council's budget setting process and will require business cases and a prioritisation review as part of this as outlined in 3.1 (aligning to the same approach taken for revenue budget setting). There is however recognition that in rare circumstances some capital funding requirements may need to be outside of this process because of timings, in which case the council will consider its central reserve position, external funding and other options for funding.

3.3 Restriction on Borrowing and Use of Capital Receipts

- a. The council funded element of the Capital Programme is normally financed from borrowing, capital receipts and the carry forward of unspent allocations from previous years.
- b. There is no restriction on the level of borrowing that the council can undertake, subject to compliance with the Treasury Management Code of Practice and affordability of the revenue costs. However subject to this compliance, borrowing is required to be funded from the council's own resources - generated through savings, and/or paid for via council tax (this is also commonly known as unsupported or Prudential borrowing). This links to the council's Operational Boundary and Authorised Limit set within the

Treasury Management & Investment Strategy based on forecast capital programme and pipeline requirements with affordable headroom built in. Any excess borrowing required over the Authorised Limit would require further Council approval and a full assessment of affordability.

- c. Capital receipt projections for 2025/26 are in the region of £6.7m and are based on professional estimates of property colleagues and subject to change dependent on the implementation of the Strategic Asset Plan moving forward. There are risks associated with the capital receipt estimate, as the timing of receipts can be delayed for reasons outside of the council's control. Any additional receipts received in year (excluding those earmarked for specific schemes) will be used to fund any shortfalls in previous year's receipts projections or transformation projects in line with the Flexible Use of Capital Receipts Strategy (Annex 11, part 1 of the Corporate Budget Plan).

3.4 Asset Management Planning

- a. The council has a typical local authority property portfolio consisting of operational property, investment property and property held for specific community or regeneration purposes. The council manages its portfolio under the guidance of its approved Strategic Asset Plan (SAP) 2022-27. In recent years, the council has adopted the current MTFO and embarked on a transformation agenda (Walsall Proud) to support the delivery of the Council Plan. The property portfolio has been extensively reviewed in order to identify opportunities to realise savings.
- b. The adoption of the Strategic Asset Plan was a major part of the transformation of the council's property teams – originally the Transformation Programme theme of “Our Assets”. Another significant part of the transformation was the adoption of a Corporate Landlord model for the management of the council's land and property assets which centralised the responsibilities and management of all property assets within the Corporate Landlord team which enables more effective and efficient strategic management of the portfolio and has now been embedded within the council and its core principles.
- c. A significant aim of the Strategic Asset Plan is to undertake an ongoing review of the buildings within the portfolio in order to maximise utilisation of the council's properties. This process is particularly pertinent as the council modifies its ways of working following the Covid-19 to fully consider future customer, employee and member requirements and expectations, alongside an internal review of the condition of our corporate estate. This will then inform our options and asset investment, acquisitions and disposals to meet these in the most effective way. In addition to this, an asset challenge process which seeks to identify the worst performing assets and assesses the options for those buildings being investment to improve, alterations to improve performance and suitability or disposal.
- d. The existing governance process enables joined-up decision making regarding the use of the council's land and property and is enabling strategic decisions such as the adoption of a planned preventative maintenance programmes and land assembly to support regeneration activity, to be made in consideration of wider corporate objectives and bearing in mind cross council service needs.
- e. The Disposals Strategy provides a framework for the decision-making process for the

retention or disposal of surplus assets and the prioritisation of the disposal programme. The adoption of the Disposals Strategy has enabled better planning for and forecasting of capital receipts generated through the disposal of surplus assets which contribute towards funding the capital programme.

- f. Outcomes of the above will be brought through the relevant internal governance process to Cabinet and once agreed will be updated within the Capital Programme accordingly.
- g. Additionally, the Highway Asset Management Plan sets out how the Council Plan links to the way the council develops and maintains the highways which are the single most valuable asset the council is responsible for. The way the highways are maintained and managed has a direct impact on the borough's residents, businesses and visitors and further investment will sustain and encourage economic growth.

3.5 School Estate Planning

- a. The Council has a duty to ensure there are sufficient school places for resident children who require a school place. Basic Need and High Needs capital funding are therefore allocated by the Department for Education to local authorities, based on pupil place number forecasts, to deliver the additional places in schools to meet expected demand.

The authority has identified a significant increase in demand for both mainstream and SEN pupil places in recent years. As at the end of 2024/25, the remaining balance of Basic Needs and High Needs Capital funding to be carried forward into 2025/26 is expected to be £32.5m of which £20.5m is already committed to capital projects across the borough to deliver additional pupil places. The allocation for Basic Needs in 2025/26 has been confirmed as £6.8m. This will be added to the carried forward balances to continue to deliver additional pupil places where required. Future years allocations are confirmed on an annual basis by the DfE based on the level of demand for pupil places in the borough each year. The DfE are yet to confirm what the High Needs Capital allocation will be for 2025/26.

- b. The pupil place requirement for SEND/mainstream places is increasing for many local authorities including Walsall. The impact of this is that local authority areas may not have sufficient or appropriate provision and capacity to deliver specialist support and therefore accurate management of limited resources like finance becomes pivotal to ensure not just the delivery of places but also value for money.
- c. With the view to support the challenges highlighted above the authority has identified the need to appoint a strategic partner who will work with the authority to develop and deliver proposals relating to any new and emerging need for pupil places responding to the changing trends in demand for pupil places as well as support the development of a longer-term plan for delivery of places and our wider Education Capital Programme. The appointment of a strategic partner will also help the Authority deliver school places more efficiently and effectively and improve value for money.
- d. To deal with the shortfall of places as mentioned above for SEND/Secondary places, a plan of short, medium and long term works has been identified and approved at cabinet to ensure that there are enough places available.

- e. The anticipated expansion programme is likely to have a significant impact on the Council's educational estate, providing enhancements to the operational benefit of schools. The programme will entail extensive works to extend, alter and remodel the portfolio, and could in some instances see the construction of new buildings. In accordance with any well-planned construction programme, it will be important to undertake pre-construction feasibility activity and site surveys to inform all necessary consents, as well as construction costs, and future maintenance responsibilities. Such consents will need to include planning and building regulations in addition to any specific requirements of other statutory bodies/ undertakers.

3.6 Investment in Regeneration

- a. In support of the objectives set out within the 'Pursuing Excellence': Our Council Plan 2025-2029, to achieve 'Economic Growth for all people, communities and businesses', the council continues to plan for and deliver its regeneration plans and proposals in line with local, sub regional and regional strategies. Boroughwide regeneration continues to be an important part of the council's 'Ways of Working' agenda following Covid-19 and underpin the overall borough's economic recovery approach.
- b. Additionally, the authority like many other councils, continues to explore alternative models for intervening in the market to aid our regeneration opportunities, and in ways that may also secure longer term revenue income as well as create additional business rate and council tax income. These opportunities will be modelled to provide assurance that sufficient investment returns over the life of the project are consistent with long term treasury investment returns adjusted for risk.
- c. Building upon the economic growth aspirations of key documents including the West Midlands and Black Country Strategic Economic Plan and Plan for Growth, current local planning policy including the Walsall Site Allocation Document and Town Centre Area Action Plan, and development frameworks including the Walsall Town Centre Masterplan and Willenhall Framework Plan, the council recognises its role in enabling public and private sector investment to be secured to continue and facilitate the delivery of key development opportunities. And The council has used capital resources to acquire land interests in key regeneration locations, including within Walsall Town Centre and the Black Country Enterprise Zone (BCEZ). Consideration is being given to future acquisitions to support the delivery of other projects.
- d. Walsall has an extensive prioritised development pipeline which comprises schemes that can support the delivery of:
 - 70 hectares of land remediated/ redeveloped
 - 2,900 new or sustained jobs within Walsall
 - 1,200 new homes
 - 150,000 square metres of employment / commercial floors space

The regeneration pipeline is included in the Councils Pipeline (para 3.1.3) and scored alongside wider Council projects, so investment decisions can be taken in the context of the Councils wider strategy and aims and objectives.

- e. Successful delivery of these projects will only be achieved through collaborative working between the council, public sector partners and private developers/ investors,

with the potential utilisation of public sources of finance.

- f. The council has a strong track record of working in partnership to secure investment and the borough is in the middle of a £1.5bn transformation through recent, current and planned investment.
- g. The council continues to work with the West Midlands Combined Authority to maximise the opportunities and benefits to the borough available through the devolved policy levers and powers and the integrated funding settlement. The Walsall Place Based Strategy, aligned to the Walsall 2040 Borough Plan, sets out the vision and priorities for how the functions of the integrated settlement will come together to bring about multi-year transformation across the borough and with focus on the Walsall Growth Corridor. The Place Based Strategy incorporates our regeneration pipeline activity and key linkages and interventions for housing, local growth & place, skills, local transport and retrofit.
- h. In 2025 the council will be preparing a refresh of the Walsall Town Centre Masterplan to reflect delivery of the catalytic interventions since approval in 2019, as well as recent changes in policy and new developments and additional sites. The Walsall Town Centre Masterplan will continue to be a key tool to 're-imagine' the town centre and unlock development opportunities; including opportunities that will require public funding through the integrated settlement investment propositions and co funding mechanisms.
- i. Building on the successful award of £11.4m of the Government's Future High Street Fund for a multi-million pound Connected Gateway project to transform the connectivity of the town centre's rail and bus stations, the council was also successful in being awarded £21.3m for each of the eligible Bloxwich and Walsall town areas from the Government's Towns Funds (£42.6m total). The Connected Gateway project and projects within the Towns Fund programme are at various stages of delivery, including the creative industries hub, active public spaces, and Bloxwich launchpad. The council's £20m bid to the Levelling Up Fund Round 2 to support delivery of new housing and highways improvements in Willenhall Phase 1 was also successful. To date the scheme has delivered cycling and walking improvements to the Greenway and a CPO has been secured for land at Moat Street/Villiers Street for housing development. Walsall has been selected as one of twenty places to form a Levelling Up Partnership with confirmed funding of £20m for a package of interventions. In October 2023 it was announced that the government had also been awarded £20m for a new Darlaston Long Term Town Plan that will deliver community-led interventions over a 10-year period although we are still awaiting further detail from MHCLG on this programme.
- j. Looking ahead and recognising the continued changing market conditions and development viability issues, the council has prioritised its regeneration activity to focus upon key strategic locations in the Walsall Growth Corridor. As reflected in the Place Based Strategy, the Corridor includes Walsall and Willenhall Town Centres, the BCEZ and Growth Zone employment sites, and significant brownfield housing development sites.
- k. The BCEZ and Growth Zone status mean that the council can has the option to utilise Public Works Loan Board funding for upfront enabling works where this will be repaid

through future business rate uplift. The delivery of new homes and wider interventions in the Walsall Growth Corridor can be assisted by the West Midlands integrated settlement, supported by other sources of financing to unlock the transformational change and grow the economy as set out in the Place Based Strategy. Growth aspirations will be further supported through the preparation of the Walsall Borough Local Plan, Business Growth Strategy and updated Housing Strategy.

- I. In this context it should be noted that Government has made announcements in relation to the Integrated Settlement being provided to WMCA through the Devolution Deal which may be able to support project delivery in the borough. In addition, Walsall is one of three Growth Zones agreed as part of the Devolution Deal which allows the council to retain business rates generated across six defined sites for a 25 year period to spend on growing the economy.

4. DEBT & BORROWING AND TREASURY MANAGEMENT

- a. A projection of external debt and use of internal borrowing to support capital expenditure, the council's authorised borrowing limit and operational boundary along with the Capital Financing Requirement are set out within the Treasury Management & Investment Strategy (section B, part 2 of the Corporate Budget Plan).
- b. The Treasury Management & Investment Strategy also sets out the council's Minimum Revenue Provision (MRP) which identifies the financial provision that the authority is required to set aside each year for the provision of the repayment of borrowing over the life of the underlying debt.

4.1 Risk Appetite Statement

- a. The Prudential Code (2021) requires authorities to disclose their risk appetite with regard to its treasury management activity. This is set out within our Treasury Management Policy Statement and within TMP1.
- b. For the purpose of this statement, the authority has adopted the Orange Book (UK government publication on the strategic management of risk within government) definition of Risk Appetite, namely "the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time."
- c. It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, an organisation has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the council as well as positive opportunities.
- d. It is worth noting that the Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well exist within the organisation or can be brought to bear.
- e. The authorities risk appetite statement sets out how it balances risk and return in pursuit of achieving its objectives. It is intended to aid careful decision-making, such that the council takes well thought through risks to aid successful delivery of its services

and obligations, while also understanding the adverse aspects of risk undertaken and taking appropriate measures to mitigate these in line with its stated goals. Thereby, the council's risk judgements are more explicit, transparent and consistent over time.

- f. The risk appetite statement forms a key element of the council's governance and reporting framework and is set by full Council as part of the Capital & Investment Strategy. In addition, the risk appetite will be considered annually and monitored on an ongoing basis by the Treasury Management Panel and external advisors.

4.2 Relationship to Other Aspects of Risk Management

- a. It is important to note that the risk appetite is a high level view on the key areas of risk and the qualitative quantum therein that the council is willing to accept in pursuit of its objectives. In this, it is different to other key aspects of risk management, primarily:
 - The Strategic Risk Register – a detailed list of the potential significant risks the council is exposed to;
 - The budget risk assessment – the assessed level of risk at which the council can operate, given its reserves, revenues, and access to funding, liquidity, regulatory and legal constraints, and any other restrictions.
- b. The risk appetite is also supported by the following:
 - The council's Risk Management Framework;
 - The governance structure and responsibilities;
 - Risk reporting;
 - Monitoring and escalation procedures.

4.3 Treasury Management Risk Appetite

- a. In general, the council's treasury management risk appetite is expressed through its tolerance to risk in respect of capital preservation, meaningful liquidity and income volatility. The council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.
- b. The council's treasury management operations are exposed to a broad range of risks. These, along with the council's approach to managing them, are set out in detail within the authorities Treasury Management Policies (TMP 1 – Treasury Risk management).
- c. Managing the council's treasury management risks is an area of significant focus for the Treasury Management Panel (TMP) and the council adopts an integrated view to the management and qualitative assessment of risk. The TMP is made up of senior council finance officers who meet to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.
- d. The council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the council.

5. INVESTMENT PROPERTY & COMMERCIAL ACTIVITY

- a. If commercial opportunities do arise the council will review these to understand if there is a potential for a financial or community based (regeneration / creating or securing jobs etc) contribution from the scheme.
- b. In support of reviewing these options and informing decision making the council has a strong governance framework that goes beyond the regulatory codes. This includes the Audit Committee and reporting to Cabinet and Council.
- c. Due diligence is of paramount importance. All of the council's commercial investments will be supported by individual business cases that are subject to thorough risk assessment. Where appropriate to the size and scale of the project independent technical and legal reviews will also be considered.
- d. Ongoing performance monitoring for all commercial schemes that have been entered in to is also undertaken and reported to relevant members and senior officers on a regular basis through Asset Strategy Group.
- e. The council also seeks to ensure that all commercial schemes it considers and undertakes are fully aligned with priority outcomes set out within the Council Plan and are in line with the DLUHC guidance making it clear local authorities are no longer allowed to borrow to invest purely for commercial yield.
- f. Details of the councils existing non-financial investments, including their contribution, benchmarking indicators and proportionality of the income derived from them in comparison to net service expenditure is set out within the Treasury Management & Investment Strategy.
- g. Following consultation during 2020, HM Treasury have now revised access requirements for local authorities seeking to access borrowing from the Public Works and Loans Board (PWLB). These revisions mean that local authorities will not be able to access PWLB borrowing to buy investment property with the primary aim of generating yield, and specifically to access PWLB funding authorities will need to submit three year capital plans to PWLB, with the S151 officer confirming that there is no intention to buy investment properties primarily for yield at any point within those three years.
- h. If there are any intentions by the authority to buy investment properties primarily for yield within the three year capital programme then PWLB will not be able to lend to the authority for the period of that programme. HM Treasury have also confirmed that where local authorities do seek to pursue debt-for-yield projects which they finance in other ways, such as through the use of internal cash balances or borrowing from other financial institutions, they would then not be able to access PWLB borrowing to refinance this element of debt going forward.
- i. As interest rates on PWLB borrowing are normally more favourable than other forms of borrowing, being unable to access PWLB and having to seek borrowing from other financial institutions is therefore likely to increase the overall revenue costs required to fund the elements of the council's capital programme which are funded from borrowing – for example every 1% increase in interest costs on a three year capital programme

including circa £96.64m of capital spending funded from borrowing (similar to the level included within this report) would add £0.97m of additional ongoing revenue costs per year by the end of the three year period.

6. OTHER LONG TERM LIABILITIES

6.1 Pension Guarantees

- a. The council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The council have thus given pension guarantees to a number of organisations. This guarantee means that if an admitted body fails to pay its pension obligations then the council will be responsible for taking on those obligations.
- b. All guarantees entered into need the approval of Cabinet. The guarantees are reviewed annually as part of the closure of accounts process. The pension balance is assessed on an annual basis by the Pension Fund and is subject to change due to the underlying assets. This is rebalanced on a three year basis, known as a triennial review.

6.2 Public Finance Initiative (PFI) & Other Long Term Liabilities

- a. The council operates two PFI's and one Public Private Partnership (PPP) as follows:
 - St Thomas More School PFI - contract for the construction, maintenance and operation of a secondary school in Willenhall.
 - Public Street Lighting PFI - contract for the replacement and maintenance of the council's lighting stock across the borough. The objective of this contract is to ensure that the borough is lit in a uniform manner complying with British and European standards.
 - Housing & Care 21 PPP – contract to provide 285 extra care units (including 70 shared ownership and 5 respite care) across the borough, a 40 bed dementia care unit at Goscote and increased day care across the borough (including weekend access to services).
- b. The financial liabilities are disclosed annually in the council's Statement of Accounts and whilst PFI and PPP contracts are long term liabilities the agreements include financing and as such are netted off within the capital financing requirement.

7. KNOWLEDGE AND SKILLS

- a. The Capital Programme and Treasury Management & Investment Strategy are managed by teams of professionally qualified accountants, who actively undertake Continuous Professional Development (CPD) on an ongoing basis to keep abreast of new developments and develop additional skills. They also have extensive local government finance experience between them.

- b. The council's Section 151 Officer is the officer with overall responsibility for capital and treasury activities. They too are a professionally qualified accountant undertaking an ongoing CPD programme.
- c. Any commercial projects that the council seek to enter into will also be supported by teams from all required professional disciplines from across the council, and external professional advice will also be sought if needed.
- d. Internal and external training is offered to members on an ongoing basis to ensure they have up to date skills to make capital and treasury decisions.
- e. The Council's Treasury Management Panel meet regularly to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.
- f. The knowledge and skills of officers and members are commensurate with the council's risk appetite.

Annex 8 – Capital Programme for 2025/26 to 2028/29 aligned to the ambitions of the Council Plan – Council Funded Schemes

A1 - Rolling Programme Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Accessible services & connected places								
Economy, Environment & Communities	Traffic Signals Infrastructure	The council has a statutory duty to maintain all its traffic signal infrastructure. This programme of planned pedestrian crossing replacements will ensure the safe and efficient movement of pedestrians across the borough (Traffic Management Act 2004). Also supports delivery of the council's carbon reduction targets.	0	200,000	200,000	200,000	200,000	800,000
	Capitalisation of Reactive Highways maintenance- Pothole Funding	Capitalisation of Reactive Highways maintenance- Pothole Funding	0	200,000	200,000	200,000	200,000	800,000
	Highways Maintenance Programme	As Highway Authority the council has a legal responsibility to maintain the highway network. Failure to do so inevitably leads to a deterioration of our roads, increasing the likelihood of accidents and would ultimately expose the council to increased risk of third party claims.	0	1,300,000	1,300,000	2,800,000	2,800,000	8,200,000
	Promotion of Community Health and Safety	Ongoing funding of road safety schemes, to address local community concerns, which fail to achieve the strategic priorities associated with the Local Transport Plan funding in terms of casualty reduction. In supporting the delivery of these local schemes it is possible to improve local quality of life and safety creating safer communities.	0	120,000	120,000	120,000	120,000	480,000
Total Accessible services & connected places			0	1,820,000	1,820,000	3,320,000	3,320,000	10,280,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Celebrating our culture and heritage								
Economy, Environment & Communities	Capitalisation of Library Book Fund	Capitalisation of Library Book Fund	0	145,000	145,000	145,000	145,000	580,000
Total Celebrating our culture and heritage			0	145,000	145,000	145,000	145,000	580,000
Homes for all								
Resources & Transformation	Aids and Adaptations / Preventative Adaptations/ Supporting Independence	This project directly supports the council's: 1. Statutory requirement to provide Disabled Facility Grants (DFGs) this includes enabling the council to provide a continuous service rather than as some councils do in terms of stock-piling enquiries till new grant allocations are made to them. 2. Provision of maintenance of lifts and hoists. 3. Minor adaptation works. 4. Domestic electrical safety.	0	1,242,000	1,242,000	1,242,000	1,242,000	4,968,000
Economy, Environment & Communities	Health Through Warmth - Tackling Fuel Poverty	To help provide a safety net for those who cannot access other funding sources and is available as a loan charged on the individuals' property that is repaid upon sale or relevant transfer of their home. For this sum per year, it could offer 28 new boiler systems and 25 boiler repairs. Also helps secure continued investment from external agencies in tackling fuel poverty and excess winter deaths in the borough.	0	140,000	75,000	75,000	75,000	365,000
Total Homes for all			0	1,382,000	1,317,000	1,317,000	1,317,000	5,333,000
Safer streets, safer people								
Economy, Environment & Communities	Memorial Safety Management in Cemeteries	The continued inspection and making safe of memorials in Walsall cemeteries and to discharge the council's duty of care within the cemeteries. Increased safety of memorials benefits the residents of Walsall by delivering a safer environment within Walsall cemeteries.	0	20,000	20,000	20,000	20,000	80,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Council Wide	Funding to support essential works including health and safety, and other projects that cannot be programmed at start of year	1: Asbestos removal - the authority is required by legislation to manage asbestos within its properties and to remove to comply with health & safety legislation. 2: Statutory testing of gas and electrical systems in buildings. 3: Control of Legionella - statutory requirement to test all water systems and undertake upgrades and improvements as required. 4: Fire Risk Assessment - statutory requirement to ensure compliance with health & safety. 5: Demolition of redundant buildings to provide saleable assets and increase market value of sites. 6: General repair & maintenance of buildings, historic buildings, aiding relocations. 7: Self-insured property damage – insurance excess. 8: Risk Management - unforeseeable events.	0	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Resources & Transformation	CFR 1391 Maintaining a Safe & Secure Environment (rolling programme)	Continuation of existing scheme CFR 1391 Maintaining a Safe & Secure Environment. Not all hardware has a warranty/support & maintenance agreement in place - it is more cost effective to replace the equipment should it fail - some equipment will run for 10+ years without incident, therefore having a support/warranty agreement in place is not cost effective. This scheme also funds critical work that needs to take place within the Council's data centre environments for example additional cooling units, additional door security, unforeseen problems ie suppliers unexpectedly declaring components end of life or unforeseen incompatibilities between components ie something new won't work with something old without additional intervention/replacement.	28,000	100,000	100,000	129,353	190,000	547,353
Total Safer streets, safer people			28,000	1,120,000	1,120,000	1,149,353	1,210,000	4,627,353
Total Rolling Programme Schemes			28,000	4,467,000	4,402,000	5,931,353	5,992,000	20,820,353

A2 – Prior Year Approval Schemes

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Vibrant towns								
Economy, Environment & Communities	Street Lighting Inspections	Capitalisation of electrical Inspections of Street Lighting- Health and Safety	0	62,469	35,793	63,091	0	161,353
	Future High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time (External funding announced by MHCLG. The works include the refurbishment of the Saddlers Centre including the transformation of the public realm area from the centre to the bus station with additional works to the train station concourse. This will be part of the transformative investment in Walsall Town Centre around the rail and bus stations. Originally £5,163,891 in 2024/25. Rephased into 2025/26.	0	12,153,616	17,484,313	83,072	0	29,721,001
	Regenerating Walsall	Regenerating Walsall. Originally £223,206 in 2024/25. Rephased into 2025/26.	0	223,206	0	0	0	223,206
	St Peter's Church Repairs	St Peter's Church Repairs - repairs to surrounding wall. Originally £29,569 in 2024/25. Rephased into 2025/26.	0	29,569	0	0	0	29,569
	Development Team Structure	The Development Team structure is currently a Team Leader and 4 officers. Capitalising posts will enable further capacity to be introduced to the team to support delivery of the pipeline. Originally £77,649 in 2024/25. Rephased into 2025/26.	500,000	405,298	327,649	327,649	327,649	1,888,245
	New Art Gallery	New Art Gallery	41,292	0	0	0	0	41,292
	Other schemes carried forward from previous years requiring completion	Rushall Olympic Stadium	5,833	0	0	0	0	5,833

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Economy, Environment & Communities	Town Deals	Walsall Towns Deal - In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from DLUHC for each town. Working with the Town Deal Board and partners, a project confirmation table has been submitted for each project, with an underwriting requirement from the Council of £5.48m as the Council's share of the shortfall compared to the awarded allocation	0	1,779,600	0	0	0	1,779,600
		Bloxwich Towns Deal - In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from DLUHC for each town. Working with the Town Deal Board and partners, a project confirmation table has been submitted for each project, with an underwriting requirement from the Council of £5.48m as the Council's share of the shortfall compared to the awarded allocation	1,015,844	2,265,000	0	0	0	3,280,844
	Other schemes carried forward from previous years requiring completion	Saddlers - Car Park Surfacing works, Electric Vehicle charging, Changing Places and toilets plus further capital works to units during/post connected gateway scheme. Originally £500,000 in 2024/25. Rephased into 2025/26.	1,276	650,000	150,000	0	0	801,276
Total Vibrant towns			1,564,245	17,568,758	17,997,755	473,812	327,649	37,932,219
Celebrating our culture and heritage								
Economy, Environment & Communities	Single Library Management System	Single Library Management System	6,317	0	0	0	0	6,317
	Darlaston Library Integration	Darlaston Library Integration	60,586	0	0	0	0	60,586
	Radio Frequency Identification (RFID) Self Issue	Radio Frequency Identification Self Issue - involves the tagging of library books with RFID tags and the use of self – services kiosks and other technologies to enable library customers to self-issue and self- return library books.	5,800	0	0	0	0	5,800

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Economy, Environment & Communities	Replacement PCs	Replacement PCs. Originally £34,000 in 2024/25. Rephased into 2025/26.	0	34,000	0	0	0	34,000
Total Celebrating our culture and heritage			72,703	34,000	0	0	0	106,703
Accessible services & connected places								
Economy, Environment & Communities	Yorks Bridge (Top Up)	Yorks Bridge is currently the subject of a 7.5 tonne weight limit. Replacement scheme funded using council capital funding and the Department for Transport Maintenance Block. Originally £366,143 in 2024/25. Rephased into 2025/26.	0	1,697,786	0	0	0	1,697,786
	Active Public Places	To deliver the full project scope of public realm works, canal bridge and basin works (approved by Cabinet). Originally £1,000,000 in 2024/25. Rephased into 2025/26.	0	1,744,000	0	0	0	1,744,000
	Hatherton Road Car Park	Hatherton Road Car Park safety work	211,456	0	0	0	0	211,456
Total Accessible services & connected places			211,456	3,441,786	0	0	0	3,653,242
Supporting business and inclusive growth								

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Economy, Environment & Communities	Enterprise Zones	Required for the Council to cash-flow borrowing costs associated with capital investment into the Enterprise Zone. Financial modelling forecasts that these costs are expected to be recovered from future business rates generated from within the zone, although the Black Country LEP are the decision making body in relation to where business rates within the zone are invested. Therefore, on the basis that the BCLEP approve that costs on Walsall sites can be recovered through the business rates mechanism, then the Council will only be required to cash-flow these costs. Originally £2,178,246 in 2024/25. Rephased into 2025/26.	353,941	2,178,246	0	0	0	2,532,187
Total Supporting business and inclusive growth			353,941	2,178,246	0	0	0	2,532,187
Homes for all								
Economy, Environment & Communities	Other schemes carried forward from previous years requiring completion	Social Housing Decarbonisation	59,870	0	0	0		59,870
	Willenhall Masterplan	Willenhall Garden City Phase 1 is part of a housing-led regeneration programme with public sector intervention in land assembly and gap funding required to support private sector delivery of new homes. Originally £2,543,194 in 2024/25. Rephased into 2026/27.	0	0	5,089,768	0	0	5,089,768
	New Homes Bonus	To support future regeneration projects. Originally £76,999 in 2024/25. Rephased into 2025/26.	0	76,999	0	0	0	76,999

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Resources & Transformation	Temporary accommodation units	The Project is seeking to increase the Council's homelessness temporary accommodation (TA) portfolio with an additional supply of primarily self-contained dispersed homes, but also a block of emergency rooms for immediate placement. Originally £520,618 in 2024/25. Rephased into 2025/26.	500,000	4,326,618	0	0	0	4,826,618
Total Homes for all			559,870	4,403,617	5,089,768	0	0	10,053,255
A quality experience for all								
Resources & Transformation	Replacement of 'tablet' technology	Devices will become out of date, this scheme is a tablet refresh programme	0	1,125,000	1,125,000	900,000	900,000	4,050,000
	Card payments, Digital Website	To ensure the council remains compliant and allows for citizens to pay for services online.	121,877	255,425	255,425	100,000	0	732,727
	Archiving of Systems moving to Customer Access Management being retired	Provision for archiving either systems or data within systems as and when they are retired where third party solutions are required.	40,000	0	0	0	0	40,000
	Standard Addressing	Standard Addressing. Originally £111,000 in 2024/25. Rephased into 2025/26.	45,000	111,000	0	0	0	156,000
	Telephony	Transfer all of our incoming phone lines to new technology, potentially replace desk phones with headsets and implement Microsoft telephony.	90,000	0	0	0	0	90,000
	Capitalisation of Capital Finance Team	Capitalisation of the team to enhance capital planning, financing and strengthen programme delivery.	0	261,000	261,000	261,000	261,000	1,044,000
	Digital and Technology Service (DaTS) Staffing Capitalisation	DaTS will grow the internal team and knowledge to deliver capital projects which will reduce external consultants moving forward.	0	1,300,000	1,300,000	1,300,000	1,300,000	5,200,000

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Resources & Transformation	ICT safe and secure environment	ICT safe and secure environment	400,000	193,305	239,931	239,931	0	1,073,167
	Enabling technology	Further develop to include data changes, contract or agreements and assessment requirements. Originally £2,831,000 in 2024/25. £1,017,000 rephased into 2025/26, £957,000 rephased into 2026/27 and £857,000 rephased into 2027/28.	265,246	1,017,000	957,000	857,000	0	3,096,246
	IG Service Improvement	IG Service Improvement	16,145	0	0	0	0	16,145
	Android Replacement programme	These devices will need to be replaced every 2-3 years as the versions of android become unsupported (an android replacement carried out in 2022/23).	0	100,000	30,000	271,000	0	401,000
	Data Back-up/Security replacement & Cloud Data back up	The current on-premise tape back-up solution will be end of life in 2024/25 - a replacement solution will be required to ensure that data is secured in line with the council's retention policy and to also ensure that it can be recovered should there be a disaster.	0	0	450,000	0	0	450,000
	Wi-Fi Access Points and Licences	W-iFi access points and associated licences have a 4 year lifespan in which they are compliant with PSN standards. In order to retain the council's PSN certification the Access Points and Licences will need to be replaced on a 3-4 yearly basis.	0	0	0	80,000	80,000	160,000
	Enabling Support Services/ One Source system	Enabling Support Services/ One Source system	159,610	0	0	0	0	159,610
	MyCMIS - Council's Committee Management and Information System	MyCMIS - Council's Committee Management and Information System	12,000	0	0	0	0	12,000

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Resources & Transformation	Chip & Pin Devices	Chip & Pin Devices and associated licences have a 4-year life span in which they are compliant with PCI standards. To retain the council's PCI Compliance, the Chip & Pin Devices and Licences will need to be replaced on a 3-4 yearly basis.	0	0	0	0	30,000	30,000
Total A quality experience for all			1,149,878	4,362,730	4,618,356	4,008,931	2,571,000	16,710,895
A clean and green future								
Economy, Environment & Communities	Civic Centre Plumbing	Civic Centre Plumbing. Originally £66,600 in 2024/25. Rephased into 2025/26.	0	66,600	0	0	0	66,600
	Council House Smoke & Heat Detection Fire Alarm	Council House Smoke & Heat Detection Fire Alarm. Originally £248,920 in 2024/25. Rephased into 2025/26.	65,000	248,920	0	0	0	313,920
	Council House Internal Decoration	Council House Internal Decoration. Originally £30,218 in 2024/25. Rephased into 2025/26.	0	30,218	0	0	0	30,218
	Civic Centre Heating	Civic Centre Heating. Originally £696,328 in 2024/25. Rephased into 2025/26.	200,000	946,328	0	0	0	1,146,328
	Council House Windows	Council House Windows. Originally £945,570 in 2024/25. Rephased into 2025/26.	315,189	945,570	0	0	0	1,260,759
	Council House General Heating	Council House General Heating. Originally £1,273,105 in 2024/25. Rephased into 2025/26.	100,000	1,523,105	0	0	0	1,623,105
	Ways of Working	Ways of Working. Originally £188,665 in 2024/25. Rephased into 2025/26.	0	188,665	0	0	0	188,665
	Public toilets	Public toilets. Originally £78,641 in 2024/25. Rephased into 2025/26.	0	78,641	0	0	0	78,641
	HWRC station - Middlemore Lane	This is additional budget required to cover the uncontrollable increased inflationary / construction pressures on the existing project. To provide a new Waste Transfer Station (WTS) and large Household Waste Recycling Centre (HWRC) at Middlemore Lane in Aldridge.	3,481,085	4,566,836	0	0	0	8,047,921

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Economy, Environment & Communities	Allotment Boundary Improvement Works	Allotment Boundary Improvement Works	21,473	0	0	0	0	21,473
	Capitalisation of wheeled bin stock	Linked to revenue savings option. Wheeled bin stock capitalisation	3,859	105,000	180,000	180,000	180,000	648,859
	Cremator Repairs/ Reline	Cremator Repairs/ Reline	3,779	0	0	0	0	3,779
	Council House Roof Repairs	Council House Roof Repairs. Originally £1,412,000 in 2024/25. Rephased into 2025/26.	0	1,412,000	0	0	0	1,412,000
Central	Minor capital schemes <£100k	To fund minor capital schemes.	0	500,000	500,000	500,000	500,000	2,000,000
Total A clean and green future			4,190,385	10,611,883	680,000	680,000	680,000	16,842,268
Child-friendly borough								
Children's & Education	School Estate Condition Survey	Ongoing provision to cover school conditions.	0	50,000	50,000	50,000	50,000	200,000
	Children in care Foster Care refurbishment programme (business case required for additional £100k in 25/26 and £150k onward)	This funding is provided to enable foster carers and special guardians for children looked after by Walsall to enlarge their homes or in some circumstances, to obtain an alternative larger home. Originally £51,236 in 2024/25. Rephased into 2025/26.	144,708	151,236	150,000	150,000	150,000	745,944

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Children's & Education	Residential Home New 2023	The project will provide a modern 4/5 bedroomed property that would be registered with Ofsted to provide accommodation for 3 children deemed to require complex care. The objectives of the project are to provide a safe and secure building that is fit for purpose, increasing sufficiency for children with more complex needs, to address current shortfalls in provision and to reduce dependence on high-cost provision. Since 2019/20 the total number of children in care has reduced from 671 to 650, however, due to the ongoing sufficiency pressures and the increasing number of complex cases, the number of children residing in an external residential home has risen from 37 to 73 in August 23. In addition, the average weekly cost of these placements has risen from £4.2k to £6.1k over the same period. By opening a new home, the service will have the ability to support the needs of our more complex children, who are currently residing in external residential or unregistered placements, at a lower cost than currently budgeted. Originally £153,600 in 2024/25. Rephased into 2025/26.	0	153,600	0	0	0	153,600
Total Child-friendly borough			144,708	354,836	200,000	200,000	200,000	1,099,544
Total Prior Year Approval Schemes			8,247,186	42,955,856	28,585,879	5,362,743	3,778,649	88,930,313

A3 - New Capital Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Child-friendly borough								
Children's & Education	Residential Home New 2024 (Business case required)	The project will provide a modern 4/5 bedroomed property that would be registered with Ofsted to provide accommodation for 3 children deemed to require complex care. The objectives of the project are to provide a safe and secure building that is fit for purpose, increasing sufficiency for children with more complex needs, to address current shortfalls in provision and to reduce dependence on high-cost provision. Since 2019/20 the total number of children in care has reduced from 671 to 650, however, due to the ongoing sufficiency pressures and the increasing number of complex cases, the number of children residing in an external residential home has risen from 37 to 73 in August 23. In addition, the average weekly cost of these placements has risen from £4.2k to £6.1k over the same period. By opening a new home, the service will have the ability to support the needs of our more complex children, who are currently residing in external residential or unregistered placements, at a lower cost than currently budgeted.	0	853,600	0	0	0	853,600
Total Child-friendly borough			0	853,600	0	0	0	853,600

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Homes for all								
Adult Social Care & Public Health	Assistive Technologies (Business case required)	Health and social care digitalisation strategy whereby an increased use of tech within ASC to support care and support (gov requirement). Aligns with Corporate plan keeping people at home and healthy.	0	250,000	0	0	0	250,000
Total Homes for all			0	250,000	0	0	0	250,000
Celebrating our Culture and Heritage								
Economy, Environment & Communities	Libraries – Community Association style HUB (business case required)	Libraries – Community Association style HUB	0	100,000	0	0	0	100,000
Total Celebrating our Culture and Heritage			0	100,000	0	0	0	100,000
Total New Capital Programme requests			0	1,203,600	0	0	0	1,203,600
Total Draft council Capital Programme			8,275,186	48,626,456	32,987,879	11,294,096	9,770,649	110,954,266

Annex 9 – Draft Capital Programme for 2025/26 to 2028/29 aligned to the ambitions of the Council Plan – External Funded Schemes

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Vibrant towns								
Economy, Environment & Communities	High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time, as announced by MHCLG (now Department for Levelling Up, Housing & Communities - DLUHC) on 26 December 2020.	1,087,327	0	0	0	0	1,087,327
	Levelling Up Fund	£20 million announced on 19 January 2022 by the Department of Levelling Up, Housing and Communities, to kickstart the delivery of over 500 new homes connecting local people in Willenhall to jobs, parks and new rail station.	13,626,319	0	0	0	0	13,626,319
	Levelling Up Fund	£20 million announced on 19 January 2022 by the Department of Levelling Up, Housing and Communities, to kickstart the delivery of over 500 new homes connecting local people in Willenhall to jobs, parks and new rail station.	2,331,525	0	0	0	0	2,331,525
	Willenhall masterplan - LPIF funding	£3.2m of LPIF Funding as part-funding for the Willenhall Masterplan project to kickstart the delivery of over 500 new homes connecting local people in Willenhall jobs, parks and new rail station.	0	0	3,200,000	0	0	3,200,000
Resources & Transformation	Other schemes carried forward from previous years requiring completion	Land & Property Investment Fund	4,522,594	60,682	0	0	0	4,583,276
		BCLEP reinvestment digital fund	173,150	0	0	0	0	173,150
		Growing Places Fund	586,344	0	0	0	0	586,344

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Resources & Transformation	Town Deal	Walsall Towns Deal - In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from MHCLG for each town. Working with the Town Deal Board and partners, a project confirmation table has been submitted for each project, with an underwriting requirement from the Council of £5.48m as the Council's share of the shortfall compared to the awarded allocation	5,060,903	8,201,605	0	0	0	13,262,508
		Bloxwich Towns Deal - In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from MHCLG for each town. Working with the Town Deal Board and partners, a project confirmation table has been submitted for each project, with an underwriting requirement from the Council of £5.48m as the Council's share of the shortfall compared to the awarded allocation	6,553,027	7,076,781	0	0	0	13,629,808
Total Vibrant towns			33,941,189	15,339,068	3,200,000	0	0	52,480,257
A clean and green future								
Economy, Environment & Communities	Food Waste Collection Capital Grant	DEFRA capital grant under Section 31 of the Local Government Act 2003 for a capital grant to support the delivery of weekly food waste collections.	1,844,769	0	0	0	0	1,844,769
	One Palfrey Big Local Improvement Project	Landscape and Play Area Improvements at Palfrey Park, Arena Park, and Bescot Crescent Play Area	357,161	0	0	0	0	357,161
	Nature Recovery in partnership with Canal & River Trust	Nature Recovery in partnership with Canal & River Trust	44,493	0	0	0	0	44,493
Total A clean and green future			2,246,423	0	0	0	0	2,246,423

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Accessible services & connected places								
Economy, Environment & Communities	LTP Highway Maintenance Programme	This capital funding, known as the maintenance block, is distributed by the Integrated Transport Authority (ITA). As the Highway Authority we have an extremely high profile duty to maintain our highway network. This money is provided by the Department for Transport via the ITA with the condition that it should be spent on the classified road network. Includes allocation for potholes and bridge strengthening.	0	3,568,700	3,568,700	3,568,700	3,568,700	14,274,800
	Local Network Improvement Plan	The Government provides each locality with grant funding to help implement the Local Transport Plan in their area. The grant is used for the implementation of small scale capital schemes; development of major capital schemes and to part fund major schemes implementation costs. The programme is designed to address road safety issues, progress the Council's major scheme aspirations; and resource the required 'local contributions' to approved major schemes. (Department for Transport / West Midlands ITA).	761,725	1,563,100	1,563,100	1,563,100	1,563,100	7,014,125
	DFT Traffic signal Obsolescence	The council has a statutory duty to maintain all its traffic signal infrastructure. This programme of planned pedestrian crossing replacements will ensure the safe and efficient movement of pedestrians across the borough (Traffic Management Act 2004). Also supports delivery of the council's carbon reduction targets.	275,591	0	0	0	0	275,591
	Active Travel Tranche 4	Active Travel Tranche 4	2,303,357	0	0	0	0	2,303,357
	Wolverhampton Street S106	Wolverhampton Street S106	52,867	0	0	0	0	52,867

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Economy, Environment & Communities	Transforming Cities Fund	Transforming Cities Fund	109,952	0	0	0	0	109,952
	Highways CCTV Upgrade	Highways CCTV Upgrade	33,677	0	0	0	0	33,677
	Zebra Crossing	Zebra Crossing	4,774	0	0	0	0	4,774
Total Accessible services & connected places			3,541,943	5,131,800	5,131,800	5,131,800	5,131,800	24,069,143
Homes for all								
Resources & Transformation	Disabled Facilities Grant	This project directly supports the council's statutory requirement to provide disabled facility grants (DFGs). The project has a direct positive impact on the number and subsequent varied costs to the council from the increasing level of demand for home adaptations.	0	3,945,553	3,945,553	3,945,553	3,945,553	15,782,212
	Other schemes carried forward from previous years requiring completion	Purchase of Dispersed Temporary Accommodation	664,748	0	0	0	0	664,748
	Local Authority Housing Fund 3	Local Authority Housing Fund 3	0	323,000	0	0	0	323,000
Adult Social Care & Public Health	Integrated Community Equipment Store (ICES)	Supplies equipment to people with both a social care and a health need on an assessed needs basis. This is a pooled budget between the CCG and the council, this capital funding will be used to purchase this equipment which will enable people to return home or continue to remain at home. This now forms part of the Better Care Fund (BCF) for which the council is host. (Department of Health).	0	888,000	888,000	888,000	888,000	3,552,000

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Economy, Environment & Communities	Department for Business, Energy and industrial strategy (BEIS) - - Local authority delivery scheme (LADS) & Home Upgrade Grant scheme (HUGS)	Department for Business, Energy and industrial strategy (BEIS) - Local authority delivery scheme (LADS) & Home Upgrade Grant scheme (HUGS)	359,785	0	0	0	0	359,785
Total Homes for all			1,024,533	5,156,553	4,833,553	4,833,553	4,833,553	20,681,745
Celebrating our culture and heritage								
Economy, Environment & Communities	Walsall Archives for all	Walsall Archives for all	87,839	0	0	0	0	87,839
Total Celebrating our culture and heritage			87,839	0	0	0	0	87,839
Child-friendly borough								
Children's & Education	Basic Need	Paid to Local Authorities to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies & establishing new schools (Department for Education-DfE).	5,899,617	10,000,000	8,000,000	5,000,000	4,714,497	33,614,114
	Devolved Formula Capital	Received by the Local authority then allocated out to individual schools as per allocations defined by the DfE. It is intended to provide schools with capital funding for improvement to buildings and other facilities, including ICT, or capital repairs / refurbishments and minor works. (Department for Education).	1,072,701	510,228	510,228	510,228	510,228	3,113,613

Directorate	Capital Scheme	Detail of Capital investment	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Children's & Education	Capital Maintenance	Allocated to the Local Authority on an annual basis to improve and maintain the condition of the school estate (buildings and grounds). Investment is prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues. (Department for Education).	445,000	4,000,000	5,222,313	3,888,380	3,888,380	17,444,073
	High Needs Provisional Capital allocation	High Needs Provisional Capital Allocation funding is paid to Local authorities to support the capital requirement for providing new Special Educational Needs and Disabilities pupil places by expanding/improving existing maintained schools, free schools or academies.	0	3,731,136	2,000,000	0	0	5,731,136
	Other schemes carried forward from previous years requiring completion	Academies	215,807	0	0	0	0	215,807
	Family hubs and Start for Life programme,	To support the implementation of the Family Hub and Start For Life Programme which is aimed at providing families with the integrated support they need to care for their children from conception, throughout early years and into the start of adulthood. The capital element of the grant will be used to purchase / improve current data records management systems linked to documenting outcomes of the programme initially and then may be required to purchase equipment needed to support the programme ongoing. Funding from Department for Education and Department of Health and Social Care	0	89,863	0	0	0	89,863
Total Child-friendly borough			7,633,125	18,331,227	15,732,541	9,398,608	9,113,105	60,208,606
Total Draft Externally Funded Capital Programme			48,475,052	43,958,647	28,897,894	19,363,961	19,078,458	159,774,012

Annex 10 - Summary Capital Programme 2025/26 to 2028/29

Summary Capital Programme	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Council Funded Schemes	8,275,186	48,626,456	32,987,879	11,294,096	9,770,649	110,954,266
External Funded Schemes	48,475,052	43,958,647	28,897,894	19,363,961	19,078,458	159,774,012
Total Draft Capital Programme	56,750,238	92,585,103	61,885,773	30,658,057	28,849,107	270,728,278

Capital Investment Summary by Directorate

Directorate	2024/25 carry forward £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Total £
Adult Social Care, Public Health and Hub	0	1,138,000	888,000	888,000	888,000	3,802,000
Children's Services	7,777,833	19,539,663	15,932,541	9,598,608	9,313,105	62,161,750
Economy, Environment and Communities	28,717,917	36,723,872	33,659,323	9,345,612	9,199,449	117,646,173
Resources and Transformation	20,254,488	33,683,569	9,905,909	9,325,837	7,948,553	81,118,356
Central / Capital Financing	0	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000
Total	56,750,238	92,585,103	61,885,773	30,658,057	28,849,107	270,728,278

Annex 11 – Flexible Use of Capital Receipts Strategy

1 Introduction

- 1.1 The proposals within this Flexible Use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

2. The Direction

- 2.1 The Direction issued by the Secretary of State under Sections 16(2)(b) of the Local Government Act specifies that Local Authorities can treat as capital expenditure, expenditure which:
- “is incurred by the Authority that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”.
 - The Government has extended the flexibility to use capital receipts, which has run since 2026/17, to fund the revenue costs of reducing costs and improving efficiency, to March 2030.
- 2.2 It is a condition of the Secretary of State’s direction that the flexible use of capital receipts in accordance with the direction only applies to capital receipts which have been received in the years to which the direction applies.
- 2.3 When applying the direction, Authorities are required to have regard to Guidance on Flexible Use of Capital Receipts issued by the Secretary of state under Section 15(1)(a) of the Act.
- 2.4 In using the flexibility, the Council will have due regard to the requirements of the Prudential Code and to the CIPFA Local Authority Accounting Code of Practice. The Council is also required to prepare a Flexible use of Capital Receipts Strategy before the start of the year to be approved by the Council – this is that Strategy.

3. Planned Expenditure 2025/26

- 3.1 To support the delivery of the Council Plan 2025-29 the delivery of the savings and efficiencies set out in the council’s budget for 2025/26 is imperative: delivery of the revenue savings will create the financially sustainable environment that is vital to enable the achievement the council’s objectives.
- 3.2 It is therefore proposed that any one-off cost associated with the delivery of approved saving plans (or suitable on-going mitigations identified during the year) are considered to be funded from capital receipts. More specifically, the council is proposing to use capital receipts in 2025/26 for the following purposes:
- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation;

- Digital investment leading to increased efficiency;
 - Setting up alternative service delivery models to ensure value for money;
 - Investment in service reform to achieve on-going revenue savings.
- 3.3 The legitimacy of the use of capital receipts will be determined by the S151 Officer in order to ensure that it meets the requirements set out by the Secretary of State.
- 3.4 Approvals are subject to the availability of qualifying and uncommitted capital receipts. No approval to flexibly use capital receipts will be given that would result in the increase of borrowing cost for the capital programme.
- 3.5 The Council will implement this Strategy while maintaining its ability to use new capital receipts to support capital expenditure on short life assets and utilise capital receipts to reduce the borrowing cost associated with the financing of the capital programme.

4. The Prudential Code and impact on Prudential Indicators

- 4.1 The Council has due regard to the requirements of the Prudential Code and the impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy.
- 4.2 The receipts in the scope of this Strategy have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy except for Indicator Pr11 – Capital expenditure. This indicator will increase by the amount of capital receipts utilised to fund qualifying revenue expenditure.
- 4.3 This Strategy is affordable and will not impact on the council's operational and authorised borrowing limits based on maximum flexible use of capital receipts of £20m. Further details on the council's Prudential Indicators can be found within the Treasury Management and Investment Strategy.
- 4.4 The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this scheme within the 2025/26 Statement of Accounts.

5. Monitoring the Strategy

- 5.1 The implementation of this Strategy will be monitored as part of regular financial monitoring arrangements and the progress will be reported to Cabinet quarterly.
- 5.2 The sections below provide a summary of the delivery against the planned projects for 2024/25.
- 5.3 In the February 2024 budget report Council approved to utilise £1.14m FUOCR. Following the 2023/24 outturn the available capital receipts have been reduced to £0.81m and forecast to be fully spent by the end of March 2025. A list of projects planned to make use of the capital receipts flexibility is set out in the table below as well as the forecast spend as at January 2025:

Proposed Area	Project Area / Work Stream	Forecast Qualifying Expenditure 2024/25 £m	Latest forecast (January 2025) £m
Walsall Proud Transformation and Change and Project Management Support	All Proud workstreams	0.04	0.48
One-Off Proud Workstream Investment to Deliver Proud Savings	Adult Social Care	0.29	0.29
Service restructuring and costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	0.81	0.04
Total		1.14	0.81

5.4 Transformation and Change and Project Management Support: This resource provided support across multiple Proud work streams and as such support in the delivery of the overall 2024/25 saving of £20.10m. The latest forecast indicates that £12.82m of planned savings will be achieved by the end of 2024/25 financial year.

- 1 One-Off Proud Workstream Investment to Deliver Proud Savings included plans to deliver 2023/24 saving carried forward for delivery in 2024/25 related to adult social care. This is currently forecast at £0.29m. The latest forecast is £1.41m across these planned savings by the end of the 2024/25 financial year.
- 2 Service restructuring and rationalisation: of the £20.10m of savings proposed for 2024/25, approximately £1.44m align to staffing related work streams. The latest forecast is £0.04m by the end of the 2024/25 financial year.

Annex 12 – Chief Finance Officer (S151 Officer) Section 25 Report on the Adequacy of Proposed Reserves and Robustness of the Budget Estimates

Context

Section 25 of the Local Government Act 2003 (“the Act”) requires the Chief Finance Officer (S151 Officer) to formally report to members on the robustness of the estimates used for the purpose of calculating the budget and the adequacy of proposed reserves needed for meeting future expenditure requirements.

The Council is required to take this report into account when making its decision in relation to setting the annual budget and setting the council tax.

Since 2010-11, Walsall has received 19.5% real terms cut in funding, equivalent to £710 per household. Alongside this and following austerity, the Council has experienced the challenges faced by the pandemic closely followed by the cost of living crisis. The impact of these are still being felt, with significant cost pressures and increases in demand putting a strain on the council’s finances. As the Council continues to operate in a challenging financial environment, with uncertainty over funding beyond 2025/26, it is now more critical than ever to protect longer term financial sustainability by ensuring it has an appropriate level of earmarked reserves and general reserve balance to be able to mitigate any risks that appear in year which cannot be contained within Directorate budgets, avoiding the need for immediate reductions in services.

Reserves

Reserves are one-off money and can only be spent once. In setting an appropriate level of reserves, the Council has to balance the opportunity cost of holding reserves in terms of the impact upon council tax levels against the importance of maintaining adequate reserves and contingencies for planning for medium to longer-term financial resilience.

It is prudent for councils to maintain an adequate level of general reserves: they provide a buffer and mitigate against risks, such as unavoidable and unknown demand and other service cost pressures which may arise in the year; cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; and support the management of the impact of any unexpected events or emergencies.

Earmarked reserves are also set to meet ‘known or predicted’ requirements, for example, self-insured liabilities, grant reserves, contingent and potential liabilities. Reserves allow the council to manage the impact of these and to manage change without the need for immediate reductions in services.

There is no overall formula for calculating what an appropriate level of reserves should be. Whilst the medium-term financial framework (MTFF) sets out the framework as to what should be a minimum level, the recommended level is based on best practice guidance, best professional judgement of the Chief Finance Officer (CFO) and the strategic, operational, and financial risks facing the council, including an assessment of known and potential risks and an understanding of national and local factors.

A minimum level of reserves is specified in the Budget. The Council's MTFF sets a range of between 1% of gross revenue expenditure for the year in question (£8.51m) and 2.5% (£21.28m). However, Section 25 of the Act requires the CFO to report on the adequacy of proposed reserves and to determine the minimum level which the Council is required to have regard to in setting the overall budget envelope.

The MTFF 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 general reserve. This matter is reserved to the CFO, in consultation with the Portfolio Holder for Finance.

Adequacy of reserves

The CFO assesses and determines the appropriate level of reserves, provisions and contingencies 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 (through regular meetings with the Chief Executive, other Statutory Officers, and the Corporate Management Team);
- The refresh of the medium-term financial framework (MTFF) and outlook (MTFO);
- Challenging the budget at various stages of construction, including the reasonableness of the key budget assumptions, such as estimates of financial pressures, the realism of income targets, the robustness of plans to deliver savings, and the extent to which known trends and liabilities are provided for;
- Review of Directorate financial risk assessments;
- Consideration of the Council's track record in relation to delivery of savings;
- Review of the movements, trends and availability of contingencies, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future potential pressures and issues;
- The use of professional experience and best professional judgement;
- The use of appropriate professional, technical guidance and local frameworks (CIPFA guidance, LAAP99, Local Government Act 73, Localism Act 2011);
- Knowledge and involvement of colleagues involved in the process, including Directors and budget holders, along with finance business partners;
- Consultation with Members as appropriate, including the Portfolio Holder for Finance;
- Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements and external assurance of these;
- Review of the current year's financial performance in services, actions to address areas of pressure, known future service delivery changes, the level of schools reserves and the financial performance of schools;
- Review of national and local economic, market, legislative and financial conditions.

Risks, including Strategic, Operational and Financial

In the budget, due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic conditions, others to potential regulatory or

national issues which may have a local impact. Estimates and forecasts include all known significant financial risks over the next year and medium term to inform spending decisions. 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 2024/25 outturn and the 2025/26 budget.

A risk assessment approach is used to determine the required level of reserves and contingencies. This includes external risks; including the cost of living impact on services and residents, the legacy of the pandemic, national policy changes, legislation, national funding arrangements and levels of support available, changes in market, employment and economic conditions, service user behaviours (e.g. impact on income projections); and internal risks such as the ability to deliver planned savings. The MTFF is regularly updated and approved by Cabinet to reflect the changing environment in which we work. Reserves and contingencies are addressed within the Framework.

There continues to be significant uncertainties around funding, particularly in light of the impact of cost of living pressures, delayed changes to funding mechanisms, the continued use of one off grants and reliance on local council tax to fund service provision, and a one year settlement for 2025/26.

The recommended level of the general fund reserve balance takes account of the extent to which specific risks are supported through earmarked reserves. Three earmarked reserves were created in previous years to manage the assessed risk of:

- Cost of Living (COL) reserve to fund pressures deemed as short term (over a period of 18 to 24 months) such as significant fluctuations in energy and fuel costs and to smooth inflationary pressures;
- Risk reserve to manage the impact of in-year delays to delivery of approved savings arising from increased demand, cost of living or capacity and recruitment and retention issues impacting on services' ability to deliver to plan;
- Demand – to manage short term demand pressures (over a period of 18 to 24 months) for example in relation to children's social care (large sibling groups, remand, etc.) and to smooth fluctuations and uncertainty in demand levels in specific areas approved by Cabinet (children's movers).

All of the above have been utilised in year (2024/25) with some planned to be further used in the 2025/26 budget as set out in the Budget Plan.

As such is it considered prudent to ensure the general fund balance is sufficient to manage any further unknown or volatile in year pressures arising.

The level of opening general fund working balance for 2025/26 is partially dependent on the level of closing balances for 2024/25. The following table shows general reserves as at 1 April 2024, together with the proposed use of and transfer to reserves, and the resulting balance as at 1 April 2025, to secure the opening level of reserves recommended by the Chief Finance Officer.

Opening General Reserves	£m
Balance as at 1 April 2024	(19.56)
Transfers to / from earmarked reserves	(4.56)
Estimated closing balance as at 31 March 2025 and Opening Balance as at 1 April 2025	(24.12)

The financial risk assessment includes the risk of a number of different and varied events occurring within services, arising from economic, legislative, policy, funding, national government and other changes, which would impact services over and above current budgetary provision. These includes, but are not limited to:

- The cost of a major emergency occurring – in accordance with the governments Belwin scheme, the council would incur the first £1.70m of any costs. In light of the pandemic and cost of living impact, it is prudent to cover this within the general reserve balance;
- Managing the in year impact of new contract arrangements currently being retendered or negotiated, should these not be manageable within existing service budgets;
- The risk of bed and breakfast accommodation costs rising to national levels as opposed to locally projected levels;
- The risk of further losses of income over projected levels across all directorates;
- New Burdens / national policy implications on local budgets – the risk that Government changes in policy will lead to a transfer of responsibility / new burdens, without the transfer of funding to support those activities; or potential costs arising from inspections arising after the budget was set;
- Loss of grant funding where allocations are not yet final;
- Unknown liabilities that may arise after the budget is set, for example from changes in legislation or statutory guidance;
- The risk of additional children in care inflows and placement costs and increased costs of adults social care packages following reviews - consideration will be given to earmarking some of the general fund balance to the demand reserve to manage this;
- The increased risk of savings yet to be allocated to services, whilst revised transformation and delivery plans are developed;

These have been assessed, and a risk value assigned. Professional and best estimates have been made of the scope of the financial risk. Sensitivity analysis has been used where appropriate, to determine an appropriate risk value. The assessment confirms that a reserve value at a level higher than the MTFF guidelines is appropriate. This level of balance is considered prudent for a number of reasons:

- Uncertainty over the level of funding going forward, particularly in light of the continuing impact of cost of living pressures, the legacy of the pandemic on costs and income, supply chain issues and the fundamental changes in relation to central funding and business rate retention;
- The level of operational, strategic and financial risks facing the authority, as set out in this statement;
- The use of earmarked reserves above planned levels in 2024/25 to mitigate in year pressures and provide time to develop revised demand management and

transformation plans for adult social care and children's, resulting in reduced flexibility in the ability to further use earmarked reserves in this way:

- During 2024/25 a further £36.32m of earmarked reserves are forecast to be used;
- During 2025/26, £6.73m of reserves will be used;
- Whilst manageable, as the COL/Risk/Demand reserves were created for this specific purpose, those reserves have now reduced considerably and therefore this creates further risk which needs to be covered via the general working balance.
- The scale of the savings required in 2025/26 and over the MTFO period;
- Uncertainty around future demand led services, specifically within adult and children's social care.

The CFO has assessed the current year's financial performance and actions taken to address underlying pressures. In considering this, alongside the financial risk assessment, previous years' financial performance, and the potential risks and pressures facing the organisation, the CFO recommends that opening reserves are set at no less than £24.12m. This is based on the following assessed categorises of financial risk:

Financial Risk Assessment	£m
Funding risks – fall out of grant, council tax changes, etc	2.44
Cost Pressures including national, economic and legislative impact	19.22
Loss of Income / Investments	2.46
Assessed General Reserve Requirement	24.12

Earmarked Reserves

The council maintains a number of reserves, earmarked to provide for specific future expenditure plans. These cover:

- **Treasury reserves.** These reserves are to manage and smooth the impact of interest rate changes over the MTFO period and finance early redemption of loans to reduce the council's future interest exposure – it includes Minimum Revenue Provision (MRP), Borrowing smoothing & repayments, preparing for the statutory override to cease, funding in year pipeline investments capital costs;
- **Grants / contributions received in advance.** This is where the council has received money in advance of the next accounting period or covers more than one accounting period. These amounts must be spent in line with the grant conditions. This category also includes ringfenced income such as building control fees, etc;
- **Improvement projects.** These reserves are to finance service modernisation and specific projects such as Cloud services, Oracle development, economic growth programme; and costs in relation to the council's transformation programme, Willenhall master plan;
- **Cost pressures.** Includes cost of living pressures above those budgeted which are short term or one-off and unmanageable post budget setting within existing budget and includes smoothing of costs over 12+ months whilst reviews are undertaken to reduce demand / pressures on an ongoing basis;
- **Council liabilities.** These reserves cover expenditure where the council has a legal obligation to pay costs, such as Insurance claims and self-financing costs, legal costs/claims, collection fund liabilities to smooth the impact of deficits on the general

fund, housing benefit subsidy claim, abortive costs, pension past service/contribution rate smoothing and redundancy costs;

- **Covid-19 grants.** The carry forward of specific government grants including expanded retail relief for businesses;
- **Public Finance Initiatives.** Liabilities for our PFI's with Street Lighting and St Thomas More;
- **Risk.** To cover unforeseen risks at the time the budget was set and manage any delays in delivery of savings due to unforeseen circumstances;
- **Other.** Other small reserves to cover one-off planned costs such as the fraud contract and investigations, CQC costs, buy versus lease cost in relation to vehicles and equipment.
- Additionally, the council holds Schools' reserves but these are restricted funds not controlled by the council.

A regular review of earmarked reserves is undertaken, with reviews taking place specifically during the annual budget setting and final accounts processes, and funds are adjusted as required or released where a liability is assessed as ceased. The expected level of earmarked reserves as at 1 April 2025 is as follows and is considered reasonable and prudent. All earmarked reserves are earmarked for a specific purpose as set out above and are released on the approval of the Chief Finance Officer.

Earmarked Reserves	£m
Balance as at 1 April 2024	(174.83)
Planned / Approved transfers from reserves in year*	45.43
Planned / Approved transfers to reserves in year*	(9.11)
Release of earmarked reserve following reserves review	4.30
Realignment from earmarked to general reserve to match risk profile of the 2025/26 budget	6.51
Forecast use of capital receipts in line with approved Strategy	(0.81)
Estimated Closing Balance as at 31 March 2025	(128.51)
Net use of earmarked reserves budgeted 2025/26	6.73
Further expected use of reserves (Risk/Demand)	8.95
Estimated Closing Balance as at 31 March 2026	(112.84)

Central Contingency

As well as general and earmarked reserves, the council holds a small revenue contingency to manage unforeseen but recurring expenditure. The contingency is held centrally and is calculated between 0.1% and 0.15% of the year's gross revenue budget. For 2025/26 this is to be set at £1.26m (the higher level).

A prudent central capital contingency is also held, not exceeding 10% of the annual council funded element of the capital programme requirement, to accommodate unforeseen / unbudgeted expenditure (i.e. where, due to the level of uncertainty, the financial impact is not certain at the time of setting the programme). The exact level is set by the CFO. The contingency will be funded either from drawing down the earmarked capital reserve or from an annual revenue contribution to capital outlay from the project reserve (subject to there being sufficient funds to replenish this at year end). For 2025/26 this is to be set at £500k, which is based on past requirements.

Schools Reserves

The CFO, as part of this statement, is required to confirm that school's balances are adequate.

In 2006/07, Department for Education introduced expectations on local authorities with regard to their schemes of financial management. Part of this legislation required schools to agree a balance control mechanism. This mandatory requirement was subsequently removed. The council and Walsall Schools Forum considered the options around balance control and given the authority powers to investigate and claw back balances in excess of a specified percentage of the school budget share. The council notes that the latest Academies handbook has removed the need for balance control for many academies.

Schools Forum is mindful of value for money in all that schools do, looks for medium term financial planning and encourages an adequate working balance as part of that process. This is supported by regular reports to the Schools Forum on medium term funding and more recently linking value for money and performance.

The adequacy of balances is reviewed annually by the CFO. There are currently 3 schools operating with a licenced deficit in 2024/25. Each of these schools are working closely with the council to implement an action plan to reduce the deficit and return to a surplus balance. One of these schools is planned to become an Academy in 2025/26. Due to this being an enforced academy order, the deficit balance will remain with the council. This has been accounted for within current budgets.

School balances and reserve levels are reviewed regularly throughout the year. Based on school monitoring submissions for 2024/25, the overall levels of schools reserves for 2024/25 are forecast to reduce from an opening balance of £14.53m to a closing balance of £10.93m, a planned reduction of £3.6m which is mainly linked to planned increased costs in pay and energy bills.

Dedicated Schools Grant (DSG)

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 recently, been able to effectively manage those increases within the totality of High Needs funding that has been available. As at the end of 2022/23, Walsall's DSG reported deficit provision was £0.53m increasing to a deficit of £7.40m in 2023/24 (total cumulative deficit of £7.93m). Therefore, there is now a requirement for Walsall to identify and embed an effective DSG Management plan.

The DSG Management Plan covers a rolling 5 year period (current financial year plus the next 4 financial years) and sets out the estimated High Needs funding that the authority will receive over that period, the likely demand for high needs support and estimated cost of provision.

The unmitigated DSG Management Plan shows an expected DSG deficit of £33.5m in 2024/25 increasing to £61.70m by 2027/28. The mitigated management plan shows an expected DSG deficit of £24.58m in 2024/25 increasing to £29.56m by 2027/28. (To note, this is the expected annual deficit each financial year.)

There is currently a statutory override in place set by Government allowing local authorities to exclude DSG deficits from the council's wider financial position. This is due to end 31 March 2026 with the intention that local authorities should be in a position to manage high needs costs within budget by the end of this period.

There is yet to be any further updates provided by Government to advise if the override is to be extended or will remain in place to end on 31 March 2026. The Council is in regular contact with the Department for Education to understand the impact on the Local Authority's financial position in future years.

Local authorities are not permitted to fund any part of the DSG deficit without the authorisation of the Secretary of State, in the absence of any extra funding to resource the deficit. Our policy remains that we do not intend to subsidise the DSG from our own resources. We will continue to allocate resources to schools and other educational settings in accordance with the National Funding Formula for schools and early years. We will continue to work with schools and the Schools' Forum to identify and implement solutions to help bring the high needs budget back towards balance.

However, we recognise that a robust and sustainable solution does not lie wholly at a local level. The magnitude of the numbers means that managing the impact of the DSG forecast deficit on the overall financial sustainability of the Council's finances is unaffordable. Additional Government funding or fundamental system reform is required. We will continue to pursue opportunities to highlight the national systemic change needed before the statutory override ceases at the end of 2025/26, requiring a sustainable solution to be put in place.

The financial assumption in this budget is that the Authority will continue to take advantage of the statutory override and commit to implementing the options available to make good the accumulated deficit (such as taking out additional borrowing or raising the council tax) when the statutory override is lifted. Without the way forward to a financially sustainable solution being clear this represents a step change in the Authority's underlying financial risk and sustainability

Overall Assessment of Reserves

An opening level of general reserves of not less than £24.12m is considered to be sufficient for most possible events, over the short-term i.e., for 2025/26. The council will continue to face real and present financial challenges beyond this. In the context of this funding environment, wherever possible, reserves will be at least maintained during 2025/26 and beyond.

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 using the funds to invest in service improvements or smooth council tax increases. In assessing this it is important to consider that reserves can only be used once. Therefore, any use of general or earmarked reserves is only ever used on one-off items of expenditure or short term pressures to smooth transitions between years whilst revised delivery or transformation plans are being developed and implemented. 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 district local authority) against potential unforeseen and therefore unbudgeted costs.

In this context, it is considered that a level of reserves set at £24.12m presents an optimum balance between risk management and opportunity cost. The CFO 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. This maintains a suitable and sustainable level of reserves, which include ensuring sound governance and financial stability in the short and longer term.

The above assessment concludes that general reserves, if set at £24.12m, will be at an appropriate level as determined in accordance with the MTFF and the CFO's professional advice.

Robustness of the Estimates included within the Budget

The CFO has been involved throughout the entire budget process, including significant 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 Overview and Scrutiny, advising colleagues, challenge and evaluation activities, and the scrutiny and approval of various reports.

As stated, the budget is risk assessed to ensure adequate funding for all known liabilities and to provide sufficient resources to enable service change and transformation. It covers an assessment of current year's performance, an assessment of income targets, estimates of future cost and potential unavoidable demand pressures.

Key assumptions

The economic outlook beyond 2025/26 remains uncertain in relation to interest rates, inflation and future Government funding. The environment in which the council operates continues to be one of unprecedented financial challenges arising from the increase in demand and the cost of more complex needs in relation to social care.

Appropriate inflationary growth has been included in the budget based on current and forecast inflationary and pay projections and review of contract conditions. 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 where appropriate, on a risk assessed basis. Areas of identified pressure within 2024/25 are planned to be covered by a combination of base budget alignments to recognise the agreed ongoing management of corrective action undertaken during the year or base budget adjustments, where growth/investment is included within the 2025/26 budget to cover the cost pressure (or income/grant shortfall).

Fees and charges have been reviewed and changes are reflected in the overall budget.

Contingency has been built in for uncertainty concerning the impact on supply and prices

from cost of living. There is of course a level of uncertainty around forecasting, particularly given the disruption to services caused in recent years by the pandemic and cost of living in particular, and as such this is reflected in the risk assessment for 2025/26 and opening level of general reserves. Forecasts are therefore based on the best available data at the point the budget will be set, and best professional estimates.

Capital receipts and the borrowing requirement to be used for the capital programme are based on professional estimates both of timing and value.

Assumptions on funding, including government funding, business rate and council tax levels, inflation, income assumptions, increases in costs arising from demographics and demand, borrowing requirements, balances, and contingencies, are set out within the main budget report and are considered appropriate.

Significant investment has been included to cover those areas of most demand and volatility, particularly in Adult and Children's Social Care.

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 within 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, taking into account the information known at this time;

(a) the estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in the budget report, are robust;

(b) the financial reserves available to the Council as a result of agreeing the proposals contained within the Budget report are adequate to enable the setting of a lawful budget for 2025/26.

The Chief Finance Officer (Under S151 of the Local government Act 1972) is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988. In signing off this overall revenue budget report, the signature of the Director of Finance and Assurance who holds the position of Chief Finance Officer/S151 Officer, constitutes the formal declaration required under the Act that these conditions are met (based on the available information at the time of signing).

Date: xx February 2025

Shaun Darcy
Director of Finance and Assurance
Chief Finance Officer (S151 Officer)

Part 2 – Treasury Management

A: Treasury Management and Investment Strategy for 2025/26 Onwards

1. INTRODUCTION

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed, and that any surplus monies are invested in counterparties or instruments with an appropriate level of risk (as defined within the Councils Treasury Management Policies), providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is to ensure appropriate arrangements are in place to fund the Council's approved capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting requirements

The Council is required to receive and approve, as a minimum, four main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy - This covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure i.e. that funded from borrowing, is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an Annual Investment Strategy (the parameters that set out how investments are to be made and managed).

A mid-year treasury management report – This is primarily a progress report and will update members on the progress of the capital position, amending prudential indicators as necessary, and identify whether any policies require revision. In addition, the Council will receive quarterly update reports on performance throughout the year.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates included within the strategy.

A Capital Strategy report – The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite. Further information can be found at Part 1 Annex 7 of the Budget Plan.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. For Walsall Council the Cabinet undertakes this role.

Quarterly reports – In addition to the four major reports detailed above, quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council/Board but do require to be adequately scrutinised. This role is undertaken by Cabinet. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

1.2 Treasury Management Strategy for 2025/26

The strategy for 2025/26 covers two main areas:

Capital issues

- capital plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, Department of Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC MRP

Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.3 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, the code has been expanded and CIPFA expects all organisations to have a formal and comprehensive approach to ensuring the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making, with developments to the existing knowledge and skills register for officers and members involved in the treasury management function.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and council members.
- Require treasury management officers and council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment for members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download and support members in identifying any further training needs that they may have.

All members were invited to a virtual training event hosted by the Council's Treasury Management Consultants Link Asset Services in January 2025 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function is maintained in line with the Council's Annual Performance Conversation (APC) process. Similarly, a formal record of the treasury management / capital finance training received by members is also be maintained.

1.4 Treasury Management Consultants

The council uses Link Group, Link Treasury Services Limited as its external treasury management advisors.

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. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.5 Treasury Management Monitoring

Local and Prudential indicators are used to monitor treasury management activities which are produced monthly and reported at least quarterly to the treasury management panel. The indicators monitored during the year are detailed in **Annex 1**.

2. THE CAPITAL PRUDENTIAL INDICATORS 2025/26 – 2028/29

The council's capital expenditure plans are the key driver of treasury management activity. The output of these plans is reflected in the prudential indicators, designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital Expenditure - Prudential Indicator 1

This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are recommended to approve the capital expenditure forecasts. The financing need below excludes other long term liabilities, such as Private Finance Initiative and leasing arrangements which already include borrowing instruments within them. The current capital plans which this strategy supports are detailed in Table 1 below.

A summary of the 2025/26 capital programme is outlined in section 4 of the budget plan at Section B Part 1 of this report. The summary of the draft capital programme over the plan period 2025/26 to 2028/29 is outlined within section 4, with full details by scheme in Annexes 8 and 9. Capital Strategy attached at Annex 7 of the budget plan at Section B Part 1 of this report.

Table 1: Current Capital Programme					
	2024/25 Forecast £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Total Capital Expenditure	126.51	92.59	61.89	30.66	28.85
Resourced by:					
Capital receipts	1.50	1.50	1.50	1.50	1.50
Capital grants	72.41	43.96	28.90	19.36	19.08
Capital reserves	0.00	0.00	0.00	0.00	0.00
Revenue	0.02	0.02	0.02	0.02	0.02
Borrowing	52.59	47.11	31.47	9.77	8.25
Total resources available	126.51	92.59	61.89	30.66	28.85

2.2 Affordability Indicators

Within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. Council is recommended to approve the following indicators:

Ratio of financing costs to net revenue stream – Former Prudential Indicator 2

This indicator identifies the trend in the cost of capital financing (borrowing and other long-term obligation costs net of investment income) against the council's net revenue stream.

Table 2: Former Prudential Indicator 2					
	2024/25 Forecast	2025/26 Estimated	2026/27 Estimated	2027/28 Estimated	2028/29 Estimated
Ratio	6.31%	6.21%	5.33%	5.21%	4.79%

The estimates of financing costs include current commitments and the proposals in this budget report.

2.3 The council's borrowing need (the Capital Financing Requirement) – Prudential Indicator 4

Prudential indicator 4 is the council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's underlying borrowing need. Any capital expenditure not immediately paid will increase the CFR.

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets estimated life and so charges the economic consumption of capital assets as they are used.

The CFR includes other long-term liabilities (e.g. PFI schemes, leases). Whilst these increase the CFR, and therefore the council's borrowing requirement, these types of schemes include a borrowing facility within them and so the council is not required to separately borrow for these schemes. The council currently has £13.51m of such schemes within the CFR. Council

is asked to approve the CFR projections in Table 3 which shows that the council's net borrowing need for the period from the start of 2024/25 to the end of 2028/29 is estimated to see an increase of £78.29m. The council's borrowing strategy is set out in section 4.

Table 3: Analysis of CFR					
	2024/25 Forecast £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Opening Capital Financing Requirement	399.719	446.285	477.957	493.540	486.324
Adjustments for IFRS 16	7.461	0.000	0.000	0.000	0.000
Revised opening CFR	407.180	446.285	477.957	493.540	486.324
<i>Net financing need for the year</i>					
Less MRP and other financing movements	(16.243)	(16.776)	(16.951)	(17.029)	(18.534)
Additional borrowing	52.568	47.106	31.468	9.774	8.251
New Right of Use leased assets	2.762	1.342	0.696	0.049	1.967
Movement in CFR	39.105	31.672	15.573	(7.206)	(8.316)
Closing Capital Financing Requirement	446.285	477.957	493.530	486.324	478.008

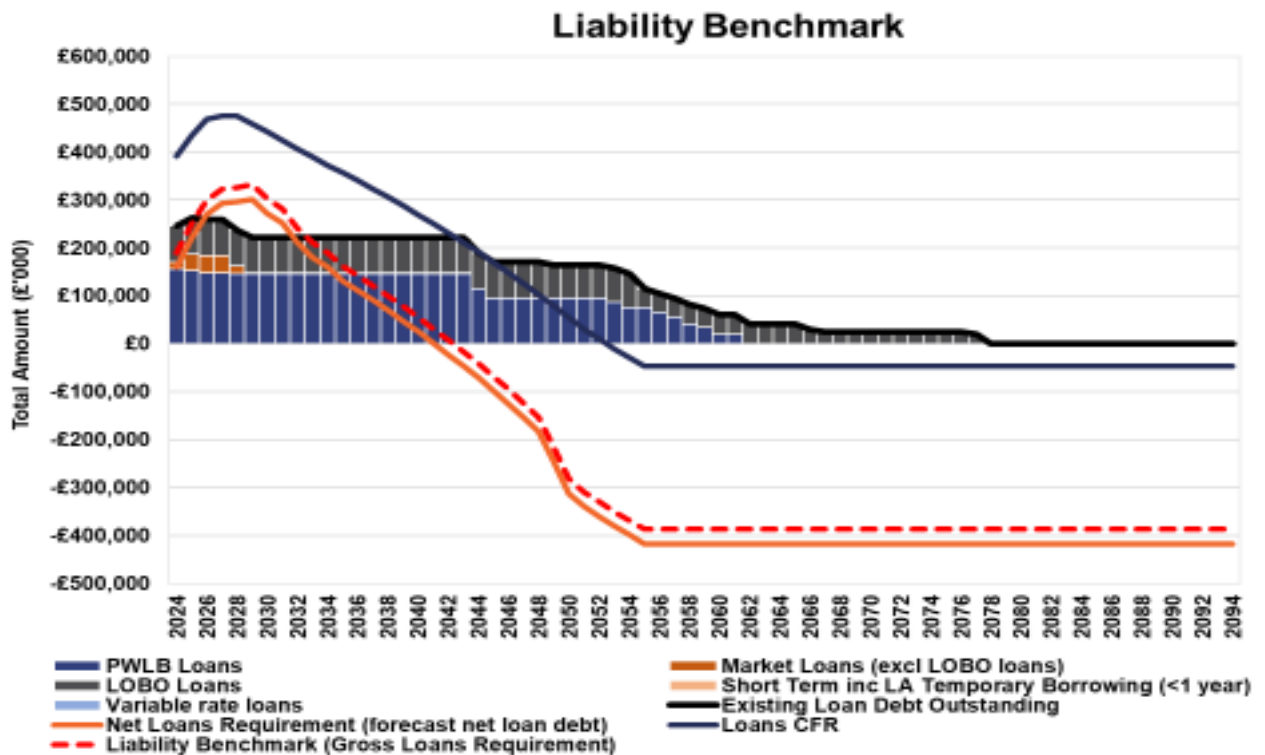
2.4 Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1. Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.
2. Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark: (or gross loans requirement) this equals net loans requirement plus short-term liquidity allowance.

Chart 1 – Liability benchmark for Walsall Council



The chart above shows Walsall Council's liability benchmark. The main point to note is that the benchmark indicates that the Council has a borrowing need from 2026 as the benchmark is above the existing loan portfolio. This is mainly due to the Council being in an under-borrowed position. Borrowing has been delayed as long as possible due to the high-interest rate environment.

The benchmark then assumes that over the medium / longer term authorities will run down investments instead of borrowing – however it should be noted that this would not always be the option that the authority chooses to take, as utilising cash balances potentially represents a re-financing risk (which the liability benchmark does not consider) where borrowing has to be taken once cash is run down at potentially unfavourable interest rates should markets decline in the intervening period.

Additionally, only approved planned borrowing can be included within the benchmark, as such the CFR and forecasts within the liability benchmark are underestimated after year 4 (as they are not allowed to include any potential capital plans the authority may choose / approve to enter in to following that period) and the longer term position shown in the benchmark is therefore not representative of the actual position that the council will realistically see. Additionally, as borrowing costs are not included for year 5 onwards, because they are not allowed within the calculations, it's too early at this point to identify if borrowing will be required. For prudence within future budget forecasts MRP calculations include estimated annual capital expenditure of £10m. This is why loans CFR shows as reducing and negative in later years.

The liability benchmark cannot therefore be considered in isolation and needs to be considered alongside the full range of borrowing plans, investment strategies and other

indicators set out within this strategy, with the liability benchmark itself being purely a guide to identify borrowing need and providing one of a number of tools that support the authorities ability to make judgements as required, and borrow up to the authorised limits, with any variance from the benchmark able to be explained.

3. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The MRP policy (see Annex 2) details the council's policies for calculating the annual amount charged to revenue for the repayment of debt.

3.1 Background to Annual MRP policy Review

A local authority shall determine each financial year an amount, it considers to be prudent, to be set aside for the repayment of accumulated borrowing relating to capital expenditure. This is known as the minimum revenue provision (MRP). There are four ready-made options available for calculating MRP, however authorities do also have discretion to determine their own MRP, other approaches are not ruled out, as long as the authority is properly reasoned and justified utilising them.

3.2 MRP Policy Objectives

- The council shall determine for each financial year an amount of revenue provision for the future repayment of debt that it considers prudent.
- To set aside funds at a rate such that future generations who benefit from the assets are contributing to the associated debt and avoiding the situation of future generations paying for the debt on assets that are no longer useable.

4 BORROWING

The resourcing of the capital expenditure plans set out in **Section 2** provides details of the proposed capital expenditure that will be incurred in support of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.1 Current portfolio position

The council is expected to end 2024/25 with borrowing of over 1 year length of approximately £335m against an asset base of approximately £592m, and investments of approximately £75m, which will be proactively managed to minimise borrowing costs and maximise investment returns within a robust risk management environment. In 2025/26 estimated annual interest payments are £15.30m (£13.13m budget for 2024/25), with the increase due to planned borrowing included within the budget to take account of capital expenditure in line with capital plans set out in **Table 1**. Net investment interest income for 2025/26 is estimated to be £2.30m (£4.59m budget for 2024/25). The reduction in interest income budget is in relation to expected lower cash levels along with forecast interest rate reductions throughout 2025/26. The net budget for capital financing in 2025/26 is £25.52m (£27.91m in 2024/25).

The council's treasury portfolio position at 31st December 2024 is shown in **Table 4**; year end forward projections are summarised in **Table 5**. This shows that the actual external borrowing (the treasury management operations), against the capital borrowing need and operational debt, and highlights any over or under borrowing. It shows that the council's underborrowing position is expected to continue for the medium term.

Table 4: Borrowing and Investments			
	Borrowing £m	Investments £m	Net Borrowing £m
31 March 2024	248.80	(86.45)	162.35
31 December 2024	278.80	(95.18)	183.62
Change in year	30.00	(8.73)	21.27

Table 5: Borrowing Forward Projections				
Borrowing profile	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Under 12 Months	3.97	31.16	24.23	17.45
12 Months to within 24 Months	29.99	23.12	17.45	12.57
24 Months to within 5 Years	36.86	29.06	39.10	29.50
5 Years to within 10 Years	9.93	18.27	26.38	27.18
10 Years and Above	254.37	292.52	324.38	340.61
Total Borrowing	335.12	394.14	431.53	427.31
Operational Debt - Prudential Indicator 6	531.67	531.67	531.67	525.90
(Under) / Over Borrowed	(195.55)	(137.53)	(100.14)	(97.74)

The council has maintained an under-borrowed position, which means that the capital borrowing need (the CFR), has not been fully funded with loan debt. The council has been utilising its cash flow and reserves to minimise loan debt as a temporary measure. This strategy has been prudent whilst interest rates are elevated compared to the historical position.

Within the prudential indicators, there are a number of key indicators to ensure that the council operates its activities within defined limits. **Prudential Indicator 7** relates to the councils need to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. Previously, gross debt was compared to the CFR without adjustments for the following two financial years, this has been updated in line with Treasury Management and Prudential Code amendments. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The S151 Officer reports that the council complied with **Prudential Indicator 7** in the current year and does not envisage this indicator being breached in the future. This view takes into account current commitments, existing plans, and the proposals in this budget report. In accordance with **Prudential Indicator 8**, the council has adopted and complies with the CIPFA Code of Practice for Treasury Management.

4.2 Treasury Indicators: Limits to Borrowing Activity

The Authorised Limit for External Debt - Prudential Indicator 5

This prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt, which, whilst not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is based on the requirement to set a statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Authorised limit has been set at the Operational Boundary plus 10% and has been amended in line with Treasury Management and Prudential Code changes.

The Council is asked to approve the following authorised limit:

Table 6 : Authorised Limit £m - Prudential Indicator 5					
	2024/25 Forecast £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Total	584.83	584.83	584.83	584.83	578.49

The Operational Boundary - Prudential Indicator 6

This is the limit beyond which external debt is not normally expected to exceed. It has been calculated by taking the closing loans capital financing requirement (CFR) from the previous year and then adding any expected increases in borrowing requirements for the current year and following two years. The operational boundary has been set at the CFR level plus 10% to account for expected increases. The calculation has been amended in line with Treasury Management and Prudential Code changes.

Table 7 : Operational Boundary £m - Prudential Indicator 6					
	2024/25 Forecast £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Total	531.67	531.67	531.67	531.67	525.90

4.3 Prospects for interest rates

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 basis points.

Commentary from Link Group (the Council's Treasury Advisors) as at December 2024

The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 11 November 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 basis points.

Link Group Interest Rate View 11.11.24		Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE		4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings		4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings		4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings		4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB		5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB		5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB		5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB		5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Additional notes by Link on this forecast table: -

- Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25 basis points (bps) Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our Public Works Loans Board (PWLB) forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.
- If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the Consumer Prices Index (CPI) measure of inflation hitting 2.5% year/year by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% year/year (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% year/year.
- The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real Gross Domestic Product (GDP) to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.
- There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.
- Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).

- Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.
- Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.
- So far, we have made little mention of the US President election. Nonetheless, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.
- Our revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 11.11.24 p.m.	Target borrowing rate now (end of Q3 2026)	Target borrowing rate previous (end of Q3 2026)
5 years	5.02%	4.30%	3.90%
10 years	5.23%	4.50%	4.10%
25 years	5.66%	4.90%	4.40%
50 years	5.42%	4.70%	4.20%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.25% (from 3%). As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

4.4 Borrowing Strategy

Our borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining an appropriate level of cash and 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

L1. Full compliance with the Prudential Code - **No Change.**

L2. Average maturity date between 15 and 25 years - **No Change.**

L3a. Financing costs as % of council tax requirement 20% – **No Change.**

L3b. Financing costs as % of tax revenues 12.5% - **No Change.**

- L4.** Actual debt as a proportion of operational debt is maintained below 85% - **A change from in the range of 65% - 85% by maintaining minimal debt levels given a high interest rate environment.**
- L5.** Average interest rate for internally managed debt will decrease to **4.41%** - **Changed from 5.46% in view of planned borrowing and forecast reducing interest rates.**
- L6.** Average interest rate for total debt (including other local authority debt) will be equal to or less than **4.46%** - **Changed from 5.51% in view of planned borrowing and forecast reducing interest rates.**
- L7.** The gearing effect on capital financing estimates of 1% increase in interest rates must not be greater than 5% - **No Change.**

The capital borrowing need (CFR) has not been fully funded with loan debt and instead the council's cash which would normally be utilised to support the council's reserves, balances and cash flow has been used to fund the borrowing need as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.

The Council is currently working with the Education and Skills Funding Agency (ESFA) to identify and implement actions to reduce a deficit on High Needs expenditure within Dedicated Schools Grant (DSG). Whilst there is a ongoing pressure within DSG the Council will need to cashflow the shortfall in grant income compared to the expenditure. This is likely to have an impact on borrowing in the short term however this is forecast to be managed within current borrowing assumptions.

It is important to ensure that profiling for forecast expenditure within monitoring of capital projects is frequent and accurate to identify the optimal time and amount of any borrowing undertaken to avoid unnecessary interest costs and shortfalls in available cash.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Head of Finance – Deputy S151 responsible for Treasury Management will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any changes that are required will be reported to the treasury management panel at the next available opportunity.

4.5 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too

restrictive, they will impair the opportunities to reduce costs / improve performance. These limits have been reviewed. The indicators the Council is asked to approve are in **Table 8** below:

Table 8: Borrowing Limits	2025/26	2026/27	2027/28
Prudential Code Indicator 10			
Upper limits on fixed interest rate exposures.	95%	95%	95%
Lower limits on fixed interest rate exposures	40%	40%	40%
Prudential Code Indicator 11			
Upper limits on variable interest rate exposures	45%	45%	45%
Lower limits on variable interest rate exposures	0%	0%	0%
Prudential Code Indicator 12			
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	0%	0%	0%
10 years and above	30%	30%	30%
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	40%	40%	40%
5 years and within 10 years	50%	50%	50%
10 years and above	85%	85%	85%

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4.6 Debt rescheduling

Rescheduling of current borrowing in the debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment. The reasons for any rescheduling include:

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All potential rescheduling would require the approval of the treasury management panel.

Rescheduling of debt would normally be undertaken where there is an opportunity to deliver ongoing interest rate savings to the council. However, rescheduling of debt does normally incur a premium cost (i.e. upfront break cost to end the borrowing agreement early). A reserve is therefore held by the authority to support any potential opportunities, and the current position of that reserve along with the forecast over the MTFO period is set out below.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Opening Balance	21.914	31.977	28.472	24.129
Transfer to Reserves	0.533	(3.505)	(4.343)	(2.194)
Pooling of MRP reserve	9.530	0.00	0.00	0.00
Closing Balance	31.977	28.472	24.129	21.935

Analysis of previous rescheduling indicates that the cost of any premium may be up to £15m. Additionally, this reserve is also used to help mitigate the risk of interest rate rises on planned borrowing across the MTFO period and fluctuations in MRP charges across the period.

4.7 Financial Institution as a source of Borrowing

Currently the PWLB Certainty Rate is set at gilts = 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years – generally cheaper than the certainty rate)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

5 ANNUAL INVESTMENT STRATEGY

5.1 Investment Policy

The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy (see Part 1 Annex 7 of the Budget Plan)

The Council’s investment policy has regard to the following: -

- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.

In accordance with the above guidance from the MHCLG and CIPFA and in order to minimise the risk to investments, the council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. Counterparty limits are set through the council's treasury management practices – schedules. This year the TM policies have been reviewed to ensure that any Banking Regulation changes are appropriately reflected to make certain that the security of the council's deposits remain the highest priority whilst the council seeks a fair return for its investment. See TMP 1 section on Credit and Counterparty Risk Management paragraph h. TMP 1 also allows the undertaking of non-specified investments on the approval of the S151 Officer e.g. loans to housing associations, property funds and bond issues by other public sector projects etc. The use of property funds can be deemed to be capital expenditure, and as such in some instances will be an application (spending) of capital resources. This Authority will undertake due diligence and appropriate checks, and if required seek guidance, on the status of any fund it may consider using.

5.2 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 forms part of this document for review and approval.

5.3 The Monitoring of Investment Counterparties

The credit rating and financial resilience of counter parties are monitored regularly. The council receives credit rating information from Link Asset Services as and when ratings change 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 Head of Finance – Deputy S151 Officer and / or Strategic Technical Accounting and Transactional Finance Manager and if

required new counterparties which meet the criteria will be added to the list.

5.4 Investment strategy

The general policy objective for this council is for the prudent investment of its treasury balances. The council's investment priorities are:

- The security of capital
- 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

In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates.

Investment returns expectations

Investment returns are expected to decline during 2024/25. However, while markets are pricing in a series of Bank Rate cuts, actual economic circumstances may see the Monetary Policy Committee (MPC) fall short of these expectations.

5.5 Specific Investment Objectives

Specific investment objectives are set out below

- L8.** Difference between average interest rate received on short-term interest (STI) versus at call interest rate on main bank account – comparing investment performance of proactively managing cash balances against doing nothing – 0% - **a change from 20%.**

When the indicator was originally set the interest rate environment was very different, at call rates were very low and there was scope to achieve a higher return by placing funds for longer. Currently there is an inverted yield curve as interest rate cuts are expected, this means that there is little difference in rates between placing funds overnight or short-term.

- L9.** Average interest rate received on:

- At call investments – 3.73% - **a change from 3.98%**
- Short-term investments – 3.73% - **a change from 4.00%**
- Long-term investments – 3.73% - **a change from 4.20%**
- Property Funds – 4.50% - **a change from 4.10%**

- L10** Average rate on at call and short-term investments will be equal to or greater than 3.72% - **a change from 3.99%.**

- L11** Average interest rate received on all investments:

- Including Property Funds – 3.72% - **a change from 4.00%**
- Excluding Property Funds – 4.04% - **a change from 4.03%**

- L12** % daily bank balances within a target range of 99% - **no change.**

Should the forecast for decreases in inflation increase, there could be a downside risk i.e. Bank Rate decreases occur earlier and / or at a quicker pace.

Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end.

The Council is asked to approve Prudential Indicator 13. Treasury indicator and limit:

Prudential Indicator 13 Maximum principal sums invested > 365 days			
£m	2025/26	2026/27	2027/28
Principal sums invested > 365 days	£25m	£25m	£25m
Property Funds	£30m	£30m	£30m

5.6 Additional disclosures required within the statutory guidance on local government investments

The updated statutory guidance on local government investments, identifies specific disclosures that the authority should identify within its Investment Strategy for all investments that it holds. The required disclosures for investments held by the authority are set out at Annex 3.

5.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Annex 1

IN YEAR TREASURY MANAGEMENT INDICATORS TO BE MONITORED

No.	Indicator	2024/25 Forecast	2025/26 Estimated	2026/27 Estimated	2027/28 Estimated
PRL 1	a. Capital expenditure - Council Resources - £m	54.10	48.63	32.99	11.29
	b. Capital expenditure - External Resources - £m	72.41	43.96	28.90	19.36
Former PRL 2	Estimates of the ratio of financing costs to the net revenue stream	6.31%	6.21%	5.33%	5.21%
L. 3	a. Financing costs as % of Council Tax Requirement	3.31%	20%	20%	20%
	b. Financing costs as % of Tax Revenues	2.33%	12.50%	12.50%	12.50%
L. 4	Actual debt v operational debt within the following range	63.56%	85.00%	85.00%	85.00%
L. 5	Average interest rate of debt excluding other local authority debt	4.21%	4.41%	4.27%	4.49%
L. 6	Average interest rate of debt including other local authority debt	4.24%	4.46%	4.27%	4.49%
L. 9	Average interest rate received on:				
	a. At Call Investments	5.00%	3.73%	3.48%	3.35%
	b. Short Term Investments	5.14%	3.73%	3.70%	3.50%
	c. Long Term Investments	5.02%	3.73%	3.70%	3.50%
	d. Property Fund	4.36%	4.50%	4.50%	4.50%
L. 10	Average interest rate on all ST investments (ST and At Call)	5.03%	3.73%	3.55%	3.40%
L. 11	a. Average interest rate on all investments (excluding property fund)	5.03%	3.72%	3.57%	3.41%
	b. Average interest rate on all investments (including property fund)	4.86%	4.04%	3.96%	3.88%
L. 12	% daily bank balances within target range	99%	99%	99%	99%

MINIMUM REVENUE PROVISION (MRP) POLICY

Under the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2018, local authorities have a duty to produce an annual statement on its policy for making a minimum revenue provision (MRP).

For the financial year **2025/26** (no change to the policy in 2024/25) the authority will be adopting the following policies in determining the MRP:

1. For all existing capital expenditure balances within the Capital Financing Requirement (CFR) held as at 1 April 2023 MRP will be applied on an annuity basis with the write down period determined by asset lives up to the maximum allowable by the regulations set out above.
 2. For all capital expenditure incurred from 1 April 2023 MRP will be applied on an annuity basis with the write down period determined by asset lives up to the maximum allowable by the regulations set out above.
 3. 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 the beginning of the associated MRP until the financial year following the one in which the asset becomes operational, there will be an annual adjustment for Assets Under Construction.
 4. If determined by the S151 Officer the annual instalment may be calculated by the equal instalment method or other appropriate methods dependant up on the nature of the capital expenditure.
 5. In all years, the CFR for the purposes of the MRP calculation will be adjusted for other local authority transferred debt, finance lease and Private Finance Initiative (PFI).
 6. The Section 151 officer shall on an annual basis review the level of MRP to be charged, as calculated as per paragraphs 1, 2 and 3 above to determine if this is at a level, which is considered prudent. The amount of MRP charged shall not be less than zero in any financial year.
- 3.1 For all existing capital expenditure balances within the Capital Financing Requirement (CFR) held as at 1 April 2023 MRP will be applied on an annuity basis with the write down period determined by asset lives up to the maximum allowable by the regulations set out above.

ADDITIONAL DISCLOSURES REQUIRED WITHIN STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS

The MHCLG issued Investment Guidance in 2018, sets out specific disclosures that the authority should identify within its Investment Strategy for all investments that it holds.

The required disclosures for investments held by the authority are set out below.

1. Types of Investment

1.1 Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes
- Other investments

2. Contribution of investments toward the service delivery objectives and / or the place making role of the local authority

2.1 For each type of investment the disclosure guidelines require the authority to identify the contribution that the investments make. For Walsall's investments details of this contribution are set out below.

Investments held for treasury management purposes

The contribution that these investments make to the objectives of the local authority is to support effective treasury management activities, with the requirement to prioritise Security, Liquidity and Yield in that order of importance.

Other Investments

Details of all other Investments that the authority holds, and the contribution that each makes to the service delivery objectives and / or the place making role of the local authority is set out below:

I. Investment Properties

The council does not hold any material investment properties, however it is recognised the council does own the Saddlers Shopping Centre and the Old Square Shopping Centre both of which categorised as operational assets in line with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

3. Use of Indicators

The disclosure guidelines require the authority to produce relevant indicators for investments to support the ability of the public to assess the level of risk exposure. These are provided below for Walsall's investments.

Investments held for treasury management purposes

These investments are funded through the council's cash balances. The authorities published Treasury Management and Investment Strategy already includes a range of Prudential and

Local indicators that support the assessment of performance management and risk exposure in this area.

Additionally, the disclosure guidelines recommend that the authority to also publish the following two indicators.

Indicator	Description	Ratio (2024/25 Forecast)	Ratio (2025/26 Estimate)	Ratio (2026/27 Estimate)	Ratio (2027/28 Estimate)	Ratio (2028/29 Estimate)
Debt to Net Revenue Stream	Gross debt as a percentage of net service expenditure (where net service expenditure is a proxy for the size and financial strength of a local authority).	1.40:1	1.46:1	1.56:1	1.48:1	1.44:1
Commercial income to Net Revenue Stream	A measure of the authorities dependence on non-fees and charges income to deliver core services (where estimated fees and charges are netted off gross expenditure to calculate NSE).	0.44%	0.42%	0.30%	0.29%	0.28%

4. Security, Liquidity and Yield

4.1 Prudent investments will consider security, liquidity and yield in that order with the underlying objectives being:

- **Security** – protecting the capital sum invested from loss;
- **Liquidity** – ensuring the funds invested are available when needed;
- **Yield** – once security and liquidity are determined it is then reasonable to consider what yield can be obtained

4.2 When entering into ‘**Investments held for treasury management purposes**’ local authorities always consider security, liquidity and yield (in that order) and the authorities Treasury Management Policies clearly set out and support this requirement.

4.3 When entering into ‘**Other Investments**’ local authorities should consider the balance between security, liquidity and yield based on their risk appetite and the contribution that the investment will make toward service delivery objectives and / or the place making role of the local authority.

4.4 Security

Investments held for treasury management purposes

All investments that the authority currently holds for treasury management purposes are defined as financial investments, and the authorities Treasury Management policies clearly

define how credit worthiness and high credit quality will be determined. The policies also set out procedures for determining which categories of investment may be used, those which have already been defined as suitable for use, and the upper limits for investment with each counterparty / investment area.

Other Investments

All 'Other Investments' that the authority currently holds are defined as non-financial investments, which are non-financial assets that the authority holds primarily or partially to generate a profit.

Where a local authority holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested. As such the disclosure guidelines require authorities to consider whether the asset retains sufficient value to provide security of investment. The authority does not hold any assets classified as 'Other Investments'.

Risk Assessment of Investments

Investments held for treasury management purposes

The authorities Treasury Management policies clearly define how risk for these types of investment will be assessed, including details of external advisors that may be used, the use of credit ratings and how often these are reviewed and additional sources of information that will support the underlying assessment of risk that may be attributable to the investment.

Other Investments

The way in which the Council manages other investments, including investment property and commercial activity is set out in detail within the Capital & Investment Strategy.

4.5 Liquidity

Investments held for treasury management purposes

For the Treasury Management investments held by the authority, the Treasury Management policies set out how the authority will determine the periods for which funds may be prudently committed and the maximum periods that will be utilised.

Other Investments

For the Other Investments held by the authority, these are all currently properties which are held for both regeneration and investment. The Council recognises that if it requires access to its investment these assets can take a considerable period to sell in certain market conditions. Therefore, these investments are all considered to be medium to long term, with a fair value assessment undertaken on an annual basis which is used to inform the point at which it may be prudent for the authority to consider selling assets and repaying any associated borrowing.

5. **Proportionality**

5.1 The scale of the 'Other Investments' currently, or planned to be, held by the authority, and any assumed associated profit to be generated by these investments does not place the authority in a position where it is dependent on this activity to achieve a balanced revenue budget.

6. Borrowing In Advance of Need

- 6.1 The councils Treasury management Strategy clearly sets out that it will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

7. Capacity, Skills and Culture

Knowledge & Skills

- 7.1 The authorities Treasury Management activity is managed by a team of professionally qualified accountants, who actively undertake Continuous Professional Development (CPD) on an ongoing basis to keep abreast of new developments and develop additional skills. They also have extensive Local Government finance experience between them.
- 7.2 The Council's Section 151 Officer is the officer with overall responsibility for Treasury activities. They too are a professionally qualified accountant undertaking an ongoing CPD programme.
- 7.3 Any commercial projects that the council seek to enter into will also be supported by teams from all required professional disciplines from across the Council, and external professional advice will also be sought if needed.
- 7.4 Internal and external training is offered to members on an ongoing basis to ensure they have up to date skills to make commercial investment and treasury decisions.
- 7.5 The Council's Treasury Management Panel meet regularly to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.
- 7.6 The knowledge and skills of officers and members are commensurate with the Council's risk appetite.

Commercial Activity and Governance

- 7.7 The Council has a strong governance framework that goes beyond the regulatory codes. This includes a Treasury Management Panel (TMP) in addition to reporting to Cabinet and Council. The TMP is made up of senior council finance officers who meet to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.
- 7.8 Due diligence is of paramount importance. All of the Councils commercial investments have individual business cases that are subject to thorough risk assessment. Where appropriate to the size and scale of the project independent technical and legal reviews will also be considered.
- 7.9 Ongoing performance monitoring for all commercial schemes is also undertaken and reported to relevant members and senior officers on a regular basis.

7.10 The Council also seeks to ensure that all commercial schemes are fully aligned with priority outcomes set out within the Corporate Plan.

7.11 Any decisions taken on commercial investments are supported by the approach to non-financial investments and risk assessment process set out within this Treasury Management and Investment Strategy, with any individuals involved in negotiation of commercial deals being made aware of these principles and the prudential and regulatory regime within which local authorities operate.

8. Other Useful Information

Links to other documents that provide useful information in relation to the disclosures set out within this annex are set out below:

Walsall Council 2023/24 Statement of Accounts.

Walsall Council 2025/26 Budget Plan with a summary of the 2025/26 capital programme outlined in section 4 of the budget plan at Section B Part 1 of this report. The summary of the draft capital programme over the plan period 2025/26 to 2028/29 is outlined at section 4, with full details by scheme within Annexes 8 and 9.

Walsall Council 2025/26 Capital Strategy (see Part 1 Annex 7 of the Budget Plan).

ECONOMIC BACKGROUND

This Economic Commentary is based upon information provided by the Councils Treasury Management Advisors – Link Group.

The third quarter of 2024 (July to September) saw:

- Gross Domestic Product (GDP) growth stagnating in July following downwardly revised Q2 figures (0.5% quarter/quarter);
- A further easing in wage growth as the headline 3 month year on year rate (including bonuses) fell from 4.6% in June to 4.0% in July;
- Consumer Price Index (CPI) inflation hitting its target in June before edging above it to 2.2% in July and August;
- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
- 10-year gilt yields falling to 4.0% in September.

Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October.

If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% year/year by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% year/year (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% year/year with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The Retail Price Index (RPI) measure has also increased significantly to 3.4% year/year.

How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.

Regarding having a sufficiently large pool of flexible and healthy workers, the initial outlook does not look bright. Research from Capital Economics has alluded to an increase of some 500,000 construction workers being needed to provide any chance of the Government hitting its target of 300,000 new homes being built in each of the next five years (234,000 net additional dwellings in England in 2022/23). But the last time such an increase was needed, and construction employment is currently at a nine-year low, it took 12 years to get there (1996 to 2008). Also note, as of October 2024, job vacancies in the construction sector were still higher than at any time in the 20 years preceding the pandemic.

Currently, it also seems likely that net inward migration is set to fall, so there is likely to be a smaller pool of migrant workers available who, in the past, have filled the requirement for construction worker demand. The Government plans to heavily promote training schemes, particularly to the one million 16- to 24-year-olds who are neither in education nor work. But it is arguable as to whether the employee shortfall can be made up from this source in the requisite time, even if more do enter the workforce.

Against, this backdrop, there may be a near-term boost to inflation caused by a wave of public sector cash chasing the same construction providers over the course of the next year or so, whilst wages remain higher than the Bank currently forecasts because of general labour shortages, including in social care where Government accepts there is a 150,000 shortfall at present.

Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% year/year (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May – which would see Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.

If we focus on borrowing, a term we are likely to hear throughout 2025 is “bond vigilante”. Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.

Staying with the US, Donald Trump’s victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact Public Works Loans Board (PWLB) rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.

In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% year/year, 0.3% month/month), as has the November Producer Prices Data (up 3.0 year/year vs a market estimate of 2.6% year/year, 0.4% month/month vs an estimate of 0.2% month/month) albeit probably insufficient to deter the Federal Open Market

Committee (FOMC) from cutting US rates a further 0.25% at its December meeting. However, with Trump's inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.

Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. More recently, however, 10 year gilt yields have spiked back up to 4.35%.

The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8.304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% year/year. The catalyst for any further rally (or not) is likely to be the breadth of AI's impact on business growth and performance.

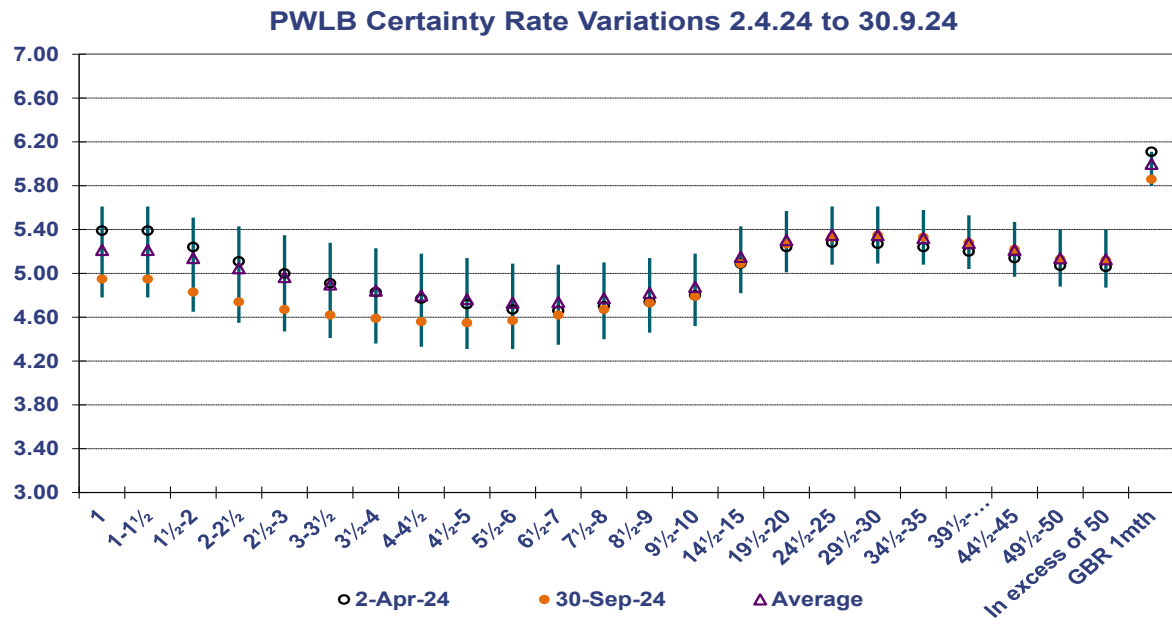
MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25 basis points to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50 basis points cut by the FOMC, but this came to nothing.
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

PWLB RATES 02.04.24 - 30.09.24





GLOSSARY OF TERMS

TERM	DEFINITION
Authorised Limit	Level of debt set by the council that must not be exceeded.
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.
CIPFA	The chartered institute of public finance and accountancy
Counter party limits	Maximum amount that the council may lend to other institutions will vary according to size and credit rating of other intuitions.
Dividends	Sum to be payable as interest on loan.
DLUHC	Department of Levelling Up, Housing and Communities (DLUHC)
ECB	European Central Bank
EU	European Union
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.
Investments	The employment of money with the aim of receiving a return.
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.
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.
MPC	Monetary Policy Committee – group that sets the bank base rate for the Bank of England

TERM	DEFINITION
OLA	Other Local Authorities
Temporary borrowing	Borrowing of money for a term of up to 365 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.
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.
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.

Part 2 – Treasury Management

TREASURY MANAGEMENT POLICY STATEMENT

The CIPFA Code recommends that authorities should:

- i. Put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- ii. Policies and practices should make clear that the effective management of risk, having regard to return, is a prime objective of the treasury management activities.
- iii. Acknowledge that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, the treasury management policies and practices should reflect this.

In order to do this, the Council should once again adopt a treasury management policy statement as shown below and create and adopt treasury management practices (TMPs):

- A treasury management policy statement, stating policies and objectives of its treasury management activities.
- Suitable TMPs, setting out the manner in which the council will seek to achieve those policies and objectives, prescribing how the council will manage and control those activities.
- The contents of the policy statement and TMPs will follow the recommendations contained in section 6 and 7 of the Code, subject only to amendment where necessary to reflect this council's particular circumstances.

There are amendments to the responsible posts under delegated powers which reflect changes to the staffing structure of the finance service.

THE TREASURY MANAGEMENT PRACTICES 2025/26 & 2026/27 ONWARDS

Walsall Council defines its treasury management activities as:

“The management of the local authority’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Walsall Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

Walsall Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principle of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

TREASURY MANAGEMENT FUNCTION

The approved activities of the treasury management function are as follows:

Activities:

- Borrowing
- Investment of temporary surplus funds and other balances
- Setting and reviewing the treasury management strategy
- Cash flow management
- Management of debt and investments, including rescheduling, management of interest rate exposure and maturity profile management

High Level Policies for Borrowing and Investment

The Treasury Management Strategy sets out the detailed policies that the organisation will follow in operating its treasury management function. The high level policies set out within the strategy that relate to borrowing (section 4.4 of the strategy) and investments (section 5.5 of the strategy) are as follows:

Borrowing Strategy Objectives

Walsall Councils 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.

Investment Strategy Objectives

The underlying policy objective for Walsall Council is for the prudent investment of its treasury balances. The council's investment priorities are:

- The security of capital
- 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.

TREASURY MANAGEMENT PRACTICES

TMP 1 – TREASURY RISK MANAGEMENT

The S151 Officer shall:

- Ensure that appropriate arrangements are in place for the design; implementation and monitoring of all arrangements related to the identification, management and control of treasury management risk.
- Report at least annually on the adequacy/suitability thereof, and report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the council's objectives in this respect.
- In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives will be set out in schedules.

Liquidity

Objective: Adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable the council at all times to have the level of funds available which are necessary for the achievement of its service objectives.

Interest Rates

Objective: Management of the council's exposure to fluctuations in interest rates with a view to containment of its net interest costs.

Exchange Rates

Objective: Management of the council's exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

Inflation

Objective: Control of exposure to the effects of inflation, in so far as they can be identified as impacting on treasury management activities.

Credit and Counterparties

Objective: To secure the principal sums invested over the period of the investment. A counterparty list will be maintained and the named organisations and limits will reflect a prudent attitude towards organisations with whom funds may be deposited.

Rescheduling and refinancing of Debt

Objective: All borrowing, private financing and partnership arrangements will be negotiated, structured and documented. The maturity profile of debt will be managed with a view to obtaining terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

Relationships with counterparties in these transactions will be managed in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

Legal and Regulatory

Objective: Compliance with statutory powers and regulatory requirements for all treasury management activities. The council will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.

In framing its credit and counterparty policy under TMP1 - *Credit and Counterparty risk management*, the council will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged.

The council will seek to minimise the impact of future legislative or regulatory changes on its treasury management activities so far as it is reasonably able to do so.

Fraud, Error and Corruption, and Contingency Management

Objective: Identification of circumstances which may expose the council to the risk of loss through fraud, corruption or other eventualities in its treasury management dealings. Employ suitable systems and procedures and maintain effective contingency management arrangements.

Market Risk

Objective: Protection from adverse market fluctuations in the value of the principal sums invested over the period of the investment.

Additional Level Risk / Reward

Objective: to ensure that the risk/ reward balance is appropriate and consistent with the risk appetite of the council the following aims are managed;

- to have a large proportion of debt on fixed rates to provide stability
- to have investments over a range of period lengths
- to use UK highly rated banks or strong building societies
- to obtain a fair return without any undue risk

Environmental, Social and Governance Risk Management (ESG)

The revised CIPFA Treasury Management Code and Prudential Code issued in December 2021 require that authority's credit and counterparty policies reflect any corporate ESG policies. The

authority has not yet set out a corporate ESG policy and Treasury Management Policies will be further reviewed and updated at the time that any corporate ESG policy is developed, to ensure that they are reflective of that.

Credit and Counterparty Risk Management

The Head of Finance – Deputy S151 will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 - Reporting Requirements and Management Information Arrangements.

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests over the period of the investment. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 - Approved Instruments Methods and Techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Policy on the use of credit risk analysis techniques

- a. The council will use credit criteria in order to select creditworthy counterparties for placing investments with.
- b. Credit ratings will be used as supplied from rating agencies – Fitch, Moody's and S&P.
- c. Treasury management advisors will provide regular updates of changes to all ratings relevant to the council.
- d. The Head of Finance – Deputy S151 and Strategic Technical Accounting & Transactional Finance Manager, as responsible officers, will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

The primary credit rating agencies Primary Credit Rating Scales, which are used, are shown below.

	Moody's				S&P				Fitch			
	Long Term	Short Term			Long Term	Short Term			Long Term	Short Term		
Investment Grade	Aaa				AAA				AAA			
	Aa1				AA+				AA+			
	Aa2				AA				AA			
	Aa3				AA-				AA-			
	A1	P1			A+	A-1+			A+	F1+		
	A2				A				A			
	A3				A-	A-1			A-	F1		
	Baa1	P2			BBB+				BBB+			
	Baa2				BBB	A-2			BBB			
	Baa3		P3		BBB-			A-3	BBB-		F2	F3
Non-Investment Grade	Ba1				BB+				BB+			
	Ba2				BB				BB			
	Ba3				BB-				BB-			
	B1				B+				B+			
	B2				B				B			
	B3				B-				B-			
	Caa				CCC				CCC			
	Ca				CC				CC			
	C				C				C			
		Not Prime				C				C		
					D	D			D	D		

The minimum credit ratings within these scales that the authority would expect for individual counterparties are set out below.

Minimum ratings	Moody's	S&P	Fitch
Short term	P3	A-3	F2
Long term	A3	A-	A-

Credit ratings for individual counterparties can change at any time. The Head of Finance – Deputy S151 and the Strategic Technical Accounting and Transactional Finance Manager are responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on the criteria for selection of counterparties, and with the approval of either the S151 or Head of Finance – Deputy S151.

- e. This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including;

- The quality financial press
- Market data
- Information on government support for banks and the credit ratings of that government support
- The maximum maturity periods and investment amounts relating to Approved Investment Counterparties are set out below:

Organisation	Criteria	Max Amount	Max Period
Banks and Nationwide Building Society	Minimum Ratings as defined above in paragraph d.	£25m in total with fixed term not exceeding £15m	3 years
Building Societies	Following an individual financial assessment must have a minimum Free Capital Ratio above that set out by Common Equity Tier 1 (CET1) and have at least one credit rating as defined above in paragraph d.	£10m	3 years
	Following an individual financial assessment must have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1)	£7m	3 years
Challenger Banks	Following an individual financial assessment must have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1), and must be a retail bank.	£15m	3 years
Money Market Funds	AAA long-term rating backed	£15m	3 years
Property Funds	Subject to individual financial assessment of each fund to identify the underlying financial strength	£30m	Review annually
Multi-Asset Investment Funds	Subject to individual financial assessment of each fund to identify the underlying financial strength	£20m	5 years
Non UK Banks	Minimum Ratings as defined above in paragraph d.	£10m	1 year

Organisation	Criteria	Max Amount	Max Period
Local Authorities	Subject to individual financial assessment of each fund to identify the underlying financial strength	£15m	3 years
Housing Associations	Subject to individual financial assessment of each fund to identify the underlying financial strength and credit ratings where available	£15m	3 years
Other	Subject to appropriate case by case review	£10m	N/A

- f. In defining the level and term of deposits significant regard is given to the proportion of the institution in government ownership.
- g. Following the changes to the Banking Regulation the council will consider when assessing the financial resilience of an institution key ratios e.g. common equity tier 1, leverage capital / exposure, liquidity coverage, net stable funding.

Notes:

- The definition of 'high credit quality' is also used to determine what are specified investments as opposed to non-specified investments. Specified investments are those that require minimum procedural formalities in terms of the placing of the investment by the treasury management team. Minimal procedural formalities means that the team is well experienced and knowledgeable in using these types of instruments and they pose minimal risk in their use.
- Other i.e. non-specified investments may be undertaken on the approval of the S151 Officer e.g. loans to other organisations and bond issues by other public sector projects and will be supported with appropriate rationale and due diligence to support investment security considerations. These may be for a duration longer than 3 years.
- For a credit rated bank to be on the council's counter party list the criteria must be passed for at least 2 of the credit ratings agencies.
- Full Individual Listings of Counterparties and Counterparty Limits are available on request and reported regularly to the Treasury Management Panel.

Authorisation of Payments

In order to support and maintain strong controls for the release of payments. A payment releasers register is maintained. It includes the names and post titles of officers authorised to sign financial documents releasing payments including cheques requiring manual signature and bank mandates. The payments releasers register is reviewed regularly and is approved by the Head of Finance – Deputy S151 Officer.

The Invoice / Payments Authorisation process is regulated by the financial and contract rules. Limits and authorised officers are maintained in the authorised signatory's data base.

TMP 2 – BEST VALUE AND PERFORMANCE MEASUREMENT

The council actively works to promote value for money and best value in its treasury management activities. The treasury management function will be the subject of regular reviews to identify scope for improvement. In addition annual benchmarking is undertaken to measure performance and to ensure that relative to other councils the council is achieving a fair investment return without any undue risk.

TMP 3 – DECISION MAKING AND ANALYSIS

Full records will be maintained of treasury management decisions, and of the processes and practices applied in reaching those decisions, to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account.

TMP 4 – APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Only approved instruments, methods and techniques will be used, within the limits defined in TMP1 – Risk Management.

Sources of Borrowing

There shall be no restriction in principle on sources or methods of borrowing other than those imposed by law. The sources or methods of borrowing at any time will be determined by the current approved treasury management strategy.

Other Sources of Finance

The S151 Officer or Head of Finance - deputy S151 shall arrange leases and similar arrangements for items of equipment, vehicles, etc. where the acquisition or use of such items has been approved in line with the council's contract and rules.

Approved Organisations for Investments

The S151 Officer shall approve and revise from time to time, a list of organisations within the statutory definitions of approved investments, which would be eligible to receive investments from the council. Apart from the Government, and, in any emergency, the council's own bank, the maximum limit for investment with any single organisation shall be £25 million and the maximum period for investment shall be 3 years in accordance with each individual institution's credibility. The only exception to this are the approved investments in a Property Fund where the maximum limit shall be £30 million and will be reviewed on 5 year intervals. This should be reviewed at least monthly and incorporate any changes in ratings of counter parties.

Interest Rate Exposure

The limits on temporary borrowing and the proportion of interest at variable rates are set by Council, in accordance with Section 45 of the Local Government & Housing Act 1989.

TMP 5 – ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

Treasury management activities will be properly structured in a clear and open fashion and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions and audit of the treasury management function.

If and when the council intends, due to a lack of resources or other circumstance, to depart from these principles, the S151 Officer will ensure that the reasons are properly reported in accordance with **TMP6** - Reporting Requirements and Management Information Arrangements and the implications properly considered and evaluated.

- The S151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover.
- The S151 Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the S151 Officer in respect of treasury management are set out in the Constitution. The S151 Officer will fulfil all such responsibilities in accordance with the Policy Statement and TMP's and the Standard of Professional Practice on Treasury Management. This includes, but not exclusively, the following activity.

Activity	Prepared by	Delegation / Accountability
Approval of Treasury Management and Investment Strategy	Director of Finance and Assurance (S151 Officer)	Cabinet Council
Approval of Treasury Management Policies	Director of Finance and Assurance (S151 Officer)	Cabinet Council
Amendments to authorised officers and officer limits set out within the treasury management practices	Head of Finance – Deputy S151 / Strategic Technical Accounting and Transactional Finance Manager	S151 Officer
Review the debt portfolio and reschedule loans when considered appropriate	Strategic Technical Accounting and Transactional Finance Manager	S151 Officer
Updates to TM Practices	Head of Finance – Deputy S151 / Strategic Technical Accounting and Transactional Finance Manager	S151 Officer
Undertake budget monitoring and initiate actions when necessary	Strategic Technical Accounting and Transactional Finance Manager /Senior Treasury & Banking Manager	Head of Finance – Deputy S151
Authorisation of loan interest payments	Transactional Assistant – Treasury Management	Finance Business Partner – Treasury / Senior Treasury & Banking Manager
Approval of overnight investments	Transactional Assistant – Treasury Management / Finance Business Partner	Strategic Technical Accounting and Transactional Finance Manager

Activity	Prepared by	Delegation / Accountability
Preparation of borrowings documentation	Transactional Assistant – Treasury Management	Finance Business Partner – Treasury / Senior Treasury & Banking Manager
To arrange borrowing from time to time for the council's purposes. Sources of funds will comprise temporary loans, loans from PWLB, other mortgages and bonds, money bills, bank overdraft and internal funds of the council, subject to any restrictions which may be made by statute, Council or Cabinet	Strategic Technical Accounting and Transactional Finance Manager / Senior Treasury & Banking Manager	S151 Officer / Head of Finance – Deputy S151
Maintain Payment Releasers Register	Finance Business Partner - Treasury	S151 Officer / Head of Finance – Deputy S151
To arrange finance and operating leases as required in accordance with council's capital programme	Strategic Technical Accounting and Transactional Finance Manager	S151 Officer / Head of Finance – Deputy S151
To invest council funds temporarily not required in accordance with the statutory provisions regulating approved investments as defined in Section 66 of the Local Government and Housing Act 1989, subject to any restrictions which may be made by statute, by Council or by Cabinet	Transactional Assistant – Treasury Management	Finance Business Partner – Treasury / Senior Treasury & Banking Manager
<p>To maintain a counter party list of approved organisations eligible to receive council investments, this involves;</p> <ul style="list-style-type: none"> - ongoing monitoring of ratings on investment products and institutions. - Investigation and appraisal of free capital ratio measures - signing off by the treasury manager as evidence of a monthly review and mid-month changes if necessary. <p>if ratings change for an investment product or institution currently held then actions for a possible exit of that strategy are undertaken as approved by the Treasury Management Panel</p>	<p>Finance Business Partner – Treasury</p> <p>Senior Treasury & Banking Manager</p>	<p>Head of Finance – Deputy S151 / Strategic Technical Accounting and Transactional Finance Manager</p> <p>or</p> <p>S151 Officer dependent on limits set by TMP on exit strategy</p>
Daily cash flow forecast	Transactional Assistant – Treasury Management	Finance Business Partner - Treasury

Activity	Prepared by	Delegation / Accountability
Update loan records	Transactional Assistant – Treasury Management	Finance Business Partner - Treasury
Operational Cash Flow	Finance Business Partner - Treasury	Head of Finance – Deputy S151 / Strategic Technical Accounting and Transactional Finance Manager / –Senior Treasury & Banking Manager
Audit and control review and improvements recommendations implementations	Internal Audit / All	Senior Treasury & Banking Manager
Annual MRP Policy review	Technical Accounting Manager	Head of Finance – Deputy S151 / Strategic Technical Accounting and Transactional Finance Manager / Senior Treasury & Banking Manager
Maintain accurate up to date information on Treasury Management	Transactional Assistant – Treasury Management	Senior Treasury & Banking Manager / Finance Business Partner - Treasury

TMP 6 – REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Regular reports will be prepared for consideration by Council on:

- Annual report on treasury management activities for the preceding year
- Treasury management strategy for the year, reviewed at least once during the year
- Regular monitoring reports on prudential and local indicators are prepared for the Treasury Management Panel.

Report	Frequency	When	Prepared by	To
Review of Treasury Management Strategy (TMS) and Treasury Management Policies	Annual	February/ March	Head of Finance – Deputy S151 Officer	Cabinet and Council
TMS – material changes	Immediately	As required	Head of Finance – Deputy S151 Officer/ Strategic Technical Accounting & Transactional Finance Manager	Cabinet and Council
Treasury Management Annual Report	Annual	September	Head of Finance – Deputy S151	Cabinet and Council

Report	Frequency	When	Prepared by	To
Mid-Year Report	Annual	December	Head of Finance – Deputy S151	Cabinet and Council
TM budget monitoring	Quarterly Monthly	Jul, Oct, Jan, Apr	Finance Business Partner – Treasury (reviewed by Strategic Technical Accounting & Transactional Finance Manager)	S151 Officer, Treasury Management Panel, Head of Finance – Deputy S151 for inclusion in overall corporate financial monitoring reports to CMT and Cabinet which are first reviewed by the S151 Officer
TM performance indicators	Quarterly Monthly	Jul, Oct, Jan, Apr	Finance Business Partner – Treasury (reviewed by Strategic Technical Accounting & Transactional Finance Manager)	S151 Officer, Treasury Management Panel, Head of Finance – deputy S151 for inclusion in overall corporate financial monitoring reports to CMT and Cabinet which are first reviewed by the S151 Officer
Cashflow summary	Monthly		Finance Business Partner – Treasury/Senior Treasury & Banking Manager	Strategic Technical Accounting & Transactional Finance Manager
Borrowing transactions	Monthly		Finance Business Partner – Treasury	Senior Treasury & Banking Manager
Payment Releasers Register	Quarterly		Finance Business Partner – Treasury	S151 Officer, Head of Finance (deputy S151)
Operational Investment Strategy	Quarterly		Finance Business Partner – Treasury / Senior Treasury & Banking Manager	Strategic Technical Accounting & Transactional Finance Manager

Report	Frequency	When	Prepared by	To
12 monthly cashflow	Quarterly		Finance Business Partner – Treasury / Senior Treasury & Banking Manager	Strategic Technical Accounting & Transactional Finance Manager
Government statistical returns	Monthly		Finance Business Partner – Treasury – Senior Treasury & Banking Manager	Ministry of Housing, Communities & Local Government
Daily cash balance forecast	Daily		Transactional Assistant	Finance Business Partner – Treasury

TMP 7 – BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The S151 Officer will prepare an annual treasury management budget which will bring together all costs involved in running the treasury management function and associated income. This will be presented to Cabinet and Council and is approved as part of the Treasury Management and Investment Strategy.

The council will account for its treasury management activities in accordance with appropriate accounting practices, standards and statutory and regulatory requirements.

The council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

In line with market convention loans office staff, when dealing, are required to commit the council to terms of borrowing and investment transactions by telephone. Although these transactions are not legally binding until confirmed in writing, if subsequently dishonoured, this may damage the council's reputation. Electronic funds transfer requires the involvement of three officers, at least one of whom shall be on the payment releasers register.

TMP 8 – CASH AND CASH FLOW MANAGEMENT

All council monies will be under the control of the S151 Officer. Funds that are available within all council monies to support treasury management purposes are identified and Cash flow projections in relation to these funds are prepared on a regular and timely basis and the S151 Officer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1** Liquidity risk management.

TMP 9 – MONEY LAUNDERING

Procedures will be enforced for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staffs involved in this area are properly trained.

As a responsible public body, they should employ policies and procedures which reflect the

essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly the council undertakes a number of safeguards including the following:

- a. evaluates the prospect of laundered monies being handled by them
- b. determine the appropriate safeguards to be put in place
- c. require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
- d. make all its staff aware of their responsibilities under Proceeds of Crime Act (POCA) 2002

In respect of treasury management transactions, there is a need for due diligence. The Council will only invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The register can be accessed through the Financial Conduct Authority website.

All transactions will be carried out by BACS or CHAPS for making deposits or repaying loans.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000.

TMP 10 – MONEY LAUNDERING

The council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. An annual review of treasury staff capacity, training needs and experience will be undertaken and reported to the Treasury Management Panel along with a register of all training completed by Council Officers involved in treasury management processes of the Council. Specific training for councillors will be provided and undertaken as required.

TMP 11 – USE OF EXTERNAL SERVICE PROVIDERS

When external service providers are employed, the S151 Officer will ensure it does so for reasons which have been subjected to a full evaluation of the costs and benefits. The terms of appointment and the methods by which service providers' value will be assessed will be properly agreed and documented.

The council does not currently require external investment managers, but recognises it may do so in the future for general or specific advice on a range of matters. These future services would be procured using the council's prevailing regulations relating to obtaining supplies and services. The council employs external treasury advisors to provide economic outlooks and information relevant to making robust investment and borrowing decisions.

TMP 12 – CORPORATE GOVERNANCE

This authority is committed to the pursuit and achievement of proper corporate governance throughout its business and services and to establish principles and practices by which this can be achieved. Accordingly the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The council has adopted and has implemented the key recommendations of the CIPFA Code. The S151 Officer will monitor and when necessary, report upon the effectiveness of these arrangements to Cabinet.

A forum for the monitoring of Governance arrangements is the Treasury Management Panel. The Treasury Management Panel meets quarterly chaired by the S151 Officer or (in the absence of the S151 Officer) the Head of Finance (deputy S151 Officer). It will receive reports on the monitoring of Prudential and Local Indicators and approve drafts of strategy and policy cabinet/council reports. It will also initiate work and projects to further ensure strong compliance of internal controls and effective treasury performance.

Sherbourne Recycling Limited (SRL)

Sherbourne Recycling Ltd, which is providing a regional mixed recycling facility, was incorporated on 1 April 2021 as a company limited by shares. The shareholders of this company are eight local authorities including Walsall Council. The council has a shareholding of 19.66% of the company and is the second largest shareholder. The other shareholders are Coventry City Council, Solihull Metropolitan Borough Council, Stratford on Avon District Council, Warwick District Council, Rugby Borough Council, Nuneaton & Bedworth Borough Council and North Warwickshire Borough Council.

The regional materials recycling facility became operational during 2023 and the council began sending its recyclable waste to the new facility from 1st October 2023. To obtain governance during the build phase the Council held a director post within the company which sits on the Board. In addition to meetings of the board, there is a Finance Sub-Group which meets twice a year to feedback timescales, issues and updates on the projected timeframe for opening the facility.

There was an approved loan facility of £11.865m between Sherbourne Recycling Limited and the council and whenever SRL required funds they sent a loan drawdown notice requesting funds which gets approved and then paid. This loan facility has now been fully utilised. The total loan facility is £13.207m due the inclusion of capitalised interest.

Birmingham Airport Holdings Limited (BAH)

The seven West Midlands local authorities own 49% of BAH's 320 million ordinary shares of £0.01 each. The council owns 4.88% of these shares. The other shareholders are Airport Group Investments Limited (48.35%) and an employee share trust (2.75%). In addition the seven West Midlands authorities own all of BAH's 6.31% preference shares, of which Walsall Council owns 9.95%. These are cumulative and irredeemable.

The Council monitors its investment and governance processes through its membership on the West Midlands Airport Shareholder Committee, by its nominated Councillor. The Leader of the Council is also a Director of Birmingham Airport Holdings Ltd.