

**SECTION B – Part 1**

**For Approval by Cabinet and  
Recommendation to Council:**

**Corporate Budget Plan,  
incorporating the Capital  
Strategy, Flexible Use of Capital  
Receipts Strategy and Treasury  
Management and Investment  
Strategy**

**2024/25 to 2027/28**

**February 2024**

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## Part 1 – Revenue and Capital Budget Plan

### 1. Financial planning and management: matching resources to the 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.

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 covers the spending round for 2024/25 and the following three years to 2027/28 and is constructed as an integral part of the council's planning processes.

It is aligned to its priorities, objectives, specifically the Council Plan, and the council's agenda of transformational change. It aims to achieve this through the delivery of efficiencies, income reviews, service reviews and redesigns to redirect existing and reducing resources to areas of high council priority in order to deliver the council's outcomes.

This budget has been prepared using the council's high-level purpose and priorities as outlined in Our Council Plan 2022-2025. The plan presents the council's five priorities with 10 identified outcomes, measured against 20 markers of success. This process ensures transparency and accountability as the council will measure achievements and identify gaps with the focus on reducing inequalities and maximising all potential across the borough. The plan has been informed by an updated Joint Strategic Needs and Assets Assessment (JSNA), several internal strategies, internal and external surveys, Community Safety Needs Assessment and the Local Economic Needs Assessment. The theme of the council plan is Positivity and Accountability, drawing and building on the strong partnerships, resilient staff and strong community relationships developed over the past few years.

The council's financial plan and budget has been reviewed and aligned to the new Council Plan. This budget plan, cash limits, savings and investments are aligned to the council's five priorities and specifically the 10 outcomes which are as follows:

#### Economic

- Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place
- Education, training and skills enable people to contribute to their community and our economy

#### People

- People can access support in their community to keep safe and well and remain independent at home

- People are supported to maintain or improve their health, wellbeing and quality of life

Internal

- We get things right, first time and make all services accessible and easy to use
- The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring

Children

- Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential
- Children and young people grow up in connected communities and feel safe everywhere

Communities

- Our communities will be more resilient and supportive of each other
- The people of Walsall feel safe in a cleaner, greener Borough

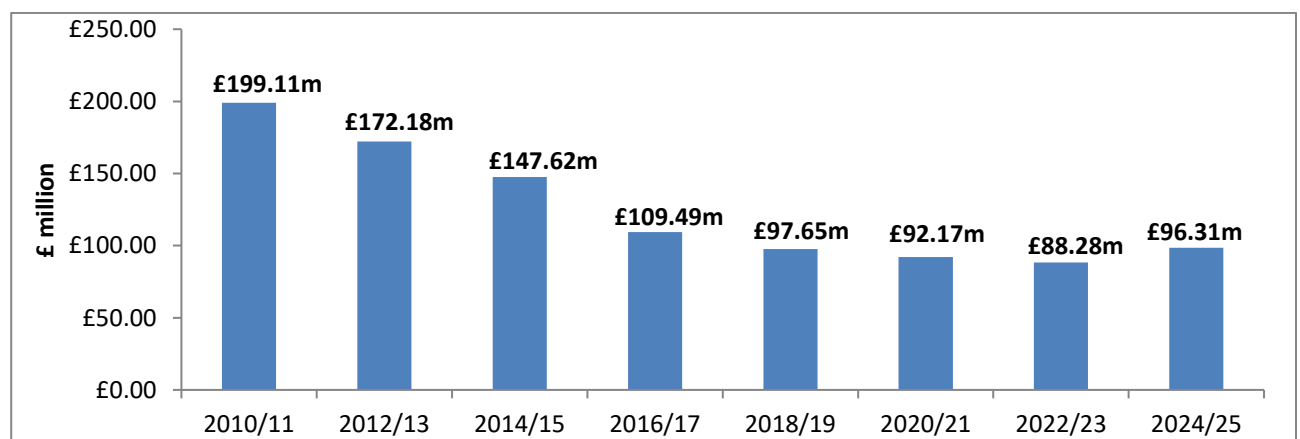
The council will be a key enabler of improvements to Walsall and its' Districts as a place to live, learn and work; working innovatively and collaboratively with strong and resilient communities, public sector partners, schools and businesses to shape services that deliver real and sustainable improvements to people's lives. The council will by necessity be smaller, doing fewer things, and those services that we continue to provide will be delivered in a very different way to how they are now. Our efforts will focus on reducing health, social and economic inequalities and creating an environment where the potential of the area, local businesses, communities and people can be maximised.

## 1.1 Our Challenges

### 1. Core Government Funding

Around half of Walsall's funding comes from government grant (c56% - top up, schools DSG and some specific service grants). In 2010, Walsall received £199.11m of government core funding support to deliver services, alongside income generated from council tax. Between 2010/11 and 2024/25, government has cut core grant funding by c£102.8m. *This equates to a real terms cut of 23.5% or £851 per household.* Alongside cost pressures over the same period, savings totalling over £285m have had to be identified and implemented.

**Government Funding 2010/11 to 2024/25**



The Spending Review (SR21) on 27 October 2021 set out the economic forecast and departmental budgets for the three-year period 2022/23 to 2024/25, so we were expecting

some clarity over funding for the period to 2024/25. Government announced only a one-year local government finance settlement for 2023/24, which confirmed that there would not be any changes to the current funding formula and that the Review of Relative Needs and Resources (formerly the Fair Funding Review) and changes to Business Rates Retention for 2024/25 would not be introduced. Both of these changes are still under review by government but is not known at this time when they will be introduced and if there will be changes to the original proposals. This coupled with only a one-year provisional settlement for 2024/25, announced on 18 December 2023, leaves considerable uncertainty in respect of the amount of income we will receive in government funding from 2025/26 onwards.

From 2017/18, Walsall has been part of the West Midlands Combined Authority (WMCA) 100% business rate retention (BRR) pilot. Government agreed that this would be at 'no detriment' to participating authorities; however, there remains some uncertainty as to the future final impact of national policy in respect of BRR. Walsall will assume that we will continue with 100% business pilot for 2024/25 onwards until we are provided with any further direction.

The future financial environment continues to be challenging for councils for 2025/26 and beyond, with significant uncertainties in future grant, both core and specific, alongside continuing cost pressures in relation to the cost of living and demand within social care.

The council's second largest source of funding is council tax (19.56% of the council's gross spend is funded from council tax), which continues to be subject to government restrictions on the amount that can be raised from this income stream, previously through 'capping', and now through the referendum principles. The budget currently assumes council tax increases of 4.99% in 2024/25 (in line with referendum principles announced in the provisional settlement on 18 December 2023) and 2.99% in the following 3 years. Government guidance allows councils with social care responsibilities to increase the adult social care precept by a further 2% per year, which is included for 2024/25.

## 2. Cost of Living

2023/24 has again been a particularly challenging year, with the impact of the ongoing cost of living crisis and post Covid-19 reset impacting on service delivery and finances. Emerging service pressures have required action to be taken to limit the council's financial exposure, particularly on the impact of pay, contracts, energy and fuel and social care placement costs due to rising prices and inflationary increases. Actions have been reported regularly throughout 2023/24 to Cabinet and these actions continue to ensure that the budget is balanced for 2023/24, with a sufficient level of reserves to manage existing liabilities and any potential new risks which may arise in 2024/25. Where pressures are forecast to continue into 2024/25, they are incorporated into the draft investment shown at **Annex 5** of this report, particularly:

- Investment No. 2,3,4 - £269k for contractual inflation on Urban Traffic Control, Traffic Control and Highways Maintenance (£743k over 4 years);
- Investment No. 11 - £7.00m contract price uplifts in Adult Social Care for under 65's not covered by Fair Cost of Care (£14.6m over 4 years);
- Investment No. 12 – £1.3m Adult social Care affordability model including contractual inflation for Housing 21 (£2.1m over 4 years);
- Investment 38 - £112k for contractual inflation in Coroners (£154k over 4 years);
- Investment No. 57 - £8.1m pay and pension (£31.8m over 4 years);

- Investment No. 59 – £1.3m cost of living/demand provision (£4.5m over 4 years) held centrally;
- Investment No. 76 - £3.5m inflationary increases for external framework placements (£14.9m over 4 years);
- Investment No. 82 - £320k for contractual inflation – household waste recycling centre haulage and management (£470k over 4 years);
- Investment No. 95 - £883k other contractual implications within Economy, Environment and Communities (£1.6m over 4 years).

The 2023/24 budget was predicated on delivery of £15.71m from Proud benefits from the adoption of new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance, along with £7.55m of benefits approved to be carried forward from 2022/23, giving a total benefit figure of £23.26m to be achieved. In year service pressures, including the impact of cost of living, have had some continuing impact on the delivery of savings. As a result, £10.33m (44.41%) of savings have been impacted, with £5.20m being removed from the budget in 2024/25 and the remaining £5.13m carried forward to be delivered in 2024/25. This is in the main due to the ongoing impact of increasing demand on council services, particularly within adults and children’s social care, rising inflationary increases impacting on contracted services, and some delays in the commencement of consultation on a number of organisational redesigns. This impact is factored into the financial plan for 2024/25.

### **3. Demand and other cost pressures**

Alongside reductions in funding, the council has also faced increasing cost pressures due to both increasing and changing demand and cost of living increases.

The following summarises initiatives, demand and other pressures that have and will continue to have financial implications for the council over the coming years:

- The existing and future unknown impact of the cost of living crisis on council services, including the volatility in inflation. This will impact all services through pay, energy, street lighting, fuel, borrowing rates, pay, contracted services, and also take up of council services as a result of less disposable income etc;
- Changes in core government grant funding, for example:
  - Unknown impact of the review of full business rate retention (BRR) and the future review of Relative Needs and Resources (formerly the Fair Funding Review) and reports that public sector funding will reduce beyond 2024/25, inevitably placing a squeeze on council’s funding.
  - Continuing one year settlements, making future financial planning difficult.
  - Continuation or otherwise and the level of specific grants e.g., Public Health, Improved Better Care Fund, Supporting Families, Social Care grant, Market sustainability etc.
- Increases and changes in demand:
  - From an ageing population, increases in care package costs (partly linked to cost of living) and the likely ongoing post covid impact have put a strain on local authority systems both in financial and operational terms. For example, adult social care packages and placements costs have risen by £37.30m from £68.70m in 2017/18 to £106.00m in December 2023 – an increase of 54.29%.
  - Children and young people in care – in March 2018, there were 930 children and young people receiving care or support from the local authority (644 children in care / 286 other support) with an average cost per placement of £735 per week for children

in care and £141 per week for other support. In comparison, as at the end of November 2023, numbers had risen to 1,090 (658 children in care / 432 other support) with average costs of £1,779 per week for children in care and £573 per week for other support. Placements costs have risen by 142% in the past four years whilst children in care numbers have increased by 2%.

The biggest impact on costs has been within external residential placements which have risen from an average cost of £3,802 per week in March 2018 to £5,858 in November 2023. The number of children has also increased from 32 in March 2018 to 78 in November 2023. The rise in placement costs is mainly due to changes in legislation, increased numbers of complex cases and shortage in placements.

- Government's continued reliance on short term grants and an individual council's ability to raise income through council tax increases, rather than providing national ongoing funding to support social care pressures, etc.
- Impact of the delayed adult social care reforms.

Further information on cost pressures and how these are being managed within the medium term financial framework are outlined in section 2 and summarised in **Annex 5**.

## 1.2 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	<b>Medium Term Financial Framework</b>				
		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 councils 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.

## **2. Summary of the 2024/25 Revenue Budget**

The budget has been prepared for the period 2024/25 to 2027/28 and extends beyond the current Parliament. The 2023/24 position is reported regularly to Members. The current position is a forecast underspend of £62k as at December 2023, inclusive of a number of in year action plans to ensure the position outturns in line with budget by March 2024.

The focus in this plan is 2024/25, as this is the year for which Full Council are required to set the forthcoming financial envelope (the 'statutory determinations' or gross expenditure and gross income), the council tax requirement and the band D council tax level. Section 4 provides further detail on 2025/26 and beyond.

### **2.1 2024/25 Revenue Budget Headlines**

The revenue budget is constructed in accordance with the council's Medium Term Financial Framework (MTFF), the Council Plan, and all relevant corporate financial protocols and presents a balanced budget, with:

- A focus on a policy-led, medium term, risk assessed budget setting approach using priorities established by Cabinet;
- A total net council tax requirement of **£152.03m**;
- A 4.99% council tax increase, equivalent to a Band D Council Tax of **£2,084.56** (excluding precepts) and **£2,375.31** (including precepts);
- Investment of **£29.89m** for Adult Social Care, Public Health and Hub cost pressures primarily to cover demographic changes and inflationary pressure;
- Investment of **£15.68m** for Children's Services, Education and Customer Engagement cost pressures primarily to cover children in care, demographic changes and contractual inflation;
- Investment of **£1.03m** for Resources & Transformation primarily linked to demand changes on Support Services and reduction in traded income within payroll and pensions and Information Governance.
- Investment of **£3.90m** for Economy, Environment & Communities primarily to cover inflationary pressures;
- Provision for other known budget pressures, including capital financing, revenue implications of capital, and pay changes of **£10.14m**;
- Bringing total investment to **£60.63m**;
- Savings of **£20.10m** (net £17.33m after £2.77m linked investment), which along with carry forward of £5.13m of savings from 2023/24, results in total savings to be delivered of £25.23m;
- Appropriate use of prudential borrowing to support capital investment where affordable and sustainable with revenue costs being reflected in this report;
- Opening general reserves of **c£18.39m** as assessed and recommended by the S151 Officer.

The financial implications arising from the financing of the capital programme for 2024/25 are contained within this revenue budget.

## 2.2 Government central funding and Core Spending Power

The Government provides funding to councils through a grant redistribution system (previously referred to as Formula Grant) which includes the redistribution of business rates collected and revenue support grant.

The Government replaced the way it funds councils with a new scheme known as Business Rate Retention (BRR) from April 2013. A review of the scheme to amend the % of retained business rates from 49% to 75% was due to be finalised by 2020/21, but this was abandoned in November 2021 as it went against the Government's levelling up agenda and it was announced that they would look at introducing a new mechanism for redistributing funding to the authorities most in need. Any changes to Business Rates Retention, or the Review of Relative Needs and Resources (formerly the Fair Funding Review) will not happen until at least 2025/26.

Areas that have agreed a Devolution Deal had the opportunity to be involved in a 100% business rates retention pilot. This was to provide the opportunity to shape national thinking about the eventual scheme, and to take forward further devolution. Walsall, along with the other six West Midlands Authorities, has been piloting the scheme from 1 April 2017. This means that Walsall retains 99% of business rates collected with the other 1% being paid over to the Fire Authority. This results in revenue support grant (RSG) no longer being paid to the authority but it still receiving a top up grant for our shortfall in retained business rates against the government's assessment of baseline funding required for the authority.

The Autumn Statement on 22 November 2023 announced a number of business rates measures. This includes freezing of the small multiplier (businesses less than 51,000 RV) for a further 12 months from April 2024, and 75% business rates discount to businesses occupying eligible retail, hospitality and leisure properties in England up to a cash cap of £110,000 per business for a further 12 months from April 2024. The standard multiplier will be uprated in line with September CPI. The council is fully compensated for this loss of income through new burdens funding for administrative and IT costs. This is a technical adjustment as the council would have received the money direct from businesses if these measures had not been introduced. These were confirmed in the provisional settlement on 18 December 2023.

Walsall's principal form of funding is shown in **Table 1**.

Government measure local authority expenditure by "*core spending power*". Spending power is based on each local authority's power to influence and not control local spending levels. This will include income raised through council tax, business rates retention, specific grants and NHS funding for social care (the latter being spend which the council may have an influence over it but does not control it).

Core Spending Power for 2024/25 consists of:

- Settlement Funding Assessment (which consists of Revenue Support Grant, which Walsall does not receive, and the baseline funding level – business rates income estimates and top up grant) and compensation for under-indexing the business rates multiplier;
- Income from council tax, assuming that councils increase it by the maximum possible;
- The New Homes Bonus;

- The Social Care Grant;
- The Improved Better Care Fund;
- Adult Social Care Market Sustainability and Improvement Fund;
- Adult Social Care Discharge Fund;
- The Services Grant;
- A Funding Guarantee, to ensure that all councils have a minimum increase of 3 per cent in core spending power before any changes in council tax levels are taken into account.

The provisional settlement announced an increase in Core Spending Power (CSP) for local authorities in England from £60.20bn in 2023/24 to £64.10bn in 2024/25; real terms increase of 6.5% (£3.9bn). However, this is heavily reliant on councils making the maximum council tax increase as well as the number of properties eligible to pay council tax continuing to grow at pre-pandemic levels. Overall, £2.1bn (53.8%) of the £3.9bn spending power increase comes from council tax.

The provisional settlement on 18 December 2023 summarised Walsall's change in spending power as an increase of £19.86m (6.5%) as set out in **Table 1a**.

<b>Table 1a: Government Core Spending Power</b>			
	<b>2023/24</b>	<b>2024/25</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Top Up	20.45	22.08	1.63
Business Rates	77.96	80.92	2.96
<b>Total Settlement Funding Assessment (SFA)</b>	<b>98.41</b>	<b>103.00</b>	<b>4.59</b>
Compensation for under indexing	13.21	15.86	2.65
Council Tax Requirement	144.16	152.33	8.17
Improved Better Care Fund	14.18	14.18	0.00
Social Care Grant	24.50	29.14	4.64
New Homes Bonus	0.01	0.31	0.30
Market Sustainability & Improvement Fund	3.35	6.26	2.91
Adult Social Care Discharge Fund	1.99	3.31	1.32
Grants rolled into MSIF in 2024/25 – Adult Social Care Workforce	2.18	0.00	(2.18)
Services Grant	3.02	0.48	(2.54)
<b>Core Spending Power</b>	<b>305.01</b>	<b>324.87</b>	<b>19.86</b>

In summary, allocations are as follows:

- Additional £1.63m in top up grant. Some authorities collect more business rates than their calculated baseline funding level and are therefore required to pay a tariff to government in excess of their allocated share. Councils like Walsall have a greater baseline funding (need) level than the business rates they can collect and will be paid a top up grant from government to meet the shortfall.
- Business rates – whilst the government estimates £80.92m of income collectable, this estimate does not account for the local circumstances and decisions which feed into the statutory business rates return which is required to be used in 2024/25 council tax setting. This includes the need to account for an element of bad debt and successful appeals, and the impact of the smoothing of the last year of the 3-year smoothing flexibility provided by government in relation to deficits on the collection fund arising from the pandemic. The statutory return also includes the carry forward of the 2023/24 deficit on the collection fund. The result of this is that the £2.96m increase is not accurate.

- Compensation for under indexing - £2.65m – this is a technical adjustment as we would have received this money from business rates income. This is a technical adjustment as the council would have received the money direct from businesses if these measures had not been introduced and therefore does not represent additional income.
- Council tax requirement – the Settlement increase figure of £8.17m in the table above will have been adjusted to reflect the movement in the net council tax requirement by year. This allows for increases in council tax by the full 4.99% allowable and assumes a higher than actual collection rate and growth in the council tax base, therefore actual income is forecast to be lower by £67k. As such, this funding is collected by the council in relation to local council tax decisions, and is not funding provided by the government;
- £8.88m in additional grant (above 2023/24 levels) for Children’s and Adult Social Care in 2024/25, consisting of:
  - £4.64m for additional Social Care Grant (SCG) funding, of which £3.86m was previously published, resulting in £788k of additional grant above known allocations;
  - £2.91m for additional Market Sustainability and Improvement Fund over 2023/24, of which £2.18m is rolled in grant for ASC Workforce, resulting in an increase of £733k of grant against 2023/24 allocations;
  - £1.32m for ringfenced ASC discharge funding, with a requirement to be pooled into the BCF. This is no change to published allocations.
- New Homes Bonus legacy payments – an increase of £299k. The Medium-Term Financial Outlook (MTFO) assumed £600k therefore £300k less than actual grant;
- Services Grant – a reduction of £2.55m.

Whilst the provisional settlement initially appears to be favourable compared to the MTFO, once government estimates are replaced with local council tax base and business rates actual figures, the Settlement has not been favourable. Additionally, most social care grant allocations for 2024/25 were published in 2022/23 as part of a 2-year allocation and were therefore already included within the MTFO and the gap reported in December to Cabinet. Whilst there has been some increase in social care grants, this has been fully offset by loss of £2.54m of services grant, meaning that overall no additional funding has been provided to Walsall over and above those published in 2022.

After factoring in local estimates of business rates and council tax, including business rates deficits carried forward from 2023/24, as opposed to government estimates, the CSP increase is c4.9% (£14.98m) as shown below.

<b>Table 1b: Core Spending Power adjusted for local business rates figures</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>Variance</b>	<b>Var.</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
<b>Core Spending Power</b>	<b>305.01</b>	<b>324.87</b>	<b>19.86</b>	<b>6.5</b>
Less:				
Adjustment to reflect actual business rates per NNDR1 Return		(4.88)		
<b>Adjusted Core Spending Power increase</b>	<b>305.01</b>	<b>319.99</b>	<b>14.98</b>	<b>4.9</b>
Of which funded from local council tax increase of 4.99%		(7.87)		
<b>Core Spending Power received from Government</b>	<b>305.01</b>	<b>312.12</b>	<b>7.11</b>	<b>2.3</b>

Additionally, of the 4.9% / £14.98m increase, 47% or £7.87m of this is funding directly from the council tax base and proposed 4.99% council tax increase. As such, adjusting for this, the government is providing a CSP increase of only 2.3% or £7.11m.

Walsall has responded to the Settlement consultation to highlight this.

### Additional Funding announced 24 January 2024

The Government announced a package of £600m of additional funding support to Local Authorities on 24 January 2024. This included –

- A further £500m allocated to the Social Care Grant, to support authorities with social care responsibilities, in view of the significant pressures in social care – particularly children’s social care.
- An increase in the funding guarantee so that all local authorities will see a minimum 4% in their Core Spending Power, before taking any local decisions on raising council tax.
- Providing an additional £15m for the Rural Services Delivery Grant.
- Providing £3m to councils with extreme Internal Drainage Board Levies.

It is expected that Walsall will receive a share of the £500m for increase in Social Care grant only, but we await confirmation as part of the final settlement to be announced early February 2024.

The Government are asking local authorities to produce productivity plans by July 2023 which will set out how they will improve service performance and ensure every area is making best use of taxpayers’ money. The Government will monitor these plans, and funding Settlements in future years will be informed by performance against these plans. They are also establishing an expert panel to advise the Government on financial sustainability in the sector which will include the Office for Local Government and the Local Government Association. Details of the full requirements is expected in the final settlement.

The Government also announced that they are committed to reforming the local government funding landscape in the next Parliament, and the Minister for Local Government will be engaging with the sector on this over the coming months, where they are keen to hear views and ideas regarding the future of local government finance.

## **2.3 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 2024/25, as announced on 18 December 2023, 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 2024/25, 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 2024/25, Walsall proposes to increase the council tax by the full 4.99% permitted.

This increase equates to a council tax increase of £1.90 per week or 27p a day for a band D property or a £1.27 increase per week (18p per day) for a band A. 67.39% of residents are in band A and B increasing to 83.50% 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. The council will continue to monitor the impact of these.

## 2.4 Levies and Precepts

**Table 2** shows the levy to be made on Walsall Council by the West Midlands Combined Authority for transport, and the levy by the Environment Agency.

Levy	2023/24 £	2024/25 £	Increase / (Decrease) £	Increase / (Decrease) %
West Midlands Combined Authority Levy (Transport)	11,614,174	11,907,475	293,301	2.52
Environment Agency	86,505	86,505	0	0.00

Walsall's precepting authorities are the West Midlands Police and Crime Commissioner, and West Midlands Fire and Rescue Authorities, as shown in **Table 3** below.

Precepting Authority	2024/25 Amount £	Band D 2024/25 £	Band D 2023/24 £	Band D Increase %
WM Police and Crime Commissioner	15,720,661	215.55	202.55	6.42
WM Fire and Rescue	5,484,545	75.20	73.02	2.99

**Table 4** shows the council tax calculation at Band D.

Element of budget	2024/25 budget £	Council Tax Band D £
<b>WMBC element - required from council tax</b>	<b>152,032,424</b>	<b>2,084.56</b>
Police & Crime Commissioner precept	15,720,661	215.55
Fire & Rescue precept	5,484,545	75.20
<b>Total from council tax</b>	<b>173,237,630</b>	<b>2,375.31</b>

*NB: based on an approved council tax base of 72,932.78 band D equivalents.*

## 2.5 Net Council Tax Requirement

The gross revenue expenditure budget for 2024/25 will be **£777.29m**, and gross income will be **£625.26m**, resulting in a net council tax requirement of **£152.03m**.

It has been possible to commit to **£63.41m** of investment (£60.63m new growth and £2.78m investment linked to savings), to address key priorities in 2024/25, funding of essential cost and demand pressures, provision to fund inflationary pressures (i.e. pay and contractual) and corporate cost pressures to fund for example, pension costs. Income targets have also been realigned where ongoing shortfalls have arisen.

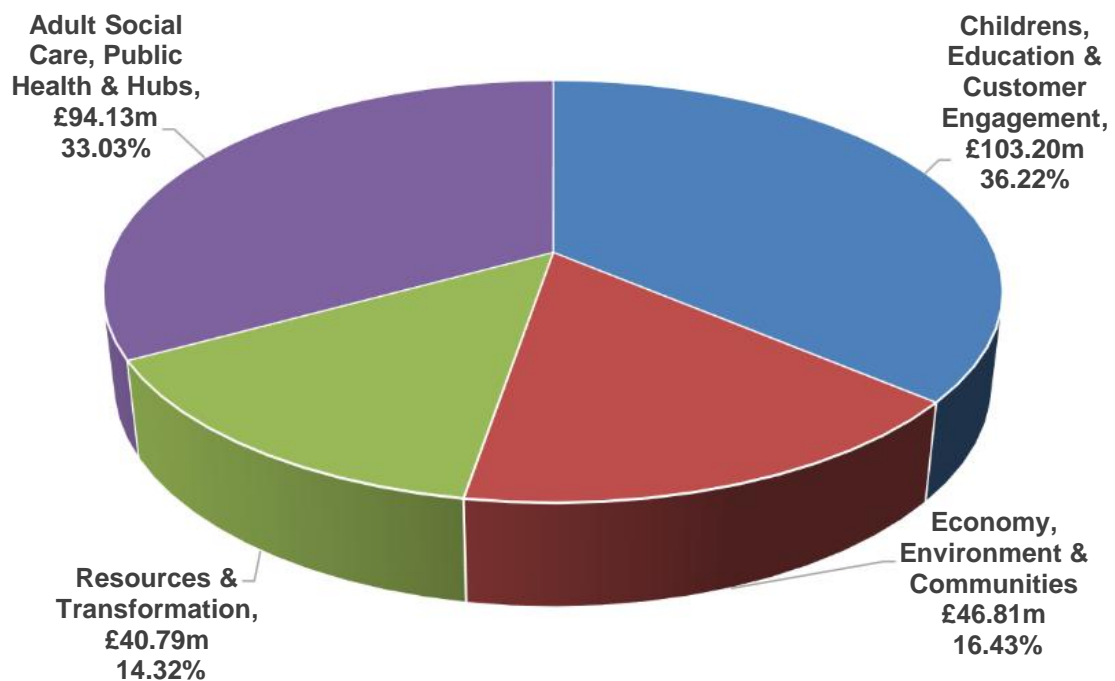
This results in a band D council tax for the Walsall Council element only of £2,084.56, representing an increase of 4.99% from 2023/24 levels. This increase is in line with core referendum principles, including 2% for the adult social care precept. Most properties in Walsall (67.39%) are in bands A or B (**Annex 3**).

The change in council tax requirement from 2024/25 to 2027/28 is shown in **Table 5**.

<b>Table 5: Council Tax requirement</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Council tax Requirement</b>	<b>144.16</b>	<b>152.03</b>	<b>157.65</b>	<b>163.47</b>
<b>Cost Pressures:</b>				
Growth / Investment ( <b>Annex 5</b> )	60.63	28.08	25.87	19.49
Savings / efficiencies identified ( <b>Annex 6</b> )	(20.10)	(9.37)	(8.11)	(6.72)
Investment linked to savings ( <b>Annex 6</b> )	2.78	1.43	0.24	0.08
Other savings to be identified	0.00	(23.19)	(13.97)	(6.30)
<b>Other movements / funding changes:</b>				
Other changes including base budget adjustments, grants, income	(7.56)	(0.33)	(0.42)	0.85
Core Funding changes	(8.19)	(4.23)	(1.87)	(1.88)
Collection fund (surplus) / deficit	0.87	0.35	0.00	0.00
Transfer to / (from) reserves - see table 11 below	(20.55)	12.87	4.08	0.50
<b>Revised Council Tax Requirement</b>	<b>152.03</b>	<b>157.65</b>	<b>163.47</b>	<b>169.50</b>
<b>Council Tax Increase – General</b>	<b>2.99%</b>	<b>2.99%</b>	<b>2.99%</b>	<b>2.99%</b>
<b>Council Tax Increase – Adult Social Care precept</b>	<b>2.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

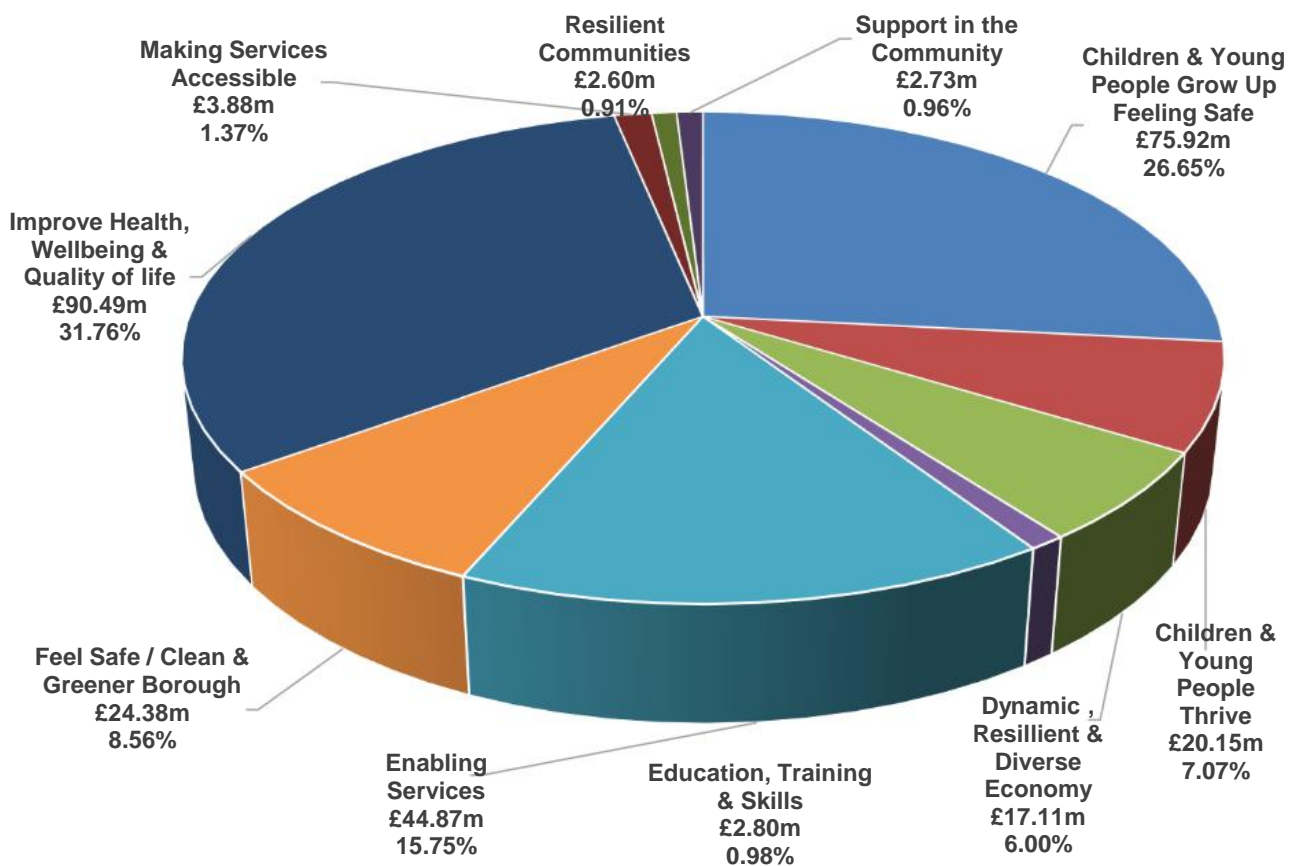


**Figure 2a – Net council tax requirement by directorate**



*Note: Figure 2a excludes centrally held and capital financing budgets*

**Figure 2b – Net council tax requirement by outcomes**



*Note: Figure 2b excludes centrally held and capital financing budgets*

## 2.6 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), the likely balance of the fund and to advise the precepting authorities (Fire and Police) of their share of the council tax surplus/deficit to enable them to take this into account in their own budget calculations.

In recognition of the impact Covid-19 has had on collection, regulations were put in place by the government to spread collection fund deficits arising in 2020/21 over three years commencing in 2021/22 rather than the usual period of one year to ease immediate financial pressures. 2023/24 was the last year of this arrangement and impacts 2024/25 due to the requirement to include any cumulative collection fund deficit in the budget for the following year.

The assessment undertaken in January 2024, calculated the following:

- Council tax - an estimated in year 2023/24 surplus of £1.09m for Walsall (total estimated surplus for 2023/24 of £1.23m including precepts). A brought forward cumulative surplus of £479k from 2022/23 (total actual surplus of £543k including preceptors), payments from the collection fund totalling £1.22m to the council and £161k to preceptors means there is a net surplus of £349k for Walsall (total actual net surplus for 2023/24 of £394k, less the required contribution of £45k to the West Midlands Police and Fire & Rescue);
- Business rates – an estimated in year 2023/24 deficit of £3.78m for Walsall (total estimated deficit for 2023/24 of £3.81m including precepts). A brought forward total deficit of £6.03m from 2022/23 and payments from the council and preceptors in relation to this deficit of £4.57m means there is an estimated in year deficit of £3.78m (£3.81m including West Midlands Fire and Rescue). This results in a cumulative carried forward deficit into 2024/25 totalling £5.22m for Walsall (£5.27m including West Midlands Fire & Rescue).

### *Changes to council tax base*

Council tax base is to be set at 72,932.78 Band D equivalent (72,608.66 in 2023/24). 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 2023/24, down from 93.5% in 2022/23. 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 2023/24, up from 97.4% in 2022/23. Collection rates have now recovered and are in line with pre covid-19 levels of approximately 97.3%.

## 2.7 Other specific grants / pooled funding

The council receives a large number of external grants which make up c56% of the councils total funding. The main grants are summarised below (full list of grants summarised at **Annex 7**):

- Dedicated Schools Grant (DSG) – £379.76m before academy recoupment (£207.82m after recoupment) – this is restricted grant and is passported directly to schools under a specified formulae. Grant is expected to increase by 9.50% between 2023/24 and 2024/25, representing an increase of £32.94m. Of this £18.21m relates to mainstream schools and in the main relates to an increase in pupil numbers and those children eligible for free school meals alongside a minimum increase in funding for Walsall of 0.5% per pupil. The increase also reflects the inclusion of the Mainstream Schools Additional Grant which has been rolled into DSG in 2024/25. A further £3.55m relates to funding for children with high needs and follows government direction over the previous three years of significant investment in this area to support increased need being seen nationally. Central School Services Block which funds the delivery of statutory duties for all schools has increased by £123k and funding received for early years education has increased by £11.07m which is largely due to an increase in funding rates and extended entitlements for working parents.
- Public Health Grant - Local Authorities in England took responsibility for the commissioning of some Public Health services from the National Health Service (NHS) on April 1st, 2013. The grant is estimated at £19.56m for 2024/25 and is still subject to final confirmation.
- Social Care grant – funding initially announced in October 2018 to councils for adults and children’s social care, which has continued each year thereafter. Distributed using the existing Adult Social Care Relative Needs Formula adjusted for an equalisation payment for those authorities which cannot raise income via the adult social care precept. Walsall’s allocation is £29.14m in 2024/25, as announced in the provisional local government settlement on 18 December 2023, an increase of £4.64m from 2023/24.
- Better Care Fund (BCF) – The authority is the lead for the BCF pooled budget which involves partnership working between Adult Social Care and the NHS Black Country Integrated Care Board (ICB), with both parties making a contribution into the fund. The funding creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. For 2024/25 there has been no changes to the iBCF allocation received in 2023/24 of £14.18m, as announced in the provisional local government settlement on 18 December 2023.
- Market Sustainability and Improvement Fund – it was outlined at SR21 that social care reform funding would be part of Core Spending Power. In 2022/23, this was the Market Sustainability and Fair Cost of Care Fund, to be distributed using Relative Needs formula, designed to ensure local authorities can prepare their markets for reform (particularly the impact of section 18(3)) and move towards paying providers a fair cost of care, as appropriate to local circumstances. For 2023/24, this was rolled into a new ASC Market Sustainability and Improvement Fund, and an additional £400m was announced to address issues such as discharge delays, social care waiting times and low fee rates. For 2024/25, the ASC Workforce grant of £2.17m was also rolled into this fund, resulting in a revised Walsall’s allocation of £6.26m, as announced in the provisional local government settlement on 18 December 2023, an overall increase of £734k from 2023/24.

- Adult Social Care Discharge Fund - a new £300m allocation announced for 2023/24. This funding is required to be pooled as part of the Better Care Fund, subject to government conditions. Walsall's allocation is £3.31m in 2024/25, as announced in the provisional local government settlement on 18 December 2023, an increase of £1.33m from 2023/24.
- Household Support Fund - to support the most vulnerable whilst inflation continues to fall past April 2024. The Government will raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024. 1.6 million families will be better off, gaining £800 on average in 2024/25. This comes on top of all working age benefits being uprated in full by September 2023 CPI of 6.7%, for 2024/25. We continue to keep options under review as we take tough decisions to drive down debt and halve inflation. No new decision has been taken about the future of the Fund, and therefore our MTFO assumes that funding will cease from 2024/25.
- Local Stop Smoking Services and Support Grant – new s31 grant announced for 2024/25 to 2028/29. Walsall's allocation is £368k for 2024/25. We await grant conditions.
- New Homes Bonus (NHB) - introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas by rewarding local authorities for net additional homes added to the council tax base. It is paid annually from a top slice of national Revenue Support Grant. The provisional local government settlement on 18 December 2023 confirmed that there will be no legacy payment of New Homes Bonus, which is being used to fund the Funding Guarantee Grant (funding to authorities whose Core Spending Power is below 3%). For 2024/25 there is a £299k increase in the grant taking the grant to £309k.
- Services Grant - this grant was originally for 2022/23 only and was un-ringfenced with no reporting conditions attached. The grant continues into 2024/25, however it has been significantly reduced from £3.02m to £476k, as announced in the provisional local government settlement on 18 December 2023, to pay for other parts of the Settlement. Original expectations was this would be redistributed, with no net reduction in funding overall – this has not happened locally.
- Housing Benefit grant of £57.27m, expected to reduce annually as we continue the move to Universal Credit. Any change is a net nil impact to the authority;
- Other grants are expected to continue at current levels – these include specific grants for schools (Pupil Premium, 6<sup>th</sup> Form, Teachers' pay/pensions), Street Lighting, and Leisure related funding.

## 2.8 Growth and Investment

The following key financial planning assumptions are included and are based on best professional estimates. The approved budget 2024/25 – 2027/28 includes provision for investment and cost pressures (c£61m in 2024/25 and a further c£73m over the following 3 years), as shown in **Annex 5**, and summarised below, which are proposed to address service demand pressures linked to council priorities in the Council Plan, and the prioritisation of key services. Further investment of £4.5m over the 4 year period are linked to savings proposals, as shown in **Annex 6**.

Primarily, investment covers:

1. *Provision for pay and pensions (corporate cost pressures) and contractual inflation:*
  - Annual pay increase of 4% for 2024/25 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 2 to 7%, depending on the individual contract e.g.:
    - Social Care uplifts - based on average 6.99% across care types reduced for market management of new client rates for 2024/25, and then 2% from 2025/26 onwards;
    - Housing 21 - 4.3% and then 2.5% from 2025/26 onwards;
    - Intermediate Care - 8% for 2024/25 and then 4% from 2025/26 onwards;
    - Foster Care & Special Guardianship of 2%;
    - Placement costs of 6%;
    - Waste, Traffic Control, Highways Maintenance and Coroners – 3.9% in 2024/25, 2.7% in 2025/26, 1.4% 2026/27 and 2% 2027/28.
  - 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 (demand led cost pressures):*
- 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, linked to Adult Social Care, Better Care Fund and Hospital Discharge funding announced in the provisional settlement on 18 December 2023.
  - 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 pressures/investments:*
- Investment to deliver change through transformation activity.
  - Reinstatement of some 2023/24 approved savings, e.g. staff car parking due to equality impact (£18k), rewilding of urban grassed areas (£302k), increased recycling rates (£382k) and residual garden waste disposal (£30k) following review, and Household Support Fund now the grant is ceasing (£280k) – these have been replaced with alternative savings;
  - Reductions in grants such as housing benefit administration grant.
  - Reduction in traded services income from schools (Schools attendance services, payroll and pensions, information governance).
  - Continued funding of Crisis Support.
  - Recruitment and retention, particularly within adults and children’s services.
  - Review of Digital and Technology infrastructure requirements including Mosaic case management, Cloud/ licences, and associated resources.
  - Review of resources within support services (Digital and Technology, Human Resources Specialist Services, Finance).
4. *Other central provisions:*
- Review of the capital financing, treasury debt and investment portfolio.
  - Revenue implications of the capital programme.

**Table 6** summarises growth / investment identified for 2024/25 to 2027/28 by directorate.

<b>Table 6: Growth / Investment by directorate</b>					
<b>Directorate</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>Total £m</b>
Adult Social Care, Public Health & Hub	29.89	9.29	5.19	4.89	49.26
Children's, Education & Customer Engagement:					
- Children's Services	13.68	7.35	6.91	7.24	35.18
- Customer Engagement	2.00	0.07	0.07	0.07	2.20
Economy, Environment & Communities	3.90	0.62	0.41	0.51	5.44
Resources and Transformation	1.03	0.49	0.03	0.00	1.55
Central / Capital Financing	10.14	10.26	13.27	6.78	40.44
<b>Total</b>	<b>60.63</b>	<b>28.08</b>	<b>25.87</b>	<b>19.49</b>	<b>134.07</b>

## 2.9 Savings requirement

For 2024/25 and future years, the council's medium term financial outlook has been updated to reflect the predicted changes to direct government funding, the collection fund and other known cost 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 up to £87.76m as follows:

- 2024/25 - £20.10m (with linked investment of £2.78m) – savings have been identified to fully offset this and these are included within Annex 6 of this report. As stated above, £5.13m of 2023/24 savings will be carried forward for delivery in 2024/25, resulting in total savings to be delivered of £25.23m;
- 2025/26 - £32.56m (with linked investment of £1.43m). £9.37m of savings have been identified, leaving a potential balance of £23.19m to identify. This gap, however, includes potential pressures of £5.76m from 2024/25 which have been funded from reserves, to allow time for adults and children's to develop revised demand management and transformation plans to manage these – these will be reviewed as part of the budget setting process, which should reduce the gap further to a more manageable £17.43m.
- 2026/27 - £22.08m (with linked investment of £243k). £8.11m of savings have been identified, leaving a potential balance of £13.97m to identify.
- 2027/28 - £13.02m (with linked investment of £84k). £6.72m of savings have been identified, leaving a potential balance of £6.30m to identify.

## 2.10 Walsall Change Activity and Savings

Walsall Proud (WP) was launched in 2019 and set out an extensive and ambitious change agenda and initiatives designed to modernise the way the council works and deliver improved services to customers. This marked the beginning of a period of intensive activity designed to deliver sustainable improvements to both the council's existing ways of working and as a consequence, its long term budget position; set to last well beyond the term of the programme and putting the council in a sustainable position for the future, able to attract, develop and retain great employees, balance competing demands for scarce resource, provide easy access to council services and play a vital role in the future of our communities.

The Proud promises are:

- Improve outcomes and customer experience;

- Improve employee satisfaction and engagement;
- Improve service efficiency and performance.

Following the March 2021 report to Cabinet regarding the next stages of transformation, Walsall Proud developed from a formal programme into work streams supporting Walsall's continuous improvement journey with the appropriate governance, assurance and structures to support this delivery. The focus remained on transforming the way the council works and delivering on the council's Proud promises, linking to the Council plan and outcomes for the borough. Walsall Proud activity covers all council services and consists of a number of key work streams, as follows:

- Enabling Communications and Culture;
- Customer Access and Management;
- Designing the Ways of Working – Hub and Enabling Support Services;
- Enabling Technology;
- Commercial Strategy (previously Income Generation & Cost Recovery)
- Adult Social Care – Continuous Improvement Programme.

The Proud business case set out up to £70.26m of ongoing saving opportunities, of which savings identified to date are as follows:

- Delivered 2020/21 - £1.19m;
- Approved for delivery during 2021/22 - £28.90m (£26.62m after adjusting for one-offs of £2.28m). Of this £7.76m remained undelivered by the end of 2021/22 and were therefore carried forward from 2021/22 to 2022/23.
- Approved for delivery during 2022/23 - £18.86m. Of this £7.55m remained undelivered at the end of 2022/23 and has been carried forward from 2022/23 for monitoring of delivery in 2023/24.
- Approved for delivery in 2023/24 - £15.71m, of which £5.48m has been reinstated as investment as part of the 2024/25 budget (in this report);
- £1.99m of benefits identified but not approved;
- Identified for delivery in 2024/25 - £20.10 (in **Annex 6** of this report).
- Totalling £78.99m.

Of the above, £53.76m will have been delivered by 31 March 2024. Taking into account carry forward of £5.13m of undelivered savings from 2023/24 along with £20.10m of new savings in 2024/25, this equals £78.99m, therefore the original target will have been met and exceeded by the end of 2024/25 (subject to the full delivery of savings as set out in this report).

New savings of £20.10m have been identified for 2024/25 and these are summarised in **Annex 6**, split into the following two categories;

- A. Policy Proposals** - which require an Executive (Cabinet) decision to proceed, and which will be referred for public consultation and equality impact assessment prior to any decision being made to include these in Cabinet's final budget proposals. These total £373k in 2024/25 (£453k over the four years) with linked one off investment of £40k in 2024/25;
- B. Operational Proposals** – savings which officers have delegations to implement; examples include restructures, back office savings, operational efficiencies. These total £19.73m in 2024/25 (£43.85m over the four years) with linked investment of £2.74m (£4.54m over the four years).

**Table 7** summarises savings identified for 2024/25 to 2027/28 by directorate.

<b>Table 7: Summary of savings by directorate</b>					
<b>Directorate</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>Total £m</b>
Adult Social Care, Public Health and Hub	(5.69)	(3.65)	(3.23)	(3.19)	(15.75)
Children's, Education and Customer Engagement:					
- Children's Services	(3.66)	(5.26)	(4.64)	(3.48)	(17.04)
- Customer Engagement	(0.43)	(0.21)	(0.22)	(0.02)	(0.89)
Economy, Environment and Communities	(2.94)	0.23	(0.03)	(0.03)	(2.76)
Resources and Transformation	(1.68)	(0.49)	0.00	0.00	(2.17)
Central / Capital Financing	(5.70)	0.00	0.00	0.00	(5.70)
<b>Total</b>	<b>(20.10)</b>	<b>(9.37)</b>	<b>(8.11)</b>	<b>(6.72)</b>	<b>(44.31)</b>

Directors and their Heads of Service were tasked with updating service delivery and transformation plans and aligning these with Council priority outcomes as per the Council Plan, allowing for identification of potential transformation activity and associated savings for future financial years. Those identified to date are outlined within this report, with the need for further review to close the financial gap from 2025/26 onwards.

**Table 8** shows net investment (investment less savings) for each directorate indicating significant net investment overall of £43m in 2024/25, specifically into the key priority areas of Adult Social Care and Children's Services. Central investment includes £6.94m of additional pay and pension costs which will be allocated to services following a detailed review of salary budget requirements. Therefore, when central investments are taken into account, all Directorates will see a net increase in budgets.

<b>Table 8: Net investment / savings by Directorate 2024/25</b>				
<b>Directorate</b>	<b>Investment - Annex 5 £m</b>	<b>Savings - Annex 6 £m</b>	<b>Investment linked to savings - Annex 6 £m</b>	<b>Net investment / savings £m</b>
Adult Social Care, Public Health and Hub	29.89	(5.69)	0.75	24.94
Children's Services	13.68	(3.66)	1.71	11.74
Children's - Customer Engagement	2.00	(0.43)	0.00	1.57
Economy, Environment and Communities	3.90	(2.94)	0.04	1.00
Resources and Transformation	1.03	(1.68)	0.28	(0.38)
Central / Capital Financing	10.14	(5.70)	0.00	4.44
<b>Total Net Investments by Directorate</b>	<b>60.63</b>	<b>(20.10)</b>	<b>2.78</b>	<b>43.30</b>



**Table 9** shows net investment (investment less savings) by council outcome in 2024/25.

<b>Table 9: Net Investment / savings by Outcome</b>				
<b>Outcome</b>	<b>Investment - Annex 5 £m</b>	<b>Savings - Annex 6 £m</b>	<b>Investment linked to savings - Annex 6 £m</b>	<b>Net investment / savings £m</b>
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	0.64	(1.04)	0.00	(0.40)
Education, training and skills enable people to contribute to their community and our economy	0.01	(0.38)	0.00	(0.37)
People can access support in their community to keep safe and well and remain independent at home	1.59	(0.43)	0.08	1.23
People are supported to maintain or improve their health, wellbeing and quality of life	29.80	(6.15)	0.79	24.45
We get things right, first time and make all services accessible and easy to use	0.24	(0.06)	0.00	0.18
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	11.37	(7.41)	0.28	4.23
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	2.04	(0.61)	0.42	1.85
Children and young people grow up in connected communities and feel safe everywhere	11.82	(3.05)	1.22	9.99
Our communities will be more resilient and supportive of each other	0.22	(0.09)	0.00	0.13
The people of Walsall feel safe in a cleaner, greener Borough	2.89	(0.88)	0.00	2.01
<b>Total Savings / efficiencies</b>	<b>60.63</b>	<b>(20.10)</b>	<b>2.78</b>	<b>43.30</b>

**Annex 1** outlines the indicative cash limit for 2024/25 by directorate, and **Annex 2** by outcome. **Annex 4** outlines indicative cash limits by directorate over the four-year period to 2027/28, which will be amended following the identification of how ongoing savings are to be made to balance the budget in each year.

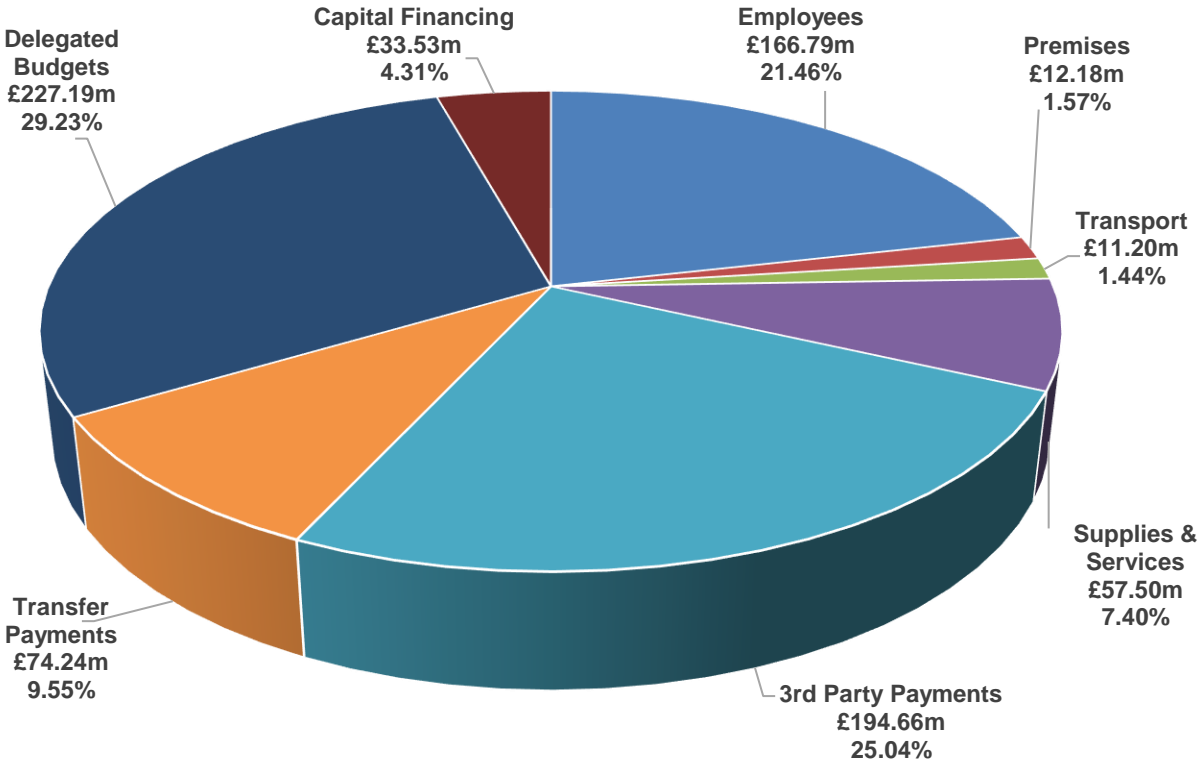
## 2.11 Expenditure and Income

### Expenditure analysis

The council analyses its expenditure by category, as referred to in **Table 10**, and illustrated in **figure 3**.

Table 10: Expenditure by Category of Spend	
Type of Expenditure	£m
Employees	166.79
Premises and Transport	23.38
Supplies and Services	57.50
Third Party Payments	194.66
Delegated Budgets	227.19
Leasing and Capital Financing	33.53
Transfer Payments	74.24
<b>Total Expenditure (excluding Internal Recharges)</b>	<b>777.29</b>

**Figure 3 – Spend by Type of Expenditure**

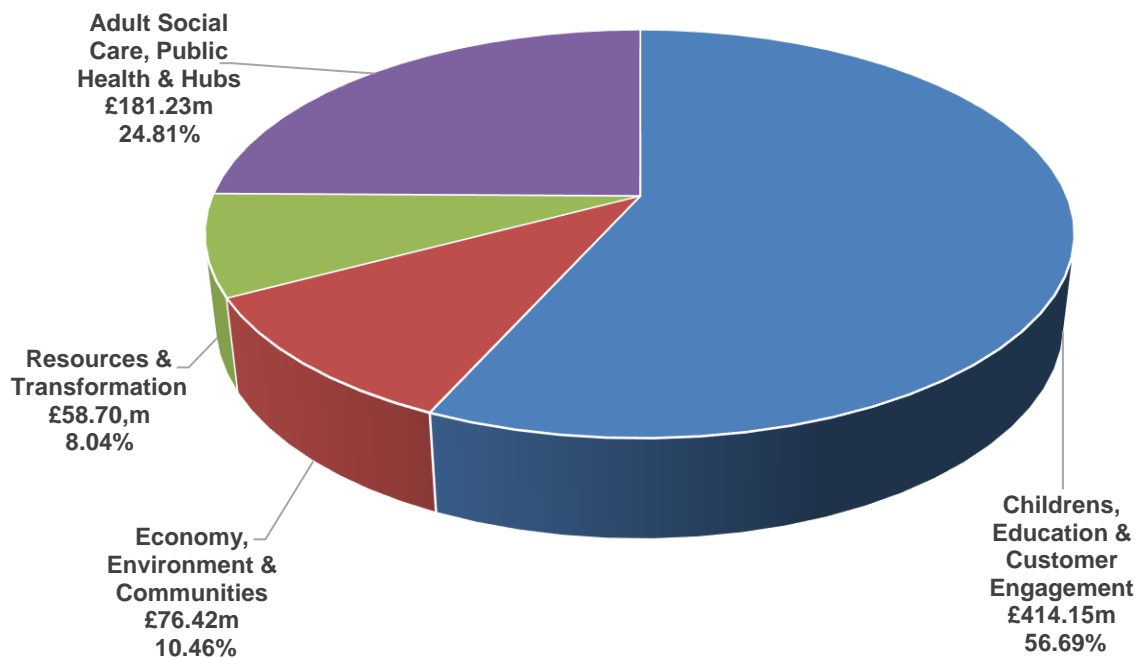


### Notes

- *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.*

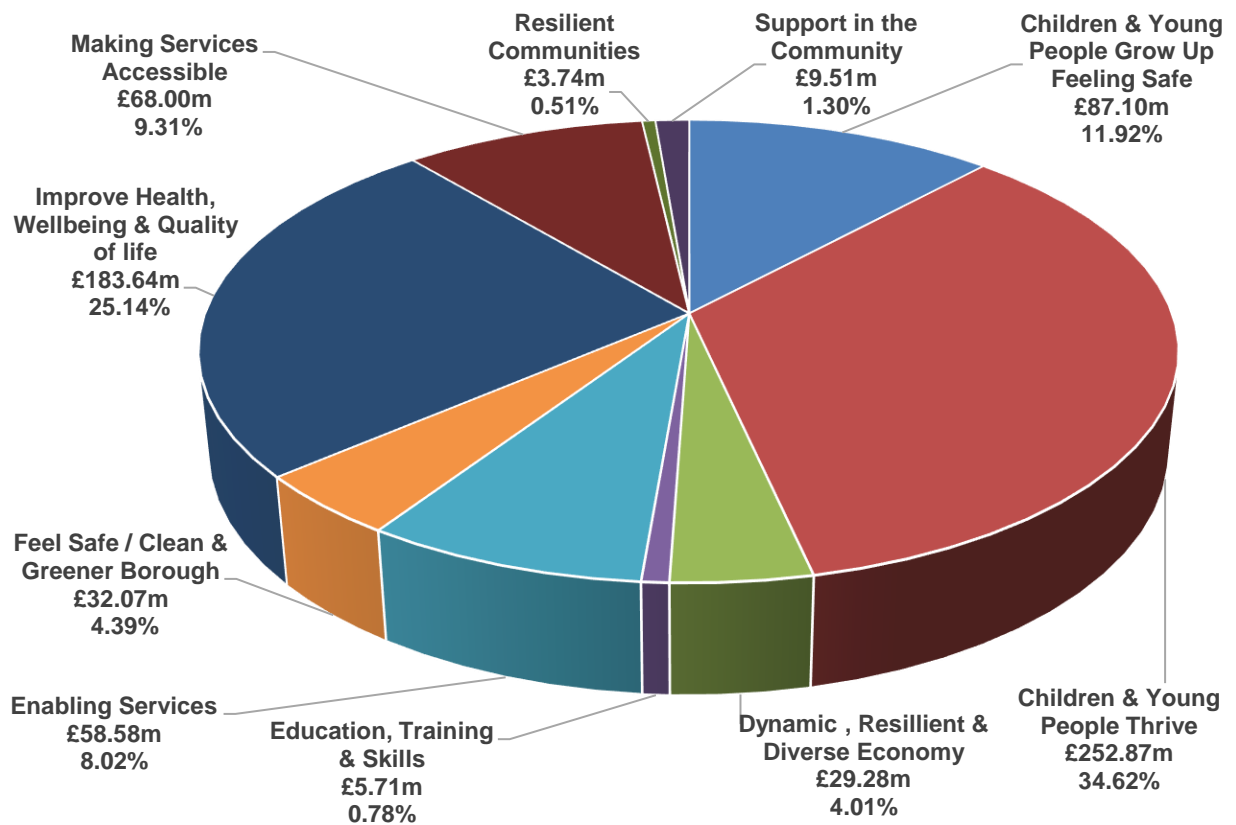
The total council expenditure is analysed by directorate in **figure 4a** and outcome in **figure 4b**. For Children’s, Education and Customer Engagement, 14.23% of the £414.15m relates to Housing Benefit payments and 54.86% relates to Schools.

**Figure 4a – Gross expenditure by directorate**



*Note: Figure 4a excludes centrally held and capital financing gross expenditure budgets*

**Figure 4b – Gross expenditure by outcome**

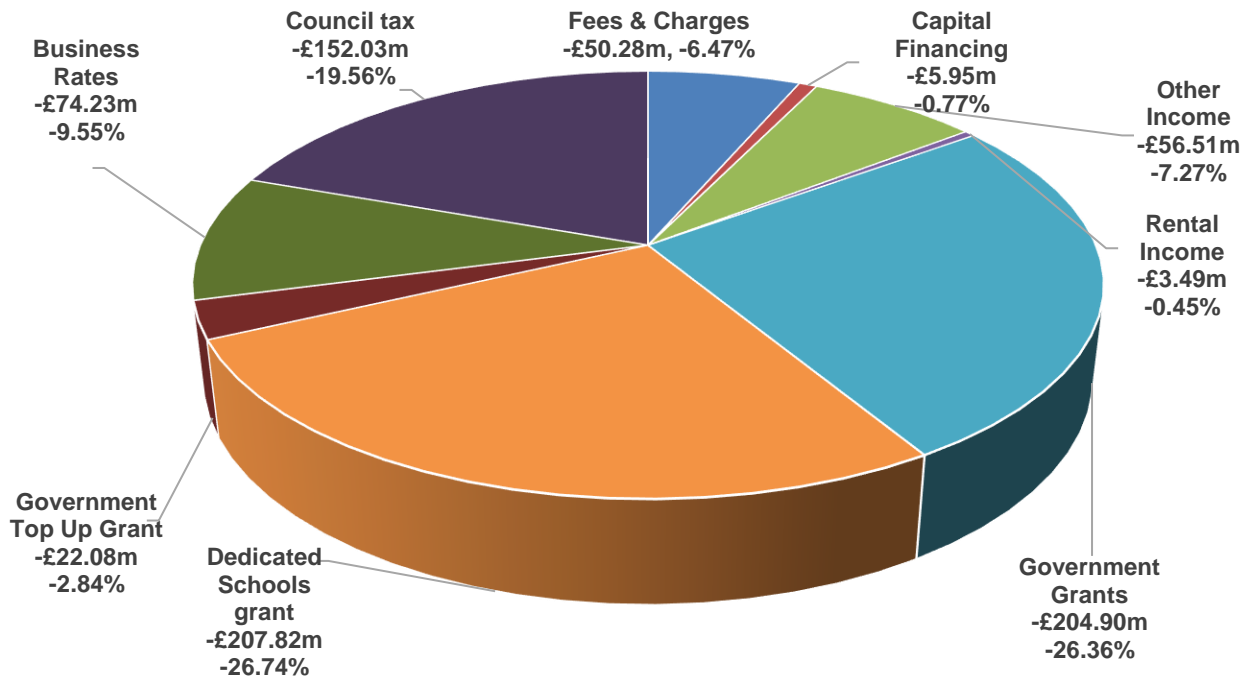


*Note: Figure 4b excludes centrally held and capital financing gross expenditure budgets*

Income analysis

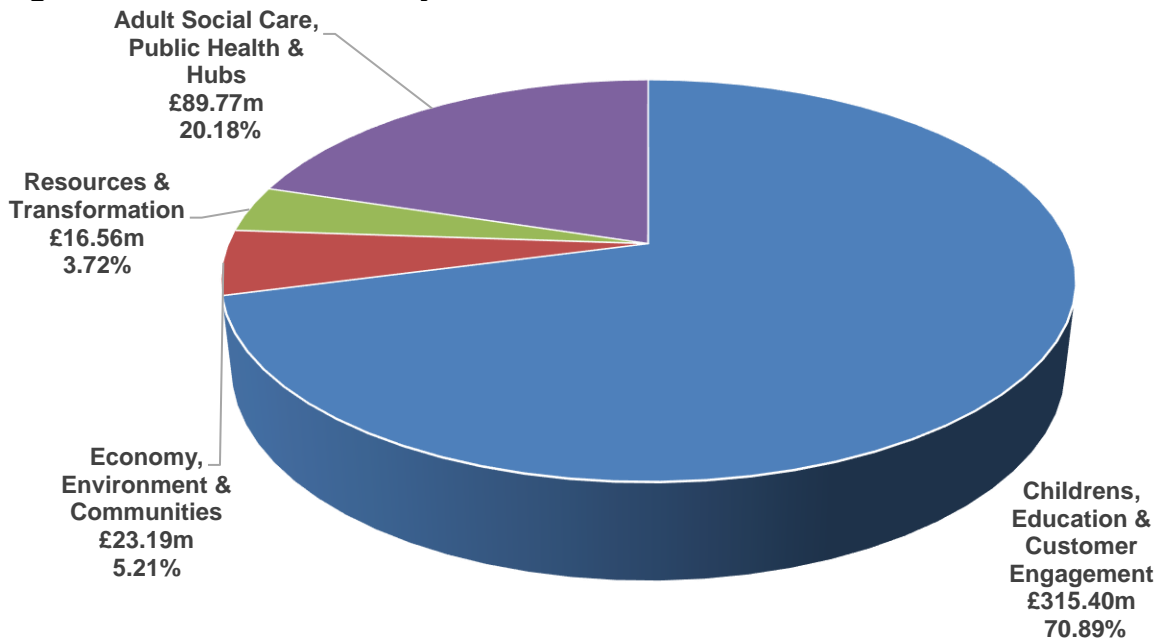
The council receives income from a number of sources including council tax, Central Government grant and specific grants to help pay for certain services including schools and social care. The council also charges for some services, such as parking, use of leisure facilities, etc. In 2024/25 the council tax will account for c20% of total income. **Figure 5** shows all the main sources of income, which is analysed by directorate at **Figure 5a** and by outcome at **Figure 5b**.

**Figure 5 – Sources of income**



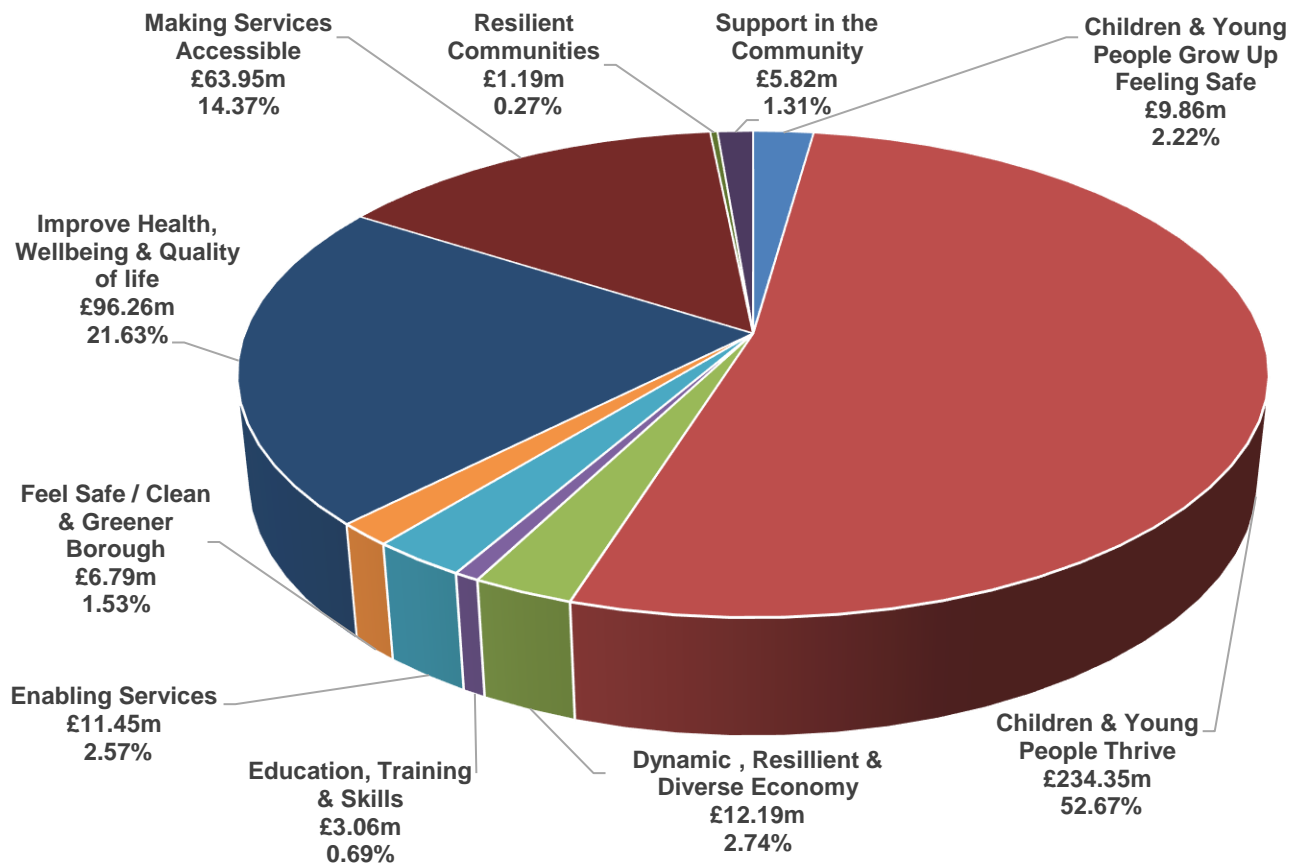
As illustrated above, revenue grants total £412.72m (£207.82m Dedicated Schools Grant, £204.90m Government Grants), and are summarised at **Annex 7**.

**Figure 5a – Gross income by directorate**



*Note: Figure 5a excludes centrally held and capital financing gross income budgets*

**Figure 5b – Gross income by outcome**



*Note: Figure 5b excludes centrally held and capital financing gross income budgets*

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). Through the Income Generation and Cost Recovery workstream of the Councils Proud redesign activity, it was recommended for the Council to annually publish a central fees and charges register of all charges levied on the Councils webpage, and for this to be annually reviewed. The fees and charges register for 2023/24 is a key document on the publications page, and can be accessed by the following link – [Schedule of Fees and Charges 2023-24 \(walsall.gov.uk\)](https://www.walsall.gov.uk/schedule-of-fees-and-charges-2023-24)

This document will be updated for 2024/25 charges once they have been finalised following approval of the 2024/25 budget.

## 2.12 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 statutory 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 2024/25 budget, as outlined in **Annex 11**. 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. A number of transfers to and from reserves are included within the budget outlined in this report. These are summarised in **Table 11**.

<b>Table 11: Net movement in earmarked reserves</b>				
	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
<b>Reserves used to fund investment</b>				
Inv 9 - Crisis Support	(0.50)	(0.50)	(0.50)	(0.50)
Inv 10 - Adult Social Care demand / uplifts	(3.86)	0.00	0.00	0.00
Inv 20 - Mosaic Trainer post*	(0.04)	(0.04)	0.00	0.00
Inv 21 - Additional social worker capacity within Access Care Management Localities and Complex teams*	(0.35)	(0.35)	0.00	0.00
Inv 22 - Co-production and consultation post*	(0.06)	(0.06)	0.00	0.00
Inv 25 - Revised management structure in Adult Social Care*	(0.44)	(0.44)	0.00	0.00
Inv 26 - Financial Assessment & Charging Team*	(0.32)	(0.32)	0.00	0.00
Inv 30C/D/E - Public Health	(0.30)	0.00	0.00	0.00
Inv 49 - Human Resources organisational leadership training	(0.10)	0.00	0.00	0.00
Inv 53 - Human Resources specialist services - business administration support to Children's	(0.28)	0.00	0.00	0.00
Inv 59 - Cost of living	(1.36)	0.00	0.00	0.00
Inv 60 - Home to school transport demand	(0.99)	0.00	0.00	0.00
Inv 62 - Home to school transport staffing resource*	(0.03)	(0.03)	0.00	0.00
Inv 63 - Increase staffing costs in Education, Health and Care Plan Assessment Team*	(0.07)	(0.07)	0.00	0.00
Inv 64 - Educational Psychology service to meet demand*	(0.87)	(0.87)	0.00	0.00
Inv 65 - Childrens large sibling groups	(0.32)	(0.32)	0.00	0.00
Inv 65 - Childrens remand	(0.10)	(0.10)	0.00	0.00
inv 76 - Childrens complex cases	(0.18)	0.00	0.00	0.00
Inv 100 - Adults development of service for continuous improvement, data quality, systems, policy and strategy	(0.48)	(0.24)	0.00	0.00
<b>Reserves used to fund investment linked to savings</b>		0.00	0.00	
Saving OP16 - Community reablement & technology*	(0.64)	(0.64)	0.00	0.00
Saving OP21 - Occupational therapists*	(0.11)	(0.11)	0.00	0.00
<b>Other use of reserves</b>				
Capital Financing borrowing rescheduling	(1.97)	0.00	0.00	0.00
Street Lighting	(0.45)	(0.45)	(0.45)	(0.45)
Business Rates re NAG / change of income NNDR1	(2.66)	0.00	0.00	0.00
Use of transformation reserve	(0.43)	0.00	0.00	0.00
<b>Use of reserves included in budget</b>	<b>(16.90)</b>	<b>(4.54)</b>	<b>(0.95)</b>	<b>(0.95)</b>
<b>Fall out of one off use of reserves</b>	<b>1.19</b>	<b>12.37</b>	<b>3.58</b>	<b>0.00</b>
<b>Movement of reserves already included in budget as above</b>	<b>0.43</b>	<b>4.54</b>	<b>0.95</b>	<b>0.95</b>
<b>Transfers to reserves</b>				
Business Rates fall out of one-off transfer to reserves	(5.26)	0.00	0.00	0.00
Redundancy	0.00	0.50	0.50	0.50
<b>Net movement in earmarked reserves included in budget per table 5 above</b>	<b>(20.55)</b>	<b>12.87</b>	<b>4.08</b>	<b>0.50</b>

Note: \* These staffing investments are funded for a period of two years from reserves, allowing time for revised demand management and transformation plans for adult social care and children's to be developed and the agree the next stages of this work.

### **3. Summary of the 2024/25 Capital Programme**

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for councils to produce a Capital Strategy. This should “*set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk, reward and impact on the achievement of priority outcomes.*” The revised Capital and Investment Strategy is set out at **Annex 8**.

The council has an asset portfolio of £569m as at 31 March 2023. Therefore, managing and maintaining these assets is a key issue for the council to ensure they continue to be fit for purpose and their value is maintained. The capital programme is key to delivering the council’s vision and priorities.

Due to the diverse nature of capital expenditure, each capital scheme impacts on residents in different ways according to their use of council facilities and services. The capital programme has been constructed within the principles outlined in our Capital Strategy. This document drives the construction and management of the capital programme. The Strategy reflects and enables delivery of the council’s vision and priorities and approved schemes must deliver that aim. It also requires the council to optimise successful partnership working for example through the Walsall Partnership, NHS Walsall, registered social landlords and regionally with other councils.

The 2024/25 capital programme totals £166.57m, as detailed in **Annex 9**, and is presented in two parts:

- A. Council funded programme (£94.16m – inclusive of £26.27m forecast carry forward from 2023/24) - funded through borrowing and capital receipts (**Table 12 and 13**). Of this £1m is identified for council wide schemes, funding to support essential works including health and safety and other projects that cannot be guaranteed at the start of the year.

A total of £100.4m was set aside over the 5 year period 2021/22 to 2025/26 for council development investment opportunities, including emerging regeneration schemes and major capital projects (a provision of £40m was approved by Council in February 2021, with a further £30m approved by Council in February 2022, and £30m in February 2023). This provision has been increased by a further £8.6m over the period as above, resulting in a revised total allocation of £109m. This funding is to support those schemes in development stages as outlined at **Annex 9(a5)**. This includes schemes where funding or match funding is required (subject to external funding bidding processes) in order for some of these projects to progress as there is insufficient headroom within the existing capital programme to fund all of these development opportunities..

Of the £109m total provision, approximately £57m has been allocated, with the remaining £52m (development investment line referred to in **Annex 9(a3)**) to be allocated. This provision is held centrally. To access these funds, an outline business case is required to be endorsed by the council’s Strategic Investment Board, followed by a full business case for Cabinet approval.

- B. Non-council funded programme (£72.40m – inclusive of £5.50m forecast carry forward from 2023/24) - funded from capital grants and other external contributions (**Table 14**).

In addition, the council's leasing programme for 2024/25 is £1.34m, the revenue costs of which are included in the revenue budget (**Table 15**).

Capital resources will continue to be limited in the future, inevitably placing more pressure on our ability to make future capital investment decisions. Funding will be more reliant on the council's ability to secure capital receipts from sale of land and buildings or affordable additional borrowing. A strategic review of assets is being undertaken as part of the Corporate Landlord work stream of Proud, which will inform the revision of the Capital Strategy and formulation of future years capital programmes.

Following consultation during 2020, HM Treasury 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.

If there are any intentions by the authority to buy investment properties primarily for yield within the four 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 forwards. Walsall are not intending to pursue debt for yield.

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 councils capital programme which are funded from borrowing – for example every 1% increase in interest costs on a four year capital programme including circa £159m of capital spending funded from borrowing (similar to the level included within this report, excluding carry forward from 2023/24) would add £1.59m of additional ongoing revenue costs per year by the end of the four year period.

### **Council Funded Programme: Funded from Walsall's own resources**

#### Funding

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.

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). 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 £63.66m of additional borrowing to fund high priority items in 2024/25 (excluding carry forwards from 2023/24).

**Annex 10** sets out the council's Flexible Use of Capital Receipts Strategy, which will utilise eligible new receipts to fund elements of the council's Proud Programme. The provisional local government settlement on 18 December 2023 announced an extension to the current flexibility from March 2025 to 2030, to include a wider set of eligible costs. The aim will be



for the new proposals to largely be in place by April 2024, and we await confirmation of detailed guidance following a period of consultation.

**Table 12** shows planned resources to fund the council funded capital programme for the 4 years from 2024/25.

<b>Table 12: Draft Capital Programme 2024/25 to 2027/28 (Council Funded)</b>					
<b>Anticipated Capital Resources</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>Total £m</b>
Capital receipts projected	1.50	1.50	1.50	1.50	6.00
General borrowing as per Council 23 February 2023	4.67	4.67	4.67	4.67	18.68
Other scheme borrowing as per Council 23 February 2023	56.84	17.32	3.86	0.00	78.03
Carry Forwards from previous years - Enterprise Zones	2.71	0.00	0.00	0.00	2.71
Revenue contribution to capital - burial levy	0.02	0.02	0.02	0.02	0.08
<b>Funding as approved by Council 23 February 2023</b>	<b>65.75</b>	<b>23.51</b>	<b>10.05</b>	<b>6.19</b>	<b>105.50</b>
Reprofiling of schemes as approved by Cabinet 19 July 2023 - council funded only	14.45	27.63	13.03	0.00	55.10
Reprofiling of pipeline development to 2023/24	(3.00)	0.00	0.00	0.00	(3.00)
Adjustment to borrowing requirement	(9.30)	5.03	9.37	2.45	7.56
Forecast carry forward from 2023/24	26.27	0.00	0.00	0.00	26.27
<b>Total Council Funding</b>	<b>94.16</b>	<b>56.18</b>	<b>32.45</b>	<b>8.64</b>	<b>191.44</b>

Carry forwards from 2023/24 are estimated based on the forecast position at December 2023 (£26.27m council funded and £5.51m external funded), which are included in the capital programme at **Annex 9**. All carry forwards will be reported to Cabinet for approval alongside the outturn position for 2023/24 once finalised.

#### Capital Schemes

For 2024/25 services were asked to review current and future schemes included in the capital programme approved by Council in February 2023. Requests for new allocations were considered in line with council priorities and the work of the change programme. Details can be found in **Annex 9A** and are summarised by directorate in **Table 13** below.

**Table 13: Capital Programme 2024/25 by Directorate (Council funded)**

<b>Directorate</b>	<b>Rolling Programme £m</b>	<b>Prior Year Approvals £m</b>	<b>New allocations £m</b>	<b>Total Council Funded £m</b>
Adult Social Care, Public Health and Hub	0.00	0.00	0.00	0.00
Children's, Education and Customer Engagement	0.42	3.52	0.00	3.94
Economy, Environment and Communities	3.28	45.62	0.44	49.35
Resources and Transformation	0.00	17.24	1.09	18.34
Centrally held budgets *	1.47	21.08	0.00	22.54
<b>Total Council Funded Capital</b>	<b>5.17</b>	<b>87.46</b>	<b>1.54</b>	<b>94.16</b>

*\*Centrally held relates to £1.47m (inclusive of £468k carried forward from 2023/24) funding to support essential works, including health and safety e.g. retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self-insured property damage; £1.12m to fund minor capital works (inclusive of £627k carried forward from 2023/24); and a further £19.95m for pipeline development investment opportunities/contingency, which will be allocated in year subject to a full business case being approved by Cabinet.*

Schemes are recommended to go ahead for a number of reasons:

- Address policy including;
  - Support with cost of living
  - Creating jobs and helping people get new skills
  - Improving educational achievements
  - Helping local high streets and communities
  - Help create more affordable housing
  - Promoting health and wellbeing
  - Ensuring a modern effective council (including ICT infrastructure)
- 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 benefits identified through the Proud change programme;
- Capital insurance reserves: to protect the council's position, for which funding is available should the need arise to draw it down;
- Priority schemes for which external funding can be drawn down and which may or may not require a contribution from the council's own resources.

All capital schemes were reviewed by the Corporate Management Team and Strategic Investment Board, 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 2024/25 with indicative allocations which are subject to further review for 2025/26 onwards.

## Externally Funded Programme

Full details of externally funded schemes are found in the capital programme at **Annex 9B** and are summarised in **Table 14** below for 2024/25. 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. Certain schemes can go ahead as these are either fully funded by grant or have the necessary council match funding already approved. If grant or council funding is unavailable then the scheme will not go ahead.

<b>Table 14: Externally Funded Capital Programme 2024/25 by Directorate</b>			
<b>Directorate</b>	<b>Government Funding £m</b>	<b>Third Party / External* £m</b>	<b>Total Funding £m</b>
Adult Social Care, Public Health and Hub	0.89	0.00	0.89
Children's, Education and Customer Engagement	19.61	0.00	19.61
Economy, Environment and Communities	31.81	0.00	31.81
Resources and Transformation	15.32	4.78	20.10
Centrally held budgets	0.00	0.00	0.00
<b>Total Externally Funded Capital</b>	<b>67.62</b>	<b>4.78</b>	<b>72.40</b>

*\*Walsall is Accountable Body for Growing Places and Land & Property Investment Fund*

## Combined Capital Programme

The list of capital schemes included in the capital programme for 2024/25 to 2027/28 are shown in **Annex 9. Table 15** shows the combined capital programme against predicted available resources. **Table 16** summarises the capital programme by directorate, and **Table 17** by council outcome.

<b>Table 15: Capital Programme</b>					
	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>Total £m</b>
<b><u>Anticipated Capital Resources</u></b>					
Council resources as shown in <b>table 12</b>	94.16	56.18	32.45	8.64	191.45
External Funding	72.40	46.91	41.44	18.10	178.86
<b><i>Total capital resources</i></b>	<b>166.58</b>	<b>103.09</b>	<b>73.89</b>	<b>26.74</b>	<b>370.31</b>
<b><u>Capital Schemes</u></b>					
Rolling Programme Schemes	5.17	4.71	4.65	4.65	19.17
Prior Year Approvals	37.88	23.95	8.75	2.82	73.40
Development Investment*	49.58	26.31	17.13	0.57	93.60
New capital allocations	1.54	1.20	1.92	0.61	5.27
<b><i>Total council funded schemes</i></b>	<b>94.16</b>	<b>56.18</b>	<b>32.45</b>	<b>8.64</b>	<b>191.44</b>
Externally funded schemes	72.40	46.91	41.44	18.10	178.85
<b>Total capital programme</b>	<b>166.57</b>	<b>103.09</b>	<b>73.89</b>	<b>26.74</b>	<b>370.29</b>
<b>Funding shortfall (surplus)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*\* subject to a full business case being approved by Cabinet.*

<b>Table 16: Capital Programme by directorate</b>					
<b>Directorate</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>Total £m</b>
Adult Social Care, Public Health and Hub	0.89	0.89	0.89	0.89	3.55
Children's, Education and Customer Engagement	23.55	22.03	38.34	13.07	96.99
Economy, Environment and Communities	81.15	28.86	20.04	9.29	139.35
Resources and Transformation	38.44	28.65	2.95	1.51	71.55
Centrally held budgets *	22.54	22.65	11.67	1.99	58.85
<b>Capital Programme by directorate</b>	<b>166.57</b>	<b>103.09</b>	<b>73.89</b>	<b>26.74</b>	<b>370.29</b>

*\*Centrally held relates to an annual allocation of £1m funding to support essential works, including health and safety e.g. LSVT retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self- insured property damage, and an annual allocation of £500k for minor capital works. A further £52m over four years is set aside for unallocated pipeline development investment opportunities/contingency, which will be allocated in year subject to a full business case being approved by Cabinet.*

<b>Table 17: Capital Programme by Outcome</b>					
<b>Outcome</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>Total £m</b>
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	86.21	73.46	29.89	9.31	198.87
Education, training and skills enable people to contribute to their community and our economy	0.00	0.00	0.00	0.00	0.00
People can access support in their community to keep safe and well and remain independent at home	7.30	6.62	6.63	4.69	25.24
People are supported to maintain or improve their health, wellbeing and quality of life	3.79	1.76	1.02	1.02	7.59
We get things right, first time and make all services accessible and easy to use	0.00	0.00	0.00	0.00	0.00
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	22.44	4.64	3.45	2.16	32.68
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	15.90	16.30	32.61	9.26	74.07
Children and young people grow up in connected communities and feel safe everywhere	1.23	0.00	0.00	0.00	1.23
Our communities will be more resilient and supportive of each other	0.58	0.00	0.00	0.00	0.58
The people of Walsall feel safe in a cleaner, greener Borough	29.12	0.30	0.30	0.30	30.02
<b>Capital Programme by Outcome</b>	<b>166.57</b>	<b>103.09</b>	<b>73.89</b>	<b>26.74</b>	<b>370.29</b>

**Leasing Programme**

The 2024/25 leasing programme totals £1.34m, summarised in **Table 18** 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.

<b>Table 18: Leasing Programme</b>	<b>Capital £m</b>	<b>Revenue £m</b>
Light Commercial vehicles	2.15	0.64
Refuse Vehicles	3.26	0.38
Tractors and Agricultural Implements	0.47	0.29
Welfare vehicles	0.05	0.03
<b>Total</b>	<b>5.93</b>	<b>1.34</b>

There is expected to be a carry forward from 2023/24 which is dependent on timings on acquisition of vehicles.

## **4. Medium term financial outlook – 2025/26 onwards**

### ***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 cost of capital investment decisions.

As referred to in section 2, Walsall Council, via the West Midlands Combined Authority, has been designated a pilot for the 100% business rates retention scheme, which will continue beyond 2024/25.

We continue to await the governments fundamental review of local authority funding, which was due to be finalised by 2020/21, then abandoned in November 2021. It was announced that the government would look at introducing a new mechanism for redistributing funding to the authorities most in need. Any changes as a result of this review of relative needs and resources (formerly the Fair Funding Review) is unlikely to happen until after 2025/26.

The last Spending Review (SR21) was in October 2021 which set out the economic forecast and departmental budgets for the three-year period 2022/23 to 2024/25. Whilst we received our provisional settlement for 2024/25 on 18 December 2023, this continued to be for one year, therefore ongoing funding allocations still remain uncertain.

The government expects that national increases in growth in business rate yields to fully offset any reduction in future core funding. The reality is that Walsall, due to its relative need and business rate yield, as well as its recovery in terms of collection rates, is unlikely to be able to fully cover funding shortfalls in the future, therefore a fair, fully funded settlement, covering the costs of social care is required to maintain financial stability into the longer term.

Assumptions at this point in time are that government funding will flatline, however with some talk nationally about potential cuts beyond 2025/26 in public sector funding, this assumption will be revisited once more information becomes available. This will have been made in our medium term financial outlook around overall changes to government spending for this period. This and forecast income reductions and cost pressures will continue to be kept under review.

A balanced budget is reported for 2024/25, with savings of £20.10m to be delivered through Proud service transformation. There is a further savings requirement of £65.90m over the period 2025/26 to 2027/28, of which some indicative savings are identified of c£24.20m (Net of £22.44m after £1.76m linked investment). This results in an adjusted net savings requirement of £43.46m as summarised in **Table 19**.

<b>Table 19: Current Financial Gap</b>				
	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Savings requirement (Financial gap)</b>	<b>31.13</b>	<b>21.84</b>	<b>12.93</b>	<b>65.90</b>
Indicative savings / efficiencies identified to date <b>(Annex 6)</b>	(9.37)	(8.11)	(6.72)	<b>(24.20)</b>
Investment linked to indicative savings <b>(Annex 6)</b>	1.43	0.24	0.08	<b>1.76</b>
<b>Revised Net Savings Requirement (Financial Gap)</b>	<b>23.19</b>	<b>13.97</b>	<b>6.30</b>	<b>43.46</b>

This budget provides the Council with a sound opportunity to plan ahead and seek to rebalance the budget to deliver its Council Plan priorities and allows it flexibility to adapt to an ever-changing climate.

Both service transformation plans and existing workstream plans will be analysed and reviewed to design the next stages of transformation ensuring alignment to the Council Plan. The Council Plan direction of travel approach sets out how the budget will be aligned to deliver the desired outcome i.e. through different amounts of delivery, coordination, influencing, signposting or regulating. A review of the current delivery model will be undertaken alongside the direction of travel and re-prioritised where appropriate to maximise value for money and overall delivery of outcomes.

Directors continue to work on the delivery plans for future opportunities, along with identifying further options for Members consideration, including a full review of the services the council provides and benchmarking. This will outline further options to balance the budget beyond 2025/26.

### **Capital**

Capital programme resources are limited. The financing for capital expenditure on new investments is heavily reliant on grants and other funding received from the Government. The Government is clearly, in the medium term, planning to significantly reduce government financed capital spending.

The remaining flexibility is currently through capital receipts and borrowing. Capital receipts projections however are limited, and fully dependent on when council assets are sold. Earmarking of capital receipts beyond what we are statutorily obliged to do is not recommended without overall strategic consideration of the entire capital programme. Use of unsupported borrowing incurs ongoing revenue debt charges and impacts on council tax payers.

Capital allocations and grants from government and other sources have not yet been published, therefore best estimates have been used, based on published information to date. Any further reduction in funding will require amendments to the programme.

Despite the above difficulties, significant investment is planned and funded over the four years 2024/25 to 2027/28. The capital programme is balanced for 2024/25 (see **Table 15** above). 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.

## Part 1 Annex 1: Summary of Corporate Revenue Budget 2024/25 by Directorate

DIRECTORATE	2023/24 REVISED FORECAST £	BASE BUDGET ADJUSTMENTS £	INVESTMENT AND PRESSURES (Annex 5) £	INDICATIVE SAVINGS * (Annex 6) £	2024/25 FORECAST BUDGET £
Adult Social Care, Public Health & Hub	74,352,842	(5,162,832)	29,885,242	(4,944,039)	94,131,213
Children's, Education & Customer Engagement	88,238,202	1,481,645	15,680,952	(2,379,179)	103,021,620
Economy, Environment & Communities	46,324,031	(356,034)	3,899,876	(2,899,440)	46,968,433
Resources & Transformation	40,888,127	78,019	1,026,216	(1,203,531)	40,788,831
<b>TOTAL SERVICES</b>	<b>249,803,202</b>	<b>(3,959,202)</b>	<b>50,492,286</b>	<b>(11,426,189)</b>	<b>284,910,097</b>
Non-service specific prudence/central items/capital financing	(121,012,551)	(10,922,593)	9,844,388	(5,900,000)	(127,990,756)
<b>Levies:</b>					
West Midlands Combined Authority Transport Levy	11,614,174	0	293,301	0	11,907,475
Environment Agency	86,505	0	0	0	86,505
<b>NET REVENUE EXPENDITURE</b>	<b>140,491,330</b>	<b>(14,881,795)</b>	<b>60,629,975</b>	<b>(17,326,189)</b>	<b>168,913,321</b>
(Use of) / contribution to reserves	3,671,712	(20,552,609)	0	0	(16,880,897)
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>144,163,042</b>	<b>(35,434,404)</b>	<b>60,629,975</b>	<b>(17,326,189)</b>	<b>152,032,424</b>

\* Indicative savings based on the current Proud change delivery plan which is subject to review in year as the pace of change is confirmed.



## Part 1 Annex 2: Summary of Corporate Revenue Budget 2024/25 by Outcome

<b>OUTCOME</b>	<b>2023/24 REVISED FORECAST £</b>	<b>BASE BUDGET ADJUSTMENTS £</b>	<b>INVESTMENT AND PRESSURES (Annex 5) £</b>	<b>INDICATIVE SAVINGS* (Annex 6) £</b>	<b>2024/25 FORECAST BUDGET £</b>
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	<b>17,192,343</b>	313,966	638,050	(1,039,420)	<b>17,104,939</b>
Education, training and skills enable people to contribute to their community and our economy	<b>3,174,798</b>	0	8,974	(381,324)	<b>2,802,448</b>
People can access support in their community to keep safe and well and remain independent at home	<b>1,497,770</b>	0	1,589,127	(357,417)	<b>2,729,480</b>
People are supported to maintain or improve their health, wellbeing and quality of life	<b>71,400,684</b>	(5,198,377)	29,804,900	(5,358,490)	<b>90,648,717</b>
We get things right, first time and make all services accessible and easy to use	<b>2,160,983</b>	1,540,000	239,779	(56,870)	<b>3,883,892</b>
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	<b>(60,733,324)</b>	(31,511,638)	11,367,804	(7,133,821)	<b>(88,010,979)</b>
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	<b>18,301,095</b>	0	2,044,985	(195,000)	<b>20,151,080</b>
Children and young people grow up in connected communities and feel safe everywhere	<b>65,802,704</b>	(58,355)	11,819,404	(1,826,762)	<b>75,736,991</b>
Our communities will be more resilient and supportive of each other	<b>2,545,857</b>	(75,000)	222,930	(92,651)	<b>2,601,136</b>
The people of Walsall feel safe in a cleaner, greener Borough	<b>22,820,132</b>	(445,000)	2,894,022	(884,434)	<b>24,384,720</b>
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>144,163,042</b>	<b>(35,434,404)</b>	<b>60,629,975</b>	<b>(17,326,189)</b>	<b>152,032,424</b>

\* Indicative savings based on the current Proud change delivery plan which is subject to review in year as the pace of change in confirmed.

## Part 1 Annex 3: Council Tax Data 2024/25

### 1. COUNCIL TAX EXCLUDING PRECEPTS (WALSALL COUNCIL ONLY)

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

BAND	WEIGHT	2023/24 C.TAX	2024/25 C.TAX	ANNUAL CHANGE	OF WHICH ASC RELATED	ANNUAL INCREASE	WEEKLY INCREASE	DAILY INCREASE
		£	£	£	£	%	£	£
A	6/9	1,323.65	1,389.70	66.05	26.47	4.99%	1.27	0.18
B	7/9	1,544.26	1,621.32	77.06	30.89	4.99%	1.48	0.21
C	8/9	1,764.87	1,852.94	88.07	35.30	4.99%	1.69	0.24
<b>D</b>	<b>9/9</b>	<b>1,985.48</b>	<b>2,084.56</b>	<b>99.08</b>	<b>39.71</b>	<b>4.99%</b>	<b>1.90</b>	<b>0.27</b>
E	11/9	2,426.70	2,547.79	121.09	48.53	4.99%	2.32	0.33
F	13/9	2,867.92	3,011.02	143.10	57.36	4.99%	2.74	0.39
G	15/9	3,309.13	3,474.26	165.13	66.18	4.99%	3.17	0.45
H	18/9	3,970.96	4,169.11	198.15	79.42	4.99%	3.80	0.54

### 2. OVERALL COUNCIL TAX INCLUSIVE OF PRECEPTS

#### **A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (66% of Properties)**

BAND	WEIGHT	2023/24 TOTAL C.TAX	2024/25 WMBC C.TAX	ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
				2024/25 FIRE PRECEPT	2024/25 POLICE PRECEPT	2024/25 TOTAL C.TAX
		£	£	£	£	£
A	6/9	1,507.36	1,389.70	50.13	143.70	1,583.53
B	7/9	1,758.59	1,621.32	58.49	167.65	1,847.46
C	8/9	2,009.81	1,852.94	66.84	191.60	2,111.38
<b>D</b>	<b>9/9</b>	<b>2,261.05</b>	<b>2,084.56</b>	<b>75.20</b>	<b>215.55</b>	<b>2,375.31</b>
E	11/9	2,763.50	2,547.79	91.91	263.45	2,903.15
F	13/9	3,265.96	3,011.02	108.62	311.35	3,430.99
G	15/9	3,768.40	3,474.26	125.33	359.25	3,958.84
H	18/9	4,522.09	4,169.11	150.40	431.10	4,750.61

**B. LEVELS FOR PROPERTIES WITH ONE RESIDENT (25% DISCOUNT) (34% of Properties)**

BAND	WEIGHT	2023/24 TOTAL C.TAX	2024/25 WMBC C.TAX	ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
				2024/25 FIRE PRECEPT	2024/25 POLICE PRECEPT	2024/25 TOTAL C.TAX
		£		£	£	£
A	6/9	1,130.52	1,042.27	37.60	107.78	1,187.65
B	7/9	1,318.94	1,215.99	43.87	125.74	1,385.60
C	8/9	1,507.36	1,389.71	50.13	143.70	1,583.54
<b>D</b>	<b>9/9</b>	<b>1,695.79</b>	<b>1,563.42</b>	<b>56.40</b>	<b>161.66</b>	<b>1,781.48</b>
E	11/9	2,072.63	1,910.84	68.93	197.59	2,177.36
F	13/9	2,449.47	2,258.27	81.46	233.51	2,573.24
G	15/9	2,826.30	2,605.69	94.00	269.44	2,969.13
H	18/9	3,391.57	3,126.83	112.80	323.33	3,562.96

**3. SPREAD OF PROPERTIES**

The proportion of properties within Walsall MBC within each Council Tax band at 1st December 2022 is as follows:

BAND	A	B	C	D	E	F	G	H	TOTAL
PROPERTIES (No)	51,013	27,381	18,743	10,357	5,559	2,376	844	54	116,327
PROPERTIES (%)	43.85	23.54	16.11	8.90	4.78	2.04	0.73	0.05	100
CUMULATIVE TOTALS	67.39								
	83.50								
	92.40								

## **Part 1 Annex 4 : Revenue Cash Limit 2024/25 to 2027/28 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, Public Health and Hub 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. Adult social care commissioning, brokerage, market shaping and management.
- **Wellbeing Leisure and Public Spaces Portfolio**  
Public Health functions and activities including commissioning services that affect the long-term health of residents. Health protection for local outbreak management, healthy lifestyle, infection prevention and control, immunisation. Mental and emotional wellbeing. Chair of Health & Wellbeing Board.
- **Leader of the Council Portfolio**  
Overall responsibility for Council strategy, the Council Plan & Walsall 2040, communications, marketing and brand, business insights and performance, government relations and liaison with local MPs and West Midlands leaders, Business Insights (intelligence), Policy and Strategy Unit.

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening cash limit</b>	74,352,842	94,131,213	99,846,923	100,938,328
<b>Base budget adjustments</b>				
- Increase in grant income - Public Health	(254,544)	(275,901)	(261,300)	(264,745)
- Increase in grant income - Drugs and Alcohol	(462,436)	462,436	0	0
- Increase in grant income - Market Sustainability	(733,810)	0	0	0
- Increase in grant income - Better Care Fund	(591,331)	(624,785)	(608,058)	(608,058)
- Increase in grant income - Stop Smoking	(367,927)	0	0	0
- Fall out of single handed care	(137,000)	(137,000)	0	0
- Increase in Hospital Discharge Funding - LA	(1,325,436)	0	0	0
- Increase in Hospital Discharge Funding - ICB	(1,175,893)	0	0	0
- Pay changes	(114,455)	0	0	0
<b>Investment / Pressures – see Annex 5</b>	29,885,242	9,293,445	5,185,984	4,892,479
<b>Less Proposed Savings Plans – see Annex 6</b>	(4,944,039)	(3,002,485)	(3,225,221)	(3,189,630)
<b>Adult Social Care, Public Health and Hub draft cash limit</b>	<b>94,131,213</b>	<b>99,846,923</b>	<b>100,938,328</b>	<b>101,768,374</b>

## 2. Children's, Education and Customer Engagement Directorate

- 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.
- Customer Portfolio**  
 Customer Access Management (Internal Focus inc Customer Strategy and supporting processes to improve services to customers), Customer Experience Centre, Revenues and Benefits (Council tax and business rates), Household Support and Welfare.
- Regeneration Portfolio**  
 Strategic Housing including housing standards and improvement.
- Resilient Communities Portfolio**  
 Customer Access Management (external focus including aligning services delivered by voluntary and community sectors), Walsall Connected, Homelessness, Migrant Support and Housing Advice.

	2024/25 £	2025/26 £	2026/27 £	2027/28 £
<b>Opening cash limit</b>	88,238,202	103,021,620	105,800,468	108,158,978
<b>Base budget adjustments</b>				
- Increase in grant income - Unaccompanied Asylum Seeking Children	(21,000)	0	0	0
- Increase in grant income - Supported Accommodation	(37,355)	0	0	0
- Removal of Customer Access Management saving	1,540,000	0	0	0
<b>Investment / Pressures – see Annex 5</b>	15,680,952	7,419,452	6,977,934	7,307,903
<b>Less Proposed Savings Plans – see Annex 6</b>	(2,379,179)	(4,640,604)	(4,619,424)	(3,418,147)
<b>Children's, Education and Customer Engagement draft cash limit</b>	<b>103,021,620</b>	<b>105,800,468</b>	<b>108,158,978</b>	<b>112,048,734</b>

<b>Children's Services</b>	96,242,370	99,162,137	101,676,882	105,519,696
<b>Customer Engagement</b>	6,779,250	6,638,331	6,482,096	6,529,038
<b>Children's, Education and Customer Engagement draft cash limit</b>	<b>103,021,620</b>	<b>105,800,468</b>	<b>108,158,978</b>	<b>112,048,734</b>

### 3. Economy, Environment and Communities Directorate

- **Leader of the Council Portfolio**  
Emergency planning, West Midlands Combined Authority, Association of Black Country Authorities and Black Country Joint Committee.
- **Regeneration Portfolio**  
Regeneration, economic development, planning policy, planning and building control, strategic traffic and transport, car parks, markets.
- **Resilient Communities Portfolio**  
Resilient Communities including Locality co-ordination, community development and diversity, community associations, voluntary and community sectors, Community Safety, community cohesion, Safer Walsall Partnership, public protection including anti-social behaviour, statutory nuisance and environmental crime enforcement. Environmental health and libraries.
- **Street Pride**  
Clean & Green Services (inc waste strategy, refuse management, street cleansing, grounds maintenance, countryside service, fleet services). Highways Maintenance, Pollution Control. Parking Enforcement, Road Safety, Traffic Management. Engineering.
- **Wellbeing Leisure and Public Spaces Portfolio**  
Leisure including Active Living Centres, Bereavement and Registration Services, Cemeteries and Crematoria. Culture services including the New Art Gallery, Walsall Arena and museums. Healthy spaces (parks and open spaces). Climate change/net zero.

	2024/25 £	2025/26 £	2026/27 £	2027/28 £
<b>Opening cash limit</b>	46,324,031	46,968,433	47,708,547	48,089,668
<b>Base budget adjustments</b>				
<i>Fall out of one off investment</i>				
- Loss of income - Active Living Centres	(150,000)	0	0	0
- Waste disposal	(285,000)	0	0	0
- Penalties for co-mingled waste	(35,000)	0	0	0
- Voter ID	(75,000)	0	0	0
- Vehicle fuel costs	(125,000)	(75,000)	0	0
<i>Other changes</i>	0	0		
- Town Centre officer post funded by Public Health	(86,315)	0	0	0
- One off use of car park enforcement reserve	400,281	0	0	0
<b>Investment / Pressures – see Annex 5</b>	3,899,876	620,649	407,574	514,878
<b>Less Proposed Savings Plans – see Annex 6</b>	(2,899,440)	194,465	(26,452)	(25,000)
<b>Economy, Environment and Communities draft cash limit</b>	<b>46,968,433</b>	<b>47,708,547</b>	<b>48,089,668</b>	<b>48,579,546</b>

#### 4. Resources and Transformation Directorate

- **Leader of the Council Portfolio**  
Proud Promises, Financial Planning, Budget, Medium Term Financial Strategy.
- **Internal Services Portfolio**  
HR, Organisational Development. Learning and development, workforce equalities. Administration and business support. Transformation and change delivery, digital operations and delivery, ICT, information governance. Financial management and accountancy, financial administration, systems and payroll. Internal Audit, risk and insurance. Treasury management. Corporate Landlord including facilities and asset management, catering, cleaning, caretaking. Governance, legal and assurance, Democratic Services, Elections and Mayoralty.
- **Regeneration Portfolio**  
Economic development, employment growth, skills, strategic use of assets, programme management and delivery.

	2024/25 £	2025/26 £	2026/27 £	2027/28 £
<b>Opening cash limit</b>	40,888,127	40,788,831	40,831,893	40,906,342
<b>Base budget adjustments</b>				
- Staffing changes within Human Resources	(77,129)	0	0	0
- Democratic Services increased provision	55,148	0	0	0
- Towns Deal business case	0	41,882	42,929	0
- Transformation	100,000	0	0	0
<b>Investment / Pressures – see Annex 5</b>	1,026,216	491,180	31,520	0
<b>Less Proposed Savings Plans – see Annex 6</b>	(1,203,531)	(490,000)	0	0
<b>Resources and Transformation draft cash limit *</b>	<b>40,788,831</b>	<b>40,831,893</b>	<b>40,906,342</b>	<b>40,906,342</b>

## 5. Central / Capital Financing

	2024/25	2025/26	2026/27	2027/28
	£	£	£	£
<b>Opening cash limit</b>	(105,640,160)	(132,877,673)	(136,536,196)	(134,622,361)
<b>Base budget adjustments</b>				
<i>Fall out of one off investment</i>				
- Energy	(600,000)	0	0	0
<i>Funding changes</i>				
- Top up grant	(1,629,457)	(441,539)	(450,370)	(459,377)
- Social Care grant	(4,644,333)	0	0	0
- Services grant	2,547,907	475,779	0	0
- New Homes Bonus	(298,757)	308,907	0	0
- Collection Fund Council tax Deficit	868,781	349,173	0	0
- NNDR income	(4,973,826)	(3,788,647)	(1,073,213)	(1,067,451)
- NNDR section 31 grant	(1,321,520)	(259,274)	(349,749)	(354,829)
<i>Other changes</i>				
- Capital Financing minimum revenue provision	2,550,000	0	0	0
- Reduction in Capital Financing	(1,782,000)	(59,000)	371,000	1,702,000
- Removal of central Customer Access Management saving	2,930,000	0	0	0
- Services grant expenditure removed	(119,555)	0	0	0
- Adjustment to Combined Authority levy / growth	(386,726)	109,500	109,500	109,500
- Transfers to / from reserves	(20,552,609)	12,866,708	4,082,527	500,000
- Other Central adjustments	(4,063,107)	(291,780)	(73,287)	(88,245)
<b>Investment / Pressures – see Annex 5</b>	10,137,689	10,258,515	13,265,759	6,776,807
<b>Less Proposed Savings Plans – see Annex 6 (Third Party Spend and Digital Opportunities savings centrally held)</b>	(5,900,000)	0	0	0
<b>Savings yet to be identified</b>	0	(23,186,865)	(13,968,332)	(6,301,710)
<b>Central / Capital Financing draft cash limit</b>	<b>(132,877,673)</b>	<b>(136,536,196)</b>	<b>(134,622,361)</b>	<b>(133,805,666)</b>



## Part 1 Annex 5 : Summary of New Growth and Investment 2024/25 to 2027/28 aligned to Outcomes

Directorate	Ref No	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>							
Economy, Environment & Communities	1	Town Centre Officer post - to support the regeneration of the high street - funded from Public Health Grant	86,315	0	0	0	86,315
	2,3,4	Contractual inflation - Urban Traffic Control, Traffic Control and Highways Maintenance	269,035	165,617	154,037	154,409	743,098
	5	Under-recovery of planning income offset by planning fee contribution - net nil	0	0	0	0	0
	6	New posts within planning and land registry to deal with increased demand - linked to saving OP9 - partly reduced	160,934	20,000	(40,000)	0	140,934
	7	Reintroduce staff parking charges – unachieved saving from 2023/24 due to equality impact	18,000	0	0	0	18,000
	8	Charge developers for travel plans - unachieved saving from 2023/24 due to staff recruitment - removed	0	0	0	0	0
	57pt	Pay / pension provision	71,231	0	0	0	71,231
	95pt	Other contractual implications - Willenhall Market	32,535	0	0	0	32,535
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>638,050</b>	<b>185,617</b>	<b>114,037</b>	<b>154,409</b>	<b>1,092,113</b>
<b>Education, training and skills enable people to contribute to their community and our economy</b>							
Adult Social Care, Public Health & Hub	57pt	Pay / pension provision	3,613	0	0	0	3,613
Economy, Environment & Communities	57pt	Pay / pension provision	5,361	0	0	0	5,361
<b>Total Education, training and skills enable people to contribute to their community and our economy</b>			<b>8,974</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,974</b>
<b>People can access support in their community to keep safe and well and remain independent at home</b>							
Children's, Education & Customer Engagement	9	Crisis support - to support Walsall residents in crisis	500,000	0	0	0	500,000
	42	Costs of Bringing in the Housing Register in house - estimate	225,000	0	0	0	225,000
	43	Increase in Bed and Breakfast costs	757,970	24,476	25,209	31,380	839,035
	57pt	Pay / pension provision	4,852	0	0	0	4,852
	65pt	Additional children in care demand / cost pressures - care leavers / staying put	(181,666)	0	0	0	(181,666)

Directorate	Ref	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total
Children's, Education & Customer Engagement	103	Household Support Fund - admin savings from 2023/24 not deliverable now grant ceasing	280,000	0	0	0	280,000
Economy, Environment & Communities	57pt	Pay / pension provision	2,971	0	0	0	2,971
<b>Total People can access support in their community to keep safe and well and remain independent at home</b>			<b>1,589,127</b>	<b>24,476</b>	<b>25,209</b>	<b>31,380</b>	<b>1,670,192</b>
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>							
Adult Social Care, Public Health & Hub	10	Social Care increase in demand pressures (inflow/attrition)	12,887,044	2,981,815	1,661,716	1,024,037	18,554,612
	11	Uplift based on average 6.99% across care types reduced for market management of new client rates for 2024/25, and then 2% from 2025/26 onwards	7,008,974	2,450,079	2,517,776	2,608,130	14,584,959
	12	Adult Social Care affordability model including contractual inflation based on inflation rate - Housing 21	1,250,748	273,203	280,033	287,034	2,091,018
	13	Hospital discharge - fully funded from grant	1,325,436	0	0	0	1,325,436
	14	Proportion of uplift funded from Market Sustainability & Improvement Fund grant	495,860	0	0	0	495,860
	15	Section 117 expenditure in Mental Health	150,063	61,967	64,446	67,024	343,500
	16	Client income - all types	0	2,639,181	0	0	2,639,181
	17	Health income - Learning Disability Joint Funding tool	201,520	0	0	0	201,520
	18	Online portal for procedures and advice	11,333	0	0	0	11,333
	19	Better Care finance system - ongoing licence costs	98,000	0	0	0	98,000
	20	Mosaic trainer post	39,000	0	0	0	39,000
	21	Additional social work capacity within Access Care Management Localities and Complex teams	353,257	298,910	0	0	652,167
	22	Co-production & consultation post	56,262	18,754	0	0	75,016
	23	Future arrangements for safeguarding	228,537	198,801	0	0	427,338
	24	Community Reablement and Technology - moved to offset saving OP16	0	0	0	0	0
	25	Revised Management Structure within Adult Social Care	443,069	49,230	0	0	492,299
	26	Financial Assessment & Charging Team (permanent structure)	316,952	107,327	0	0	424,279
	27	Client Money and Case Management Solution for Deputies and Appointees	20,000	0	0	0	20,000
28	Mosaic Case Management solution development – introduction of Electronic Document Management system	47,500	0	0	0	47,500	

Directorate	Ref	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total
Adult Social Care, Public Health & Hub	29	Carecubed investment for contract extension	50,000	0	0	0	50,000
	30A	Public Health - licence costs	0	20,000	0	0	20,000
	30B	Public Health - pay awards / increments	0	50,000	50,000	50,000	150,000
	30C	Public Health - Inflation of 0-19 Healthy Child Programme	247,440	0	0	0	247,440
	30D	Public Health - Drug and Alcohol contribution to Family Safeguarding	100,000	0	0	0	100,000
	30E	Public Health - Reinstatement of saving relating to 'review of existing transformation fund'	205,000	0	0	0	205,000
	31	Public Health grant increase	0	205,901	211,300	214,745	631,946
	32	Supplementary Drugs & Alcohol - one off fully funded from grant	462,436	(462,436)	0	0	0
	33	Intermediate Care Service (Increased demand and uplifts)	1,302,070	412,053	412,053	412,053	2,538,229
	34	Integrated Equipment Store	232,182	0	0	0	232,182
	35	Better Care Fund - Integrated Community Equipment Service rent/overheads, pay	232,972	229,456	229,456	229,456	921,340
	36	Occupational Therapists to support reviews post Intermediate Care Services discharge - moved to offset saving OP21	0	0	0	0	0
	57pt	Pay / pension provision	(32,989)	0	0	0	(32,989)
	100	Development of a service which takes responsibility for the following: ASC Continuous Improvement; CQC management; Data quality; Social Care Systems; Social Care policy and strategy – social care reforms; digital innovation; annual cyclical activity across Directorate such part of business planning; Project management and governance	481,592	(240,796)	(240,796)	0	0
101	Reduction in direct payment refunds	1,100,000	0	0	0	1,100,000	
102	Local Stop Smoking Services and Support Grant (Expenditure)	367,927	0	0	0	367,927	
Economy, Environment & Communities	37	Leisure services income shortfall - fallout of investments as fee income recovers - removed from investments	0	0	0	0	0
	38	Coroners - contractual inflation implications	112,405	18,443	9,563	13,662	154,073
	57pt	Pay / pension provision	10,310	0	0	0	10,310
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>29,804,900</b>	<b>9,311,888</b>	<b>5,195,547</b>	<b>4,906,141</b>	<b>49,218,476</b>
<b>We get things right, first time and make all services accessible and easy to use</b>							
Children's, Education & Customer Engagement	39	Reduction in housing benefit admin grant	46,148	43,840	40,000	40,000	169,988
	40	Increase in volume of Bank Charges for receiving online payments	111,122	0	0	0	111,122

Directorate	Ref	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total
Children's, Education & Customer Engagement	41	Reduction in Housing Benefit administration grant	50,000	0	0	0	50,000
	57pt	Pay / pension provision	24,371	0	0	0	24,371
Economy, Environment & Communities	57pt	Pay / pension provision	8,138	0	0	0	8,138
<b>Total We get things right, first time and make all services accessible and easy to use</b>			<b>239,779</b>	<b>43,840</b>	<b>40,000</b>	<b>40,000</b>	<b>363,619</b>
<b>The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>							
Adult Social Care, Public Health & Hub	44	Policy & Strategy - Walsall 2040	10,000	0	0	0	10,000
	45	Policy & Strategy - ongoing running cost budget	36,000	0	0	0	36,000
	57pt	Pay / pension provision	153,444	0	0	0	153,444
Economy, Environment & Communities	57pt	Pay / pension provision	4,455	0	0	0	4,455
Resources & Transformation	46	Cloud / Microsoft licences and infrastructure costs	55,000	750,400	31,520	0	836,920
	47	Additional capacity for Finance strategic partnering - moved to offset saving OP39	0	0	0	0	0
	48	Digital and Technology - implement standardised addressing in two social care systems	30,000	0	0	0	30,000
	49	Human Resources - Organisational Leadership Development	100,000	(100,000)	0	0	0
	50	Payroll and Pensions - shortfall in income from schools	60,000	0	0	0	60,000
	51	Information Governance - shortfall in income from schools	61,280	0	0	0	61,280
	52	Digital and Technology - post within Operational Services to address increased demand in technology	0	120,780	0	0	120,780
	53	Human Resources Specialist Services - business administration support to Childrens	280,000	(280,000)	0	0	0
	57pt	Pay / pension provision	329,993	0	0	0	329,993
	99	Legal - two Senior Democratic Services posts	109,943	0	0	0	109,943
Central / Capital Financing	54	Capital financing / Minimum Revenue Provision review	1,202,650	(133,042)	600,000	600,000	2,269,608
	55	Revenue implications of capital programme	160,750	250,000	250,000	250,000	910,750
	56	Energy – fall out of investment - removed from investments	0	0	0	0	0
	57pt	Pay / pension provision	6,940,988	9,176,333	8,047,828	6,547,828	30,712,977
	58	Combined Authority Transport Levy and contribution to Metro from 2025/26	293,301	825,224	367,931	378,979	1,865,435

Directorate	Ref	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total
Central / Capital Financing	59	Cost of living / demand provision	1,360,000	140,000	1,500,000	1,500,000	4,500,000
	98	External audit contract increase	180,000	0	0	0	180,000
<b>Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>			<b>11,367,804</b>	<b>10,749,695</b>	<b>13,297,279</b>	<b>6,776,807</b>	<b>42,191,585</b>
<b>Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>							
Children's, Education & Customer Engagement	57pt	Pay / pension provision	48,596	0	0	0	48,596
	60	Increase in demand for Home to school transport	986,977	1,133,977	800,000	643,407	3,564,361
	61	Reduction in traded services attendance income target due to schools directly employing their own staff in response to the new requirements of the school attendance procedures and bill	36,387	36,387	36,387	0	109,161
	62	Home to School Transport Staffing Resources	27,487	19,633	0	0	47,120
	63	Increase staffing costs in Education, Health and Care Plan Assessment team to meet increased demand	72,333	51,667	124,000	0	248,000
	64	Educational Psychology service - staffing to meet increases in demand	871,971	119,281	133,627	199,818	1,324,698
Economy, Environment & Communities	57pt	Pay / pension provision	1,234	0	0	0	1,234
<b>Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>			<b>2,044,985</b>	<b>1,360,945</b>	<b>1,094,014</b>	<b>843,225</b>	<b>5,343,170</b>
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's, Education & Customer Engagement	57pt	Pay / pension provision	303,837	0	0	0	303,837
	65	Additional children in care demand / cost pressures	6,996,360	2,363,187	1,952,075	2,449,328	13,760,950
	66	Foster care / Special Guardianship Order / staying put allowances and proposed change to current fostering fees - moved to offset saving OP57/60	0	0	0	0	0
	67	Increase in social workers pay (full year impact of 2022/23 investment)	12,000	0	0	0	12,000
	68	Development of locality partnership offer in Early Help - removed saving OP59 due to legislation changes.	0	0	0	0	0
	69	Young Carers Service	24,058	17,184	0	0	41,242
	70	Ongoing costs for wrap around support - moved to offset saving OP64	0	0	0	0	0
	71	Legal Fees	100,000	0	0	0	100,000
	72	Transport Costs for social care	200,000	0	0	0	200,000
	73	Additional Head of Service post - moved to offset saving OP64	0	0	0	0	0

Directorate	Ref	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total
Children's, Education & Customer Engagement	74	Additional Children and Family Officer posts in Corporate Parenting - moved to offset saving OP62	0	0	0	0	0
	75	Recruitment & Retention Pressures	271,948	0	0	0	271,948
	76	Placement costs - Inflationary increases for external framework placements	3,527,511	3,609,820	3,866,636	3,943,969	14,947,936
	77	Increase birthday/ festive payments to Department for Education guidance for Special Guardianship Orders, fostering, connected care	31,000	0	0	0	31,000
	78	Kinship carers - remove allowance age cap, pay all carers birthday, holiday and festive allowances, and remove means testing	294,335	0	0	0	294,335
	79	Revenue costs for new internal residential home - moved to offset saving OP63	0	0	0	0	0
	80	Supported accommodation legislation post - fully funded from grant	37,355	0	0	0	37,355
	81	Unaccompanied Asylum Seeking Children (UASC) post - fully funded from grant	21,000	0	0	0	21,000
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>11,819,404</b>	<b>5,990,191</b>	<b>5,818,711</b>	<b>6,393,297</b>	<b>30,021,603</b>
<b>Our communities will be more resilient and supportive of each other</b>							
Economy, Environment & Communities	57pt	Pay / pension provision	8,887	0	0	0	8,887
	91	Town Centre Guardians x 4	114,043	0	0	0	114,043
	96	Reintroduce a youth team into the community	100,000	0	0	0	100,000
<b>Total Our communities will be more resilient and supportive of each other</b>			<b>222,930</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>222,930</b>
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>							
Economy, Environment & Communities	57pt	Pay / pension provision	202,619	0	0	0	202,619
	82	Contractual inflation - Household Waste Recycling Centre haulage and management	319,578	66,701	34,586	49,408	470,273
	83	Increase in vehicle fuel costs - fall out of investment - removed from investments	0	0	0	0	0
	84	Agency for domestic and garden waste	238,904	70,502	74,027	74,027	457,460
	85	Commercial Implementation Manager	89,000	0	0	0	89,000
	86	Under recovery of licensing income	72,643	0	0	0	72,643
	87	Environmental Health posts	95,928	0	0	0	95,928
	88	Assure Computer System Maintenance Support	11,750	0	0	0	11,750
	89	Enforcement of fly tipping, litter dropping, cigarette dropping etc.	50,000	0	0	0	50,000
	90	Increase of Community Protection Enforcement Officers	197,872	0	0	0	197,872

Directorate	Ref	Details of Growth by outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total
	92	Rewilding of all urban grassed areas - to manage public grassed open spaces and verges for biodiversity rather than visual appearance. Most areas would only receive one cut per year; however pitches, visibility splays, paths and edges would be cut more – unachieved saving from 2023/24 - partly reduced	302,348	0	0	0	302,348
	93	Increase recycling rates and reduce contamination – unachieved saving from 2023/24	382,523	0	0	0	382,523
	94	Residential garden waste disposal – unachieved saving from 2023/24	30,000	0	0	0	30,000
	95	Other contractual implications	850,857	279,386	175,361	223,372	1,528,975
	97	To support healthy spaces activities	50,000	0	0	0	50,000
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>2,894,022</b>	<b>416,589</b>	<b>283,974</b>	<b>346,807</b>	<b>3,941,391</b>
<b>Total Growth and investment</b>			<b>60,629,975</b>	<b>28,083,241</b>	<b>25,868,771</b>	<b>19,492,066</b>	<b>134,074,053</b>

### Investment Summary by Outcome

Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	638,050	185,617	114,037	154,409	1,092,113
Education, training and skills enable people to contribute to their community and our economy	8,974	0	0	0	8,974
People can access support in their community to keep safe and well and remain independent at home	1,589,127	24,476	25,209	31,380	1,670,192
People are supported to maintain or improve their health, wellbeing and quality of life	29,804,900	9,311,888	5,195,547	4,906,141	49,218,476
We get things right, first time and make all services accessible and easy to use	239,779	43,840	40,000	40,000	363,619
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	11,367,804	10,749,695	13,297,279	6,776,807	42,191,585
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	2,044,985	1,360,945	1,094,014	843,225	5,343,170
Children and young people grow up in connected communities and feel safe everywhere	11,819,404	5,990,191	5,818,711	6,393,297	30,021,603
Our communities will be more resilient and supportive of each other	222,930	0	0	0	222,930
The people of Walsall feel safe in a cleaner, greener Borough	2,894,022	416,589	283,974	346,807	3,941,391
<b>Total</b>	<b>60,629,975</b>	<b>28,083,241</b>	<b>25,868,771</b>	<b>19,492,066</b>	<b>134,074,053</b>

## Investment Summary by Directorate

<b>Directorate</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>	<b>2027/28 £</b>	<b>Total £</b>
Adult Social Care, Public Health and Hub	29,885,242	9,293,445	5,185,984	4,892,479	49,257,150
Children's Services and Customer Engagement:					
- Children's Services	13,681,489	7,351,136	6,912,725	7,236,523	35,181,873
- Customer Engagement	1,999,463	68,316	65,209	71,380	2,204,368
Economy, Environment and Communities	3,899,876	620,649	407,574	514,878	5,442,976
Resources and Transformation	1,026,216	491,180	31,520	0	1,548,916
Central / Capital Financing	10,137,689	10,258,515	13,265,759	6,776,807	40,438,770
<b>Total</b>	<b>60,629,975</b>	<b>28,083,241</b>	<b>25,868,771</b>	<b>19,492,066</b>	<b>134,074,053</b>



## Part 1 Annex 6 : Benefits Realisation (Savings) for Proud Change activity by Outcome 2024/25 to 2027/28

### A: Summary of Policy Proposals by Outcome 2024/25 to 2027/28

Directorate	Ref No	Detail of Policy Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>							
Economy, Environment & Communities	P3	Arts & Events income - To introduce new online shop sales and ticketing	(15,000)	(10,000)	(25,000)	(25,000)	(75,000)
	P4	Street lighting dimming & trimming during the evening	(160,000)	0	0	0	(160,000)
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>(175,000)</b>	<b>(10,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(235,000)</b>
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>							
Economy, Environment & Communities	P1	Leisure health checks based on 5% forecast take up	(5,125)	(20,125)	0	0	(25,250)
		Leisure health checks - linked Investment (one off) - Tanita Body Composition Scale purchase, 12 months licence, IT equipment and marketing	40,000	(40,000)	0	0	0
		<b>Net saving</b>	<b>34,875</b>	<b>(60,125)</b>	<b>0</b>	<b>0</b>	<b>(25,250)</b>
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>34,875</b>	<b>(60,125)</b>	<b>0</b>	<b>0</b>	<b>(25,250)</b>
<b>We get things right, first time and make all services accessible and easy to use</b>							
Economy, Environment & Communities	P2	Registrars change of name deeds	(3,000)	0	0	0	(3,000)
<b>Total We get things right, first time and make all services accessible and easy to use</b>			<b>(3,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,000)</b>
<b>Our communities will be more resilient and supportive of each other</b>							
Economy, Environment & Communities	P5	Seek sponsorship for festive lights	(40,000)	0	0	0	(40,000)
<b>Total Our communities will be more resilient and supportive of each other</b>			<b>(40,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(40,000)</b>
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>							
Economy, Environment & Communities	P6	Closure of Fryers Road and Merchants Way Household Waste Recycling Centres for 1 day (7 to 6) - saving on contract spend	(150,000)	0	0	0	(150,000)
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>(150,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(150,000)</b>
<b>Total Net Policy Proposals</b>			<b>(333,125)</b>	<b>(70,125)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(453,250)</b>

## B: Summary of Operational Proposals by Outcome 2024/25 to 2027/28

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>							
Economy, Environment & Communities	OP1	Street lighting energy savings	(263,000)	0	0	0	(263,000)
	OP2	Income from Enterprise Zone due to historic business rates	(147,000)	0	0	0	(147,000)
	OP3	Arena restructure	(6,747)	0	0	0	(6,747)
	OP4	Increase On Street Parking charges	(20,000)	0	0	0	(20,000)
	OP5	Increase Off Street Parking charges	(55,000)	0	0	0	(55,000)
	OP6	Capitalisation of highways works removed as duplicated	0	0	0	0	0
	OP8	Alternate funding of Building Control officer posts from Local Authority Building Control funds for 1 year only	(86,000)	86,000	0	0	0
	OP9	One off use of Biodiversity Net Gain grant allocation (linked to investment 6 for new Ecology officer post)	(10,000)	10,000	0	0	0
	OP34 pt	Fees and charges - Traffic Management, Land Charges, Walsall Arena, Museums	(56,673)	0	0	0	(56,673)
	OP67	Capitalisation of highways mtnce potholes to replace undeliverable 2023/24 saving	(200,000)	0	0	0	(200,000)
	OP68	Increase parking penalty notices income target to reflect demand	(20,000)	0	0	0	(20,000)
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>(864,420)</b>	<b>96,000</b>	<b>0</b>	<b>0</b>	<b>(768,420)</b>
<b>Education, training and skills enable people to contribute to their community and our economy</b>							
Economy, Environment & Communities	OP10	Libraries partnership with voluntary sector	(223,446)	0	0	0	(223,446)
	OP11	Capitalise Full Book fund	(145,000)	0	0	0	(145,000)
	OP34 pt	Fees and charges - Libraries	(2,878)	0	0	0	(2,878)
	OP41	Replace Evolutive with in house system	(10,000)	0	0	0	(10,000)
<b>Total Education, training and skills enable people to contribute to their community and our economy</b>			<b>(381,324)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(381,324)</b>
<b>People can access support in their community to keep safe and well and remain independent at home</b>							
Children's, Education & Customer Engagement	OP35	Explore full cost recovery for admin of Energy Company Obligation (ECO) by fee charging	(50,000)	0	0	0	(50,000)
	OP36	50% mitigation of Bed & Breakfast costs - increase Temporary Accommodation provision	(383,917)	(209,235)	(221,444)	(24,438)	(839,034)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Children's, Education & Customer Engagement	OP57, OP60	Linked investment - staying put allowances. Previously shown as investment 66.	76,500	0	0	0	76,500
		Linked to saving for Further Recruitment & Retention of internal Foster Carers shown under 'Children Grow up' outcome below.					
<b>Total People can access support in their community to keep safe and well and remain independent at home</b>			<b>(357,417)</b>	<b>(209,235)</b>	<b>(221,444)</b>	<b>(24,438)</b>	<b>(812,534)</b>
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>							
Adult Social Care, Public Health & Hubs	OP14	Demand- develop & deliver additional support to Carers	(270,241)	0	0	0	(270,241)
	OP15	Shared lives	(142,812)	0	0	0	(142,812)
	OP16	Community reablement service – to prevent and delay long term care and support – subject to financial modelling	(1,147,248)	(2,535,965)	(2,586,685)	(2,638,418)	(8,908,316)
		Linked investment - Community Reablement & Technology new posts. Previously shown as investment 24	644,008	644,008	0	0	1,288,016
		<b>Net saving</b>	<b>(503,240)</b>	<b>(1,891,957)</b>	<b>(2,586,685)</b>	<b>(2,638,418)</b>	<b>(7,620,300)</b>
	OP17	Market management of Learning Disability/Mental Health provider market – use of Care Cubed technology and dedicated commissioning resources to better calibrate & control the price of care provision – link to investment in commissioning capacity and requiring licence	(574,282)	(371,821)	(20,733)	(19,337)	(986,173)
	OP18	Additional client income based on net client inflow	(257,369)	(260,316)	(260,316)	(260,316)	(1,038,317)
	OP19	Deferred payments income	(265,344)	0	0	0	(265,344)
	OP20	Health Income - S117/ Continuing Health Care / Part Health Funded	(1,047,615)	(249,636)	(263,274)	(271,559)	(1,832,084)
	OP21	Review of high cost domiciliary care packages post Intermediate Care Services discharge	(176,407)	(159,542)	0	0	(335,949)
		Linked investment - Occupational Therapists to support reviews post Intermediate Care Services discharge. Previously shown as investment 36	105,048	0	0	0	105,048
		<b>Net saving</b>	<b>(71,359)</b>	<b>(159,542)</b>	<b>0</b>	<b>0</b>	<b>(230,901)</b>
	OP22	Contractual uplifts funded by Market Sustainability Improvement Fund	(57,621)	0	0	0	(57,621)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Adult Social Care, Public Health & Hubs	OP23	Occupational Therapist funded from Disabled Facilities Grant capital	(52,000)	0	0	0	(52,000)
	OP24	Flex360 supporting in business as usual reviews - double to single handed care	(464,453)	0	0	0	(464,453)
	OP25	Additional Housing 21 community based income / accommodation fees	(89,000)	0	0	0	(89,000)
	OP73	Payment audit (recovery of overpayments)	(1,100,000)	0	0	0	(1,100,000)
Economy, Environment & Communities	OP28	Bereavement services new memorial garden at North Walsall Cemetery (linked capital investment required)	(55,000)	0	0	0	(55,000)
	OP29	Leisure personal training	(8,400)	0	0	0	(8,400)
	OP30	Leisure commercial courses	(4,000)	0	0	0	(4,000)
	OP31	Leisure programme review	(15,000)	0	0	0	(15,000)
	OP32	Active Living Centres income generation	(180,000)	180,000	0	0	0
	OP34 pt	Fees and charges - Active Living, Cemeteries	(235,629)	0	0	0	(235,629)
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>(5,393,365)</b>	<b>(2,753,272)</b>	<b>(3,131,008)</b>	<b>(3,189,630)</b>	<b>(14,467,275)</b>
<b>We get things right, first time and make all services accessible and easy to use</b>							
Economy, Environment & Communities	OP33	Commercialisation of services – potential to develop services to be self funding - Registrars	(47,000)	(1,410)	(1,452)	0	(49,862)
	OP34 pt	Fees and charges - Registrars, Crematorium	(6,870)	0	0	0	(6,870)
<b>Total We get things right, first time and make all services accessible and easy to use</b>			<b>(53,870)</b>	<b>(1,410)</b>	<b>(1,452)</b>	<b>0</b>	<b>(56,732)</b>
<b>The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>							
Adult Social Care, Public Health & Hubs	OP37	Removal of vacant posts in Policy & Strategy Hub	(48,703)	0	0	0	(48,703)
	OP74	Additional Income Generation within Communications	0	(69,213)	(94,213)	0	(163,426)
Economy, Environment & Communities	OP12 pt	Non-Statutory Training in Community & Partnerships - Equalities	(21,587)	0	0	0	(21,587)
Resources & Transformation	OP38	Service Desk 9-5	(25,000)	0	0	0	(25,000)
	OP39	Reduction in Finance Business Partner capacity aligned to further efficiencies as per Enabling Support Services blueprint	(394,039)	0	0	0	(394,039)
	OP39	Linked investment - Additional capacity for Finance strategic partnering. Previously shown as investment 47	276,039	0	0	0	276,039
		<b>Net saving</b>	<b>(118,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118,000)</b>

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Resources & Transformation	OP40	Renegotiate Wide Area Network contract	(30,000)	0	0	0	(30,000)
	OP42	Stop using Microsoft Office	(15,000)	0	0	0	(15,000)
	OP43	Retire Mayrise system	0	(40,000)	0	0	(40,000)
	OP44	Replace ParkMap with Geospatial Product Suite	(2,149)	0	0	0	(2,149)
	OP45	Review of courier costs of equipment to new starters removed	0	0	0	0	0
	OP46	Digital and Technology - reduction in Supplies and Services (servers to cloud)	(100,000)	0	0	0	(100,000)
	OP48	Early Payment Supplier Programme removed	0	0	0	0	0
	OP49	One public estate – income from partners	(250,000)	(250,000)	0	0	(500,000)
	OP50	Restructure of post room	(20,000)	0	0	0	(20,000)
	OP52	Potential further restructure of Corporate Landlord	(70,000)	0	0	0	(70,000)
	OP53	Energy reductions	(200,000)	(200,000)	0	0	(400,000)
	OP75	Removal of revenue DaTS budget - now to be funded from capital	(333,382)	0	0	0	(333,382)
Central	OP47	Insurance contract	(200,000)	0	0	0	(200,000)
	OP76	Third Party spend (TPS)	(3,000,000)	0	0	0	(3,000,000)
	OP77	Digital Opportunities	(2,700,000)	0	0	0	(2,700,000)
<b>Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>			<b>(7,133,821)</b>	<b>(559,213)</b>	<b>(94,213)</b>	<b>0</b>	<b>(7,787,247)</b>
<b>Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>							
Children's, Education & Customer Engagement	OP54	Culture shift, training & workforce - payback of Education, Health and Care Plan investment	(50,000)	0	0	0	(50,000)
	OP56	Reduction in home to school transport investment	(145,000)	0	0	0	(145,000)
<b>Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>			<b>(195,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(195,000)</b>
<b>Children and young people grow up in connected communities and feel safe everywhere</b>							
Children's, Education & Customer Engagement	OP55	Reduce headcount	(61,971)	0	0	0	(61,971)
	OP57, OP60	Recruitment & Retention of internal Foster Carers	(600,000)	(600,000)	(600,000)	(133,905)	(1,933,905)
	OP57, OP60	Linked investment - Foster care, Special Guardianship Order & proposed change to current fostering fees. Previously investment 66	638,000	191,800	197,000	84,000	1,110,800
		<b>Net saving</b>	<b>38,000</b>	<b>(408,200)</b>	<b>(403,000)</b>	<b>(49,905)</b>	<b>(823,105)</b>
	OP58	Specialist Foster Placements	(244,000)	(244,000)	(244,000)	0	(732,000)
	OP59	Early Help restructure of 'change grow live' following contract bought in house removed as offset by investment 68.	0	0	0	0	0

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £	
Children's, Education & Customer Engagement	OP61	Full year impact of new internal residential homes	(467,400)	0	0	0	(467,400)	
	OP62	Extend the Family Safeguarding programme into Corporate Parenting	(859,866)	(1,618,823)	(1,618,823)	(1,618,823)	(5,716,335)	
		Linked investment - Additional Children and Family Officer posts in Corporate Parenting. Previously investment 74	121,173	0	0	0	121,173	
		<b>Net saving</b>	<b>(738,693)</b>	<b>(1,618,823)</b>	<b>(1,618,823)</b>	<b>(1,618,823)</b>	<b>(5,595,162)</b>	
	OP63	Placement sufficiency – opportunity to open further residential homes from 2025/26 - £600k capital investment in pipeline to support this.	0	(633,862)	(452,759)	0	(1,086,621)	
		Linked investment - Revenue costs for new internal residential home. Previously shown as investment 79	0	631,970	45,583	0	677,553	
		<b>Net saving</b>	<b>0</b>	<b>(1,892)</b>	<b>(407,176)</b>	<b>0</b>	<b>(409,068)</b>	
	OP64	Continued focus on placement step downs	(514,984)	(439,174)	0	0	(954,158)	
		Linked investment - Ongoing costs for wrap around support. Previously shown as investment 70	350,000	0	0	0	350,000	
		Linked investment - Additional Head of Service post. Previously shown as investment 73	110,948	0	0	0	110,948	
		<b>Net saving</b>	<b>(54,036)</b>	<b>(439,174)</b>	<b>0</b>	<b>0</b>	<b>(493,210)</b>	
	OP65	Adolescent Service - Early Help	(715,238)	(1,724,981)	(1,724,981)	(1,724,981)	(5,890,181)	
		Adolescent Service - Early Help. Linked saving	416,576	5,701	0	0	422,277	
		<b>Net saving</b>	<b>(298,662)</b>	<b>(1,719,280)</b>	<b>(1,724,981)</b>	<b>(1,724,981)</b>	<b>(5,467,904)</b>	
	<b>Total Children and young people grow up in connected communities &amp; feel safe</b>			<b>(1,826,762)</b>	<b>(4,431,369)</b>	<b>(4,397,980)</b>	<b>(3,393,709)</b>	<b>(14,049,820)</b>
	<b>Our communities will be more resilient and supportive of each other</b>							
	Economy, Environment & Communities	OP12 pt	Non-Statutory Training in Community & Partnerships - Cohesion	(12,651)	0	0	0	(12,651)
	Resources & Transformation	OP51	Council House / Town Hall events	(40,000)	0	0	0	(40,000)
<b>Total Our communities will be more resilient and supportive of each other</b>			<b>(52,651)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(52,651)</b>	
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>								
Economy, Environment & Communities	OP7	Traffic enforcement income model	(25,000)	0	0	0	(25,000)	

Directorate	Ref No	Detail of Operational Proposals by Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Economy, Environment & Communities	OP13	Income generation from penalty notices for littering	(30,000)	0	0	0	(30,000)
	OP26	Review of coffee shop operations	(10,000)	(10,000)	0	0	(20,000)
	OP27	Above inflation increase to fees and charges	(20,000)	0	0	0	(20,000)
	OP34 pt	Fees and charges - Parks, Community Activity, Fleet, Waste, Environmental Health	(46,084)	0	0	0	(46,084)
	OP66	Additional Trade Waste Income	(68,350)	0	0	0	(68,350)
	OP69	Other waste disposal - (e.g. grey bin, plasterboard, textiles)	(280,000)	0	0	0	(280,000)
	OP70	W2R (Waste to Recycling) reconciliation credit	(150,000)	0	0	0	(150,000)
	OP71	Trade waste increase in income	(100,000)	0	0	0	(100,000)
	OP72	Income generation - full cost recovery of penalty notices for fly tipping	(5,000)	0	0	0	(5,000)
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>(734,434)</b>	<b>(10,000)</b>	<b>0</b>	<b>0</b>	<b>(744,434)</b>
<b>Total Net Operational Proposals</b>			<b>(16,993,064)</b>	<b>(7,868,499)</b>	<b>(7,846,097)</b>	<b>(6,607,777)</b>	<b>(39,315,437)</b>

Total Savings Proposals	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
A - Policy Proposals	(373,125)	(30,125)	(25,000)	(25,000)	(453,250)
Investment linked to savings proposals	40,000	(40,000)	0	0	0
<b>Total Net Policy Savings Proposals</b>	<b>(333,125)</b>	<b>(70,125)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(453,250)</b>
B - Operational Proposals	(19,731,356)	(9,341,978)	(8,088,680)	(6,691,777)	(43,853,791)
Investment linked to savings proposals	2,738,292	1,473,479	242,583	84,000	4,538,354
<b>Total Net Operational Savings Proposals</b>	<b>(16,993,064)</b>	<b>(7,868,499)</b>	<b>(7,846,097)</b>	<b>(6,607,777)</b>	<b>(39,315,437)</b>
<b>Total Net Savings Proposals</b>	<b>(17,326,189)</b>	<b>(7,938,624)</b>	<b>(7,871,097)</b>	<b>(6,632,777)</b>	<b>(39,768,687)</b>

### Savings Proposals Summary by Outcome

Outcome	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place	(1,039,420)	86,000	(25,000)	(25,000)	(1,003,420)
Education, training and skills enable people to contribute to their community and our economy	(381,324)	0	0	0	(381,324)
People can access support in their community to keep safe and well and remain independent at home	(357,417)	(209,235)	(221,444)	(24,438)	(812,534)
People are supported to maintain or improve their health, wellbeing and quality of life	(5,358,490)	(2,813,397)	(3,131,008)	(3,189,630)	(14,492,525)
We get things right, first time and make all services accessible and easy to use	(56,870)	(1,410)	(1,452)	0	(59,732)
The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring	(7,133,821)	(559,213)	(94,213)	0	(7,787,247)
Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential	(195,000)	0	0	0	(195,000)
Children and young people grow up in connected communities and feel safe everywhere	(1,826,762)	(4,431,369)	(4,397,980)	(3,393,709)	(14,049,820)
Our communities will be more resilient and supportive of each other	(92,651)	0	0	0	(92,651)
The people of Walsall feel safe in a cleaner, greener Borough	(884,434)	(10,000)	0	0	(894,434)
<b>Total Savings Proposals</b>	<b>(17,326,189)</b>	<b>(7,938,624)</b>	<b>(7,871,097)</b>	<b>(6,632,777)</b>	<b>(39,768,687)</b>

### Savings Proposals Summary by Directorate

Directorate	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Adult Social Care and Public Health	(4,944,039)	(3,002,485)	(3,225,221)	(3,189,630)	(14,361,375)
Children's Services and Customer Engagement:					
- Children's Services	(1,945,262)	(4,431,369)	(4,397,980)	(3,393,709)	(14,168,320)
- Customer Engagement	(433,917)	(209,235)	(221,444)	(24,438)	(889,034)
Economy, Environment and Communities	(2,899,440)	194,465	(26,452)	(25,000)	(2,756,427)
Resources and Transformation	(1,203,531)	(490,000)	0	0	(1,693,531)
Central	(5,900,000)	0	0	0	(5,900,000)
<b>Total Savings Proposals</b>	<b>(17,326,189)</b>	<b>(7,938,624)</b>	<b>(7,871,097)</b>	<b>(6,632,777)</b>	<b>(39,768,687)</b>



## Part 1 Annex 7 – Summary of Revenue Grants 2024/25

Revenue Grant	£m
Magistrates & Probation Service Grant	(22,984)
Bikeability Grant	(139,230)
Housing Benefit Subsidy - Rent Allowances	(57,269,985)
Housing Benefit Subsidy Administration	(897,918)
Turnaround Programme Grant	(132,299)
Implementation of Supported Accommodation Reforms Section 31 Grant	(124,454)
Leaving Care Allowance Uplift Implementation Section 31 Grant	(71,036)
Supported Internships Award	(23,998)
Local Reform & Community Voices Grant	(254,713)
16 to 19 Education Funding	(3,026,619)
West Midlands Police Crime Commissioner Community Safety Grant	(135,000)
Housing Benefit Subsidy - Non Housing Rent Allowances	(839,739)
Dedicated Schools Grant (DSG)	(207,818,749)
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	(1,413,701)
Rough Sleeper Initiative	(408,900)
Heritage Lottery Fund	(59,095)
Supporting Families Programme	(1,826,133)
Holiday Activity and Food Programme Grant	(2,011,041)
DEFRA Countryside Stewardship Grant Income	(11,587)
St Thomas More Public Finance Initiative Grant (PFI)	(772,600)
Improved Better Care Fund	(14,181,002)
Verified Earnings & Pension Grant	(10,967)
Discretionary Housing Payments	(540,168)
Safe Accommodation Duty (Domestic Abuse) Grant	(705,904)
DWP Housing Benefit Award Accuracy Grant	(50,000)
Public Health Grant	(19,563,739)
Support for Care Leavers at Risk of Rough Sleeping Section 31 Grant	(13,894)
Teachers Pay Additional Grant (TPAG)	(2,600,194)
Social Care Support Grant	(29,138,653)
Teachers Pension Employer Contribution Grant (TPECG)	(95,493)
Youth Justice Board Grant	(488,691)
COVID-19 Recovery Premium	(423,336)
Afghan Citizens Resettlement Scheme	(778,344)
Market Sustainability & Improvement Fund	(6,264,233)
Restart Grant	(640,557)
Homes for Ukraine Scheme	(139,419)
Homelessness Prevention Grant	(880,465)
Core Funding Grant - Local Enterprise Partnership (LEP)	(500,000)
Home to School Transport Grant	(68,700)
The Remand Framework for Children (His Majesty's Prison and Probation Service)	(168,566)
Key Stage 2 Moderation and Key Stage 1 Phonics Grant	(11,917)
Extended Personal Advisor Duty Implementation Grant	(59,651)

<b>Revenue Grant</b>	<b>£m</b>
Staying Put Implementation Section 31 Grant	(176,599)
Department for Business, Energy and Industrial Strategy Growth Hub Grant	(328,000)
Education and Skills Funding Agency Black Country Community Grants	(400,000)
Black Country Impact Grant (Youth Employment Initiative)	(212,255)
Supplementary Substance Misuse Treatment & Recovery Grant	(1,244,260)
Reducing Parental Conflict Local Grant	(40,313)
Hospital Discharge Fund	(3,313,590)
Family Hubs and Start for Life Programme	(1,268,900)
Supported Housing Improvement Programme	(105,000)
Staff Related Inherited Liabilities Grant	(400,000)
Shared Prosperity Fund (UKSPF)	(304,514)
European Social Fund	(212,255)
Commonwealth Games Legacy Fund	(938,661)
Local Stop Smoking Services Grant	(367,927)
National Wraparound Childcare Grant	(1,146,837)
Street Lighting PFI	(1,595,348)
New Homes Bonus Scheme	(308,907)
Business Rates Retention Section 31 Grant	(29,423,243)
Services Grant	(475,779)
Biodiversity Net Gain Grant	(10,000)
<b>Total Revenue Grants 2024/25</b>	<b>(412,714,796)</b>

## Part 1 Annex 8 – Capital & Investment Strategy

### 1. INTRODUCTION

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 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.
- 1.2 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 Ministry of Housing, Communities and Local Government's (MHCLG) (now Department for Levelling Up, Housing & Communities (DLUHC)) 2018 statutory guidance on local government investments.

### 2. AIM AND OBJECTIVES

- 2.1 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 2024/25 to 2027/28 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.
- 2.2 In order to reflect the council's corporate priorities the Strategy is driven by the Council Plan 2022-2025 which sets out the council's Vision, Purpose, Guiding Principles and Strategic 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 growth and jobs across the borough.
- **Investment in ICT and Digital Services** - is aligned to the Council Plan by enabling services to meet the needs of the customer, to be efficient and deliver value for money.
- **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

3.1.1 The council's Capital Programme covering the period 2024/25 to 2027/28 is set out within **Annex 9** of this Corporate Budget Plan.

3.1.2 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.

3.1.3 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

3.1.4 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 Strategic Investment Board (SIB) and its Funding Sub-Group (FSG), 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 SIB 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		
			GREEN	AMBER	RED
		Rag rating			
		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 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 x5	funding or revenue savings generate, or significant cost avoidance	funding OR will result in no revenue change or a net revenue cost

3.1.5 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 SIB and approval by Cabinet.

3.1.6 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.

3.1.7 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.

3.1.8 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**

3.2.1 The council's contract/financial procedure rules and Constitution provide a clear framework on how all capital projects are to be managed.

3.2.2 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.

3.2.3 The Pipeline Investment fund supports in year opportunities and commitments the authority will hold a central contingency, which is administered by SIB. The Pipeline is an ongoing and iterative schedule that is reviewed regularly by SIB and its FSG to ensure investments continue to be directed to Council priorities. The Pipeline also includes an allocation to cover minor investments (<£100k) so that a more proportionate approach can be taken. Pipeline projects that were categorised as "not recommended" are held on a reserve list and commenced if scoring and prioritisation of the Pipeline changes throughout the year and sufficient funding becomes available.

## **3.3 Restriction on Borrowing and Use of Capital Receipts**

3.3.1 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.

3.3.2 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.

3.3.3 Capital receipt projections for 2024/25 are in the range of £2m - £2.6m and are based on professional estimates of property colleagues and subject to change dependent on the implementation of the Strategic Asset Plan and the outcome of the Faithful and

Gould review affecting our Accommodation Strategy moving forward. 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 (set out within **Annex 10** of this Corporate Budget Plan).

### **3.4 Asset Management Planning**

3.4.1 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 newly 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. Additionally, the council has reacted, operated and delivered services during the Covid period and is working to implement the medium to longer term solutions as the council has returned to business as usual.

3.4.2 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.

3.4.3 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.

3.4.4 The new SIB and Corporate Landlord Board governance process is already contributing to more joined-up decision making regarding the use of its 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.

3.4.5 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.

3.4.6 Outcomes of the above will be brought through the SIB, ASG and Cabinet process once reviewed and agreed and will be updated within the Capital Programme

accordingly.

3.4.7 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**

3.5.1 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 and has, inclusive of Basic Need and High needs carry forwards and confirmed allocations until 2023/24, a funding envelope of circa £40m in order to deliver the required anticipated places and from which, funding of circa £11m has already been committed to various projects to provide additional places. Further allocation for 2025/26 has been announced for Basic Needs and the funding circa £6.8m will be received to reflect the increasing demand in secondary school places. Currently there is nil allocation for 2024/25(Basic Needs), however the final confirmation will be depending upon the demand of pupil places in Walsall area and will be announced on a rolling annual bases via the ESFA.

3.5.2 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.

3.5.3 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.

3.5.4 To deal with the shortfall of places as mentioned above for September 2023 and beyond 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.

3.5.5 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

3.6.1 In support of the objectives set out within the Council Plan 2022-2025, 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. This activity becomes even more important as part of the council's 'Ways of Working' agenda following Covid-19, and can underpin the overall borough's economic recovery approach.

3.6.2 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.

3.6.3 Building upon the economic growth aspirations of key documents including the West Midlands and Black Country Strategic Economic Plans, local planning policy including the Walsall Site Allocation Document and Town Centre Area Action Plan, and the Walsall Town Centre Masterplan, the Council recognises its role in enabling public and private sector investment to be secured to continue / facilitate the delivery of key development opportunities, and has used capital resources to acquire land interests in key regeneration locations, including within the Black Country Enterprise Zone (BCEZ). Consideration is being given to future acquisitions to support the delivery of other projects.

3.6.4 Walsall has an extensive prioritised development pipeline which comprises schemes that can support the delivery of:

- 115 hectares of land remediated/ redeveloped
- 6,900 new or sustained jobs within Walsall
- 2,400 new homes
- 280,000 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.

3.6.5 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.

3.6.6 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.

3.6.7 The council is currently working with the West Midlands Combined Authority and private sector investors to prepare funding propositions for the delivery of development and infrastructure projects.

- 3.6.8 In July 2019 the council completed the Walsall Town Centre Masterplan to build upon the Walsall Town Centre Area Action Plan to understand the interventions that may need to be undertaken to 're-think' the town centre and unlock development opportunities; such opportunities have identified the need for public funding in the region of £116m with some of this achieved through investment propositions and co funding mechanism.
- 3.6.9 Building on the successful award of £11.4m of the Government's Future High Street Fund for a multi-million pound project to transform the connectivity of the town centre's rail and bus stations, the Council has also been 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). Projects within the Towns Fund programme are at various stages of delivery. In January 2023 it was confirmed that the council's £20m bid to the Levelling Up Fund Round 2 to support delivery of new housing and highways improvements had been successful. In the 2023 Spring Budget Walsall was named as one of twenty places selected by government to form a Levelling Up Partnership which will provide funding of £20m for a package of interventions. In October 2023 it was announced that the government had awarded £20m for a new Darlaston Long Term Plan.
- 3.6.10 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 borough including Walsall and Willenhall Town Centres, the BCEZ, and significant brownfield housing development sites.
- 3.6.11 Delivery of the BCEZ can utilise Public Works Loan Board funding for upfront enabling works where this will be repaid in full through future business rate uplift. The delivery of new homes in the Walsall to Wolverhampton (W2W) Corridor can be assisted by the West Midlands Land Fund, but other sources of financing will also be required to unlock the 8500 new homes envisaged across Walsall and Wolverhampton.
- 3.6.12 In this context it should be noted that Government has recently made announcements in relation to additional funding programmes being provided to WMCA which may be able to support project delivery in the borough. In addition it has been announced that Walsall will be one of three Growth Zones agreed as part of the Devolution Deal which allow the council to retain business rates generated for 25 years to spend on growing the economy.

### **3.7 Development Pool**

- 3.7.1 As SIB is evolving, it has become apparent that the council's priorities need to be considered in as holistic an approach as possible and this has resulted in the council conducting an exercise to consolidate all likely current and future capital asks into a single Council Pipeline (para 3.1.3) to enable a council wide perspective to be taken on the overall requirement.
- 3.7.2 This has resulted in a split of the schemes put forward to be divided into existing need (i.e. business as usual or project overspends that have already submitted a business case) that will be included directly in the capital programme and new investments that require further investigatory, feasibility and due diligence to get to business case stage to be assessed properly as detailed in 3.1.7. These new investments would be considered as part of the Pipeline, subject to scoring and prioritisation as noted above.

If projects are recommended, and the business case results in favourable outcomes as expected, and is approved by Cabinet the budget will transfer to the capital programme. This will act as the gateway to ensure only robust, deliverable schemes with key priorities being achieved for the borough are taken through to the capital programme and that schemes that don't meet these requirements do not get taken forward for delivery.

3.7.3 This enables the council to have agreed priorities to be worked on for the medium term, act fleet afoot if priorities change or opportunities arise, especially from any external funding or grants availability perspective but still have an effective gateway and governance process to manage these schemes through to the capital programme and delivery phase.

3.7.4 As the process of business cases being developed and agreed evolves, the capital requirement of the capital programme will also change, as will revenue impacts both from a capital investment and revenue savings/capital receipts perspective so this will be monitored regularly for impacts on the budget monitoring in year as well as future MTFP impacts and will be reported through SIB, ASG, CMT and Cabinet accordingly.

#### **4. DEBT & BORROWING AND TREASURY MANAGEMENT**

4.1 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).

4.2 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.

##### **Risk Appetite Statement**

4.3 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.

4.4 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."

4.5 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.

4.6 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.

- 4.7 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.
- 4.8 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.

### **Relationship to Other Aspects of Risk Management**

- 4.9 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.
- 4.10 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.

### **Treasury Management Risk Appetite**

- 4.11 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.
- 4.12 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).
- 4.13 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.

- 4.14 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**

- 5.1 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.
- 5.2 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.
- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.
- 5.6 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.
- 5.7 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.

- 5.8 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 £152m of capital spending funded from borrowing (similar to the level included within this report) would add £1.8m of additional ongoing revenue costs per year by the end of the three year period.

## **6. OTHER LONG TERM LIABILITIES**

### **Pension Guarantees**

- 6.1 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.
- 6.2 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.

### **Public Finance Initiative (PFI) & Other Long Term Liabilities**

- 6.3 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).
- 6.4 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**

- 7.1 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.

- 7.2 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.
- 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 capital 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.

## Part 1 Annex 9 : Capital Programme 2024/25 to 2027/28

### A. Capital Programme 2024/25 to 2027/28 – Council Funded Schemes

#### A1 - Rolling Programme Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>								
<b>Economy, Environment &amp; Communities</b>	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
	Provision of Community Dropped Crossings	These are dropped kerbs at strategic points along footways which permit access for wheelchairs, pushchairs, mobility scooters etc. to cross roads. The investment will allow the council to provide a rolling programme of community crossing points.	0	20,000	20,000	20,000	20,000	80,000
	Highways Maintenance Programme	As Highway Authority the council has a legal responsibility to maintain the highway network. Failure to do so would lead 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	2,800,000	2,800,000	2,800,000	2,800,000	11,200,000
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>0</b>	<b>3,020,000</b>	<b>3,020,000</b>	<b>3,020,000</b>	<b>3,020,000</b>	<b>12,080,000</b>



Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>People can access support in their community to keep safe and well and remain independent at home</b>								
Children's, Education & Customer Engagement	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 until new grant allocations are made to them. 2. Provision of maintenance of lifts and hoists. 3. Minor adaptation works. 4. Domestic electrical safety.	0	412,000	412,000	412,000	412,000	1,648,000
	Health Through Warmth - Tackling Fuel Poverty	To help provide a safety net for those who cannot access other funding sources; 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	10,000	140,000	75,000	75,000	300,000
<b>Total People can access support in their community to keep safe and well and remain independent at home</b>			<b>0</b>	<b>422,000</b>	<b>552,000</b>	<b>487,000</b>	<b>487,000</b>	<b>1,948,000</b>
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>								
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 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	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.	468,159	1,000,000	1,000,000	1,000,000	1,000,000	4,468,159
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>468,159</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>4,548,159</b>
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>								
Economy, Environment & Communities	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.	115,857	120,000	120,000	120,000	120,000	595,857
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>115,857</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>595,857</b>
<b>Total Rolling Programme Schemes</b>			<b>584,016</b>	<b>4,582,000</b>	<b>4,712,000</b>	<b>4,647,000</b>	<b>4,647,000</b>	<b>19,172,016</b>

## A2 – Prior Year Approval Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>								
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.	2,580,366	1,099,612	0	0	0	3,679,978
	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 (now DLUHC – Department for Levelling Up, Housing & Communities) on 26 December 2020.). The additional £4.49m has been added from previously reports for 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. £4.49m increase - £3.471m in 2024/25, £1.02m in 2025/26.	0	5,163,891	13,613,723	5,833,386	0	24,611,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
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.	0	1,500,000	0	0	0	1,500,000
	Other schemes carried forward from previous years requiring completion	Capitalisation of Development Team.	327,649	327,649	327,649	327,649	327,649	1,638,245
		Regenerating Walsall.	223,206	0	0	0	0	223,206
		Walsall Town Centre Public Realm Improvements.	103,770					103,770
		St Peters Church repairs to surrounding wall.	32,784					32,784
		New Homes Bonus.	76,999	0	0	0	0	76,999
		Walsall Gateway.	20,000	0	0	0	0	20,000
Brown Jug Compulsory Purchase Order.	27,000	0	0	0	0	27,000		
Resources and Transformation	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.	See below	See below	See below	See below	See below	See below
		Walsall Towns Deal - council contribution.	0	0	1,779,600	0	0	1,779,600
		Bloxwich Towns Deal - council contribution.	0	0	3,700,000	0	0	3,700,000
	Other schemes carried forward from previous years requiring completion	Car Park Surfacing works, Electric Vehicle charging, Changing Places and toilets plus further capital works to units during/post connected gateway scheme.	125,000	350,000	150,000	150,000	0	775,000
Saddlers Shopping Centre.		268,941	0	0	0	0	268,941	
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>3,785,715</b>	<b>8,441,152</b>	<b>19,570,972</b>	<b>6,311,035</b>	<b>327,649</b>	<b>38,436,523</b>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>								
Economy, Environment & Communities	Children's Play Equipment	Installation of 6 new outdoor gyms and the improvement of 13 main play sites at a total cost of £1.644m to enhance the quality of play and fitness provision for young people and adults. This will be funded from S106 monies (£229k) and £1.07m council funded and seek to find the remaining fund externally. Continuation of a 2023/24 approved scheme.	474,886	524,886	0	0	0	999,772
	Other schemes carried forward from previous years requiring completion	Barr Beacon security and infrastructure works.	40,395	0	0	0	0	40,395
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>515,281</b>	<b>524,886</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,040,167</b>
<b>The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>								
Economy, Environment & Communities	Other schemes carried forward from previous years requiring completion	Single Library Management System.	6,317	0	0	0	0	6,317
		Darlaston Library Integration.	60,586	0	0	0	0	60,586
		Replacement PC's in libraries.	34,000	0	0	0	0	34,000
		Radio Frequency Identification Self Issue.	5,800	0	0	0	0	5,800
Resources and Transformation	Replacement of 'tablet' technology	A 'tablet replacement rollout' programme. Allocation of £2.25m approved in 2022/23. Further allocation of £2.25m rephased from 2023/24 to 2024/25 & 2025/26.	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.	825,431	100,000	0	0	0	925,431
	Konica multi-functional device re-tender	Konica multi-functional device contract expires 2023/24; options to extend the contract. Following the extension a full tender will be required during 2025/26 and devices will need to be replaced 2026/27. A resource will be required to manage the device replacement programme.	50,000	0	0	0	50,000	100,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Resources and Transformation	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.	60,000	100,000	100,000	100,000	100,000	460,000
	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 to grow the internal team knowledge to deliver capital projects which will reduce external consultants moving forward.	118,875	654,854	654,854	0	0	1,428,583
	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	200,000	0	0	0	200,000
	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
	WiFi Access Points and Licences	WiFi access points and associated licences have a 4-year lifespan in which they are compliant with Public Services Network (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	80,000	0	0	80,000
	Chip & Pin Devices	Chip & Pin Devices and associated licences have a 4-year life span in which they are compliant with Payment Card Industry (PCI) standards. In order 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	30,000	0	0	30,000

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Resources and Transformation	Other schemes carried forward from previous years requiring completion	Civic Centre Heating.	0	896,328	250,000	0	0	1,146,328
		Council House General Heating.	0	1,923,560	250,000	0	0	2,173,560
		Council House Internal Decoration.	30,218	0	0	0	0	30,218
		Civic Centre Plumbing.	66,600	0	0	0	0	66,600
		Council House Smoke and Heat Detection Fire Alarm.	296,920	0	0	0	0	296,920
		Council House Windows.	1,230,759	0	0	0	0	1,230,759
		Operational Repair & Maintenance of Council Buildings.	84,572	0	0	0	0	84,572
		Council House Roof Repairs.	1,432,000	0	0	0	0	1,432,000
		Council House Modern Secure Reception.	25,308	0	0	0	0	25,308
		MyCMIS.	15,796	0	0	0	0	15,796
		Proud – ICT.	20,000	0	0	0	0	20,000
		Enabling Technology.	4,567,010	0	0	0	0	4,567,010
		Computer Aided Facilities Management System.	275,000	0	0	0	0	275,000
		Safe and secure environment.	1,426,957	0	0	0	0	1,426,957
		Telephony cloud based system.	464,271	0	0	0	0	464,271
Ways of working.	250,000	0	0	0	0	250,000		
Central	Minor capital schemes <£100k	To fund minor capital schemes.	627,185	500,000	500,000	500,000	500,000	2,627,185
<b>Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>			<b>11,973,605</b>	<b>5,760,742</b>	<b>3,700,854</b>	<b>1,761,000</b>	<b>1,811,000</b>	<b>25,007,201</b>
<b>Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>								
Children's, Education & Customer Engagement	School Estate Condition Survey	Ongoing provision to cover school conditions.	0	250,000	250,000	250,000	250,000	1,000,000
	School Temporary Classrooms	Ongoing provision for improving / replacing permanent mobile classrooms when they reach a state of disrepair. Held corporately to fund emergency costs arising.	0	250,000	250,000	250,000	250,000	1,000,000
<b>Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>			<b>0</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>2,000,000</b>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>								
Children's, Education & Customer Engagement	Other schemes carried forward from previous years requiring completion	Children in care Out of Borough placements.	147,296	0	0	0	0	147,296
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>147,296</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147,296</b>
<b>Our communities will be more resilient and supportive of each other</b>								
Economy, Environment & Communities	Other schemes carried forward from previous years requiring completion	Expansion of Park Hall.	580,000	0	0	0	0	580,000
<b>Total Our communities will be more resilient and supportive of each other</b>			<b>580,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>580,000</b>
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>								
Economy, Environment & Communities	Waste Management Strategy	Strategic acquisition of property to support the future delivery of the council's waste management strategies.	0	5,471,653	0	0	0	5,471,653
	Capitalisation of wheeled bin stock	Linked to revenue savings option. Wheeled bin stock capitalisation.	0	180,000	180,000	180,000	180,000	720,000
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>0</b>	<b>5,651,653</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>6,191,653</b>
<b>Total Prior Year Approval Schemes</b>			<b>17,001,897</b>	<b>20,878,433</b>	<b>23,951,826</b>	<b>8,752,035</b>	<b>2,818,649</b>	<b>73,402,840</b>



### A3 - Development Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>								
<b>Council Wide</b>	Development investment	Funding for development investment opportunities. This includes additional match funding costs if required to support projects in planning / development, subject to approval of a full business case by Cabinet to access these funds. Full list of development schemes currently under review, pending business case approval, are referred to at Part 1 Annex 9 (A5).	0	19,948,642	21,151,504	10,168,001	487,411	51,755,558
<b>Economy, Environment and Communities</b>	High Streets Fund - further match funding	This project was approved by Cabinet 21 April 2021 - To part match fund external/council funds to invest in Walsall to deliver a much-needed boost to our high street. Originally £3,727,171 in 2024/25 and £1,067,476 in 2025/26. Rephased to 2026/27.	0	0	0	5,026,928	83,072	5,110,000
	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.	2,546,122	0	2,546,574	0	0	5,092,696
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>2,546,122</b>	<b>19,948,642</b>	<b>23,698,078</b>	<b>15,194,929</b>	<b>570,483</b>	<b>61,958,254</b>
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>								
<b>Economy, Environment and Communities</b>	Active Public Places	To deliver the full project scope of public realm works, canal bridge and basin works approved by Cabinet.	0	1,000,000	744,000	0	0	1,744,000
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>0</b>	<b>1,000,000</b>	<b>744,000</b>	<b>0</b>	<b>0</b>	<b>1,744,000</b>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>People can access support in their community to keep safe and well and remain independent at home</b>								
Children, Education & Customer Engagement	Temporary Accommodation	This 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. This funding increases our TA portfolio by a total of 32 units over the next 4 years and is required to arrest the significant unplanned pressure on revenue budgets due to subsidy loss that is being experienced by the council when placing into Bed & Breakfast rather than using its own TA .	0	1,870,000	1,870,000	1,936,000	0	5,676,000
<b>Total People can access support in their community to keep safe and well and remain independent at home</b>			<b>0</b>	<b>1,870,000</b>	<b>1,870,000</b>	<b>1,936,000</b>	<b>0</b>	<b>5,676,000</b>
<b>Children and young people grow up in connected communities and feel safe everywhere</b>								
Children's, Education & Customer Engagement	Children in care Foster Care refurbishment programme	This funding is provided to enable foster carers and special guardians for children in care by Walsall to enlarge their homes or in some circumstances, to obtain an alternative larger home.	0	150,000	0	0	0	150,000
	New Internal Residential Home	The project will provide a modern 4/5 bedroomed property 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.	0	850,000	0	0	0	850,000
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>								
Economy, Environment and Communities	HWRC station - Middlemore Lane	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.	5,841,957	17,375,391	0	0	0	23,217,348
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>5,841,957</b>	<b>17,375,391</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,217,348</b>
<b>Total Development Investment</b>			<b>8,388,079</b>	<b>41,194,033</b>	<b>26,312,078</b>	<b>17,130,929</b>	<b>570,483</b>	<b>93,595,602</b>

#### A4 – New Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>								
Economy, Environment & Communities	Enhancement of Darlaston Pool	Implement new water features to improve teaching pool facilities and attract new business. 3 year payback.	0	45,000	0	0	0	45,000
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>0</b>	<b>45,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45,000</b>
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>								
Economy, Environment & Communities	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
	Street Lighting Inspections	Capitalisation of electrical Inspections of Street Lighting - Health and Safety.	0	54,468	62,469	35,793	63,091	215,821
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>0</b>	<b>254,468</b>	<b>262,469</b>	<b>235,793</b>	<b>263,091</b>	<b>1,015,821</b>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>								
<b>Economy, Environment &amp; Communities</b>	Capitalisation of Library Book Fund	Capitalisation of Library Book Fund.	0	145,000	145,000	145,000	145,000	580,000
<b>Resources and Transformation</b>	Maintaining a Safe & Secure Environment (rolling programme)	Continuation of existing scheme 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 i.e. suppliers unexpectedly declaring components end of life or unforeseen incompatibilities between components i.e. something new won't work with something old without additional intervention/replacement.	299,223	150,000	150,000	200,000	200,000	999,223
<b>Resources and Transformation</b>	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	642,144	642,144	1,342,144	0	2,626,432
<b>Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>			<b>299,223</b>	<b>937,144</b>	<b>937,144</b>	<b>1,687,144</b>	<b>345,000</b>	<b>4,205,655</b>
<b>Total New Capital Programme requests</b>			<b>299,223</b>	<b>1,236,612</b>	<b>1,199,613</b>	<b>1,922,937</b>	<b>608,091</b>	<b>5,266,476</b>
<b>Total Draft Capital Programme - Council Funded</b>			<b>26,273,215</b>	<b>67,891,078</b>	<b>56,175,517</b>	<b>32,452,901</b>	<b>8,644,223</b>	<b>191,436,934</b>

## **A5 - Capital Development Schemes – subject to business case approval.**

### **Adult Social Care, Public Health and Hub**

- **Assistive Technologies** - Adults and Children's use a number of social care systems which are currently hosted in the council's on-premise data centre. Should the data centre fail, these critical systems will not be accessible.

### **Children's, Education & Customer Engagement**

- **Free School** - Funding towards providing a free school in the borough to supplement a DfE bid to contribute significant funds to the creation of the school on a council site.
- **High Needs Capital Provision SEND (Special Education Needs) Places** - Funding to support the current Special Education Needs within the Borough, where the grant received falls short of the places needed.

### **Economy, Environment and Communities**

- **Gasholders** - This council owned site is located in the Black Country Enterprise Zone and forms a key part of Walsall's employment land supply. Work is being undertaken to provide an up-to-date site appraisal but previous work has indicated a viability gap.
- **Saddlers Quay** - Public sector intervention likely to be required to bring forward the site for development and address the ongoing issues. "Total Homes" to build 222 flats. Council to balance the viability gap.
- **Station Street Town Centre Living** - The site is in multiple private ownerships and has been identified as an opportunity to bring forward new residential development in a sustainable location. Due diligence work has been undertaken and a proposed delivery approach identified focused on land acquisition, addressing abnormal costs and procuring a developer.
- **Walsall Gateway** - The sites are in multiple private ownerships and has been identified as an opportunity to bring forward new residential development in a sustainable location. A Strategic Delivery Plan is due to be prepared to inform future stages which are likely to focus on land acquisition, addressing abnormal costs and procuring a developer.
- **Willenhall Framework Plan future phases** - identifies three potential further phases where council intervention may be required to support delivery of new housing given ownership and viability issues.
- **Challenge Block** - A new medical centre is currently being delivered on part of the Challenge Block site and work has commenced to identify the most suitable use for the balance. The council has a significant landholding but funding will be required to undertake land assembly to enable a comprehensive approach to future development.
- **Anson Road** - The site is owned by Severn Trent and is not a priority for delivery due to viability and delivery issues. Severn Trent have indicated they are willing to consider disposal. The site forms a key part of Walsall's employment land supply and funding would support acquisition and delivery costs.
- **Highways Maintenance** - additional request on top of rolling budget due to current inflationary pressures and increased labour and material costs - the existing rolling budget is for Highway maintenance as the council has a legal responsibility to maintain the highway network.
- **Traffic Signals Infrastructure** - additional funding to replace obsolete traffic signals infrastructure. Existing rolling budget of £200k.
- **York Bridge** - review of scheme being undertaken and potential requirements to deliver the scheme.
- **Additional cameras** - Additional coverage for crime and anti-social behaviour.

- **In house operation of HWRC's** - The operating model for HWRCs is being reviewed in parallel with the construction of the new Middlemore Lane site. There may be revenue savings from bringing this contract in house. The council would need to purchase equipment for the site.
- **Household Waste Recycling Centre (HWRC)** - Fryers Road - to provide a new Household Waste Recycling Centre at Fryers Road.
- **Brown Jug Compulsory Purchase Order (CPO)** - This is a derelict site, with the potential to CPO to facilitate housing (up to 10-15 units maximum). There is currently no scheme currently to quantify, hence only the land CPO costs have been included plus legal/tax and contingency.
- **Feasibility costs** – to develop business cases for Regeneration projects.
- **Walsall Arena and Arts Centre Bar and front of house remodelling** - to allow for better access, better facilities and increased bar income from the centre's growing programme of entertainment and private hire business stream. It will also prevent loss of income from customers choosing alternative venues.
- **Road Safety** – promotion of community health and safety.
- **New memorial garden at North Walsall Cemetery** – to provide an additional income source.
- **Garden Waste Treatment** - proposal to supply and install disposal and electricity generation. The process burns dried garden waste using a thermal treatment process called pyrolysis. The heat is used to vaporise a liquid that drives a generator and produces electricity. The electricity produced provides power to operate the facility and additional energy that can be sold to the national grid, creating an income stream.
- **Replacement of PC's in libraries.**
- **Swimming Pool Support Fund match funding** – potential council contribution for energy monitoring systems. A bid has been submitted for Sports England grants towards the costs of installing solar PV panels on the roofs of Bloxwich Active Living Centre and Oak Park Active Living Centre. A £40k council contribution for energy monitoring systems for the two sites will be required if the bid is successful.

## Resources and Transformation

- **Commercial Shopping parade roof replacement** - 4 roof replacements across the commercial shopping parades to enable alternative delivery model of operation moving forward to reduce annual revenue and capital maintenance from the council's perspective. Options are also being reviewed regarding disposal options to avoid capital expenditure being required.
- **Relocation of Catering Hub** - Relocation of school meals catering facility from former Sneyd School to enable the demolition and disposal of the surplus former Sneyd School site for development. Options appraisal underway to identify the most appropriate solution. Capital cost is dependent upon identified solution.
- **Demolition of former Sneyd School** - Demolition of former school complex to enable disposal for redevelopment. Demolition to follow grant of outline planning consent for redevelopment and relocation of the Catering Hub and Sneyd Community Association from the building.
- **Continuation of Enabling Technology** - established to provide a core technology platform which would support the council's transformation.
- **Carbon Net Zero Projects** – to be identified from carbon audits.
- **Adult Learning Campus Projects** – supported costs subject to review.
- **Temporary Accommodation Maintenance** - supported costs subject to review.

## B. Capital Programme 2024/25 to 2027/28 – Externally Funded Schemes

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>								
<b>Economy, Environment &amp; Communities</b>	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.	1,015,874	5,338,057	0	0	0	6,353,931
	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. It includes an allocation for potholes and bridge strengthening.	431,476	3,568,700	3,568,700	3,568,700	3,568,700	14,706,276
	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).	0	1,563,100	1,563,100	1,563,100	1,563,100	6,252,400
	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.	0	17,734,466	0	0	0	17,734,466

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Economy, Environment & Communities	Levelling Up Fund	£3.2m of LPIF Funding as part-funding for the Willenhall Masterplan project to kickstart delivery of over 500 new homes connecting local people in Willenhall to jobs, parks and new rail station.	0	450,000	2,750,000	0	0	3,200,000
	Other schemes carried forward from previous years requiring completion	Local Transport Plan - Yorks Bridge.	5,978	1,365,553	0	0	0	1,371,531
		Limestone surveys.	106,501	0	0	0	0	106,501
Resources and Transformation	Towns Deal	In 2021/22, Walsall and Bloxwich were successful in being awarded £21.3m from DLUHC for each town. A grant offer has been received, which has been accepted by the signing of a Heads of Terms. 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. This is subject to formal completion of a full business case for all of the projects.	See below	See below	See below	See below	See below	See below
		Walsall Towns Deal.	402,552	2,076,399	11,891,369	0	0	14,370,320
		Bloxwich Towns Deal.	527,562	8,841,367	7,076,781	0	0	16,445,710
	Other schemes carried forward from previous years requiring completion	Land & Property Investment Fund.	1,010,644	3,111,000	60,682	0	0	4,182,326
		Growing Places Fund.	660,932	0	0	0	0	660,932
<b>Total Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place</b>			<b>4,161,519</b>	<b>44,048,642</b>	<b>26,910,632</b>	<b>5,131,800</b>	<b>5,131,800</b>	<b>85,384,392</b>
<b>People can access support in their community to keep safe and well and remain independent at home</b>								
Children's, Education & Customer Engagement	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	3,314,771	3,314,771	3,314,771	3,314,771	13,259,084



Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Children's, Education & Customer Engagmt	Other schemes carried forward from previous years requiring completion	Purchase of Dispersed Temporary Accommodation.	80,000	523,670	0	0	0	603,670
		Local Authority Housing fund.	204,400	0	0	0	0	204,400
Adult Social Care, Public Health and Hub	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 Clinical Commissioning Group (CCG) and the Council, to be used to purchase equipment which will enable people to return home or continue to remain at home. Now 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
<b>Total People can access support in their community to keep safe and well and remain independent at home</b>			<b>284,400</b>	<b>4,726,441</b>	<b>4,202,771</b>	<b>4,202,771</b>	<b>4,202,771</b>	<b>17,619,154</b>
<b>People are supported to maintain or improve their health, wellbeing and quality of life</b>								
Economy, Environment & Communities	Other schemes carried forward from previous years requiring completion	One Palfrey Big Local Park Improvement Project.	151,500	0	0	0	0	151,500
		Barr Beacon security and infrastructure works.	61,000	0	0	0	0	61,000
<b>Total People are supported to maintain or improve their health, wellbeing and quality of life</b>			<b>212,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>212,500</b>
<b>The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring</b>								
Resources and Transformation	Low Carbon Heating Project - Civic Centre / Town Hall / Council House	Low Carbon Heating Project funding (BEIS - Department for Business, Energy and Industrial Strategy via Public Sector Decarbonisation Scheme - Phase 3b) for Civic Centre/Town Hall/Council House for £3.6m for installation of the Air Source Heat pump and Solar PV.	0	3,271,750	0	0	0	3,271,750
	Other schemes carried forward from previous years requiring completion	Civic Centre / Council House Decarbonisation.	200,000	0	0	0	0	200,000

Total The Council will deliver trusted, customer focused, and enabling services, which are recognised by customers and our partners for the value they bring			200,000	3,271,750	0	0	0	3,471,750
Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>								
Children's, Education & Customer Engagement	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).	332,040	8,200,000	9,346,409	18,368,088	0	36,246,537
	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).	0	510,228	510,228	510,228	510,228	2,040,912
	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).	0	3,195,000	2,285,000	8,862,791	3,888,380	18,231,171
	High Needs Provisional Capital allocation	High Needs Provisional Capital Allocation (HNPCA) funding is paid to Local authorities to support the capital requirement for providing new SEND (Special Educational Needs and Disabilities) pupil places by expanding / improving existing maintained schools, free schools or academies.	300,000	2,867,030	3,655,293	4,365,293	4,365,293	15,552,909
<b>Total Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential</b>			<b>632,040</b>	<b>14,772,258</b>	<b>15,796,930</b>	<b>32,106,400</b>	<b>8,763,901</b>	<b>72,071,529</b>

Directorate	Capital Scheme	Detail of Capital investment	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
<b>Children and young people grow up in connected communities and feel safe everywhere</b>								
<b>Children, Education &amp; Customer Engagement</b>	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	14,931	64,250	0	0	0	79,181
<b>Total Children and young people grow up in connected communities and feel safe everywhere</b>			<b>14,931</b>	<b>64,250</b>	<b>0</b>	<b>0</b>		<b>79,181</b>
<b>The people of Walsall feel safe in a cleaner, greener Borough</b>								
<b>Economy, Environment &amp; Communities</b>	Walsall Urban Tree Challenge Fund	Working in partnership with Trees for Cities - a joint application was made to the Forestry Commission. The project will plant 360 extra heavy standard trees in wide verges or small open spaces. The grant covers 50% of the cost of tree purchase and 50% of maintenance costs.	0	15,734	0	0	0	15,734
<b>Total The people of Walsall feel safe in a cleaner, greener Borough</b>			<b>0</b>	<b>15,734</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,734</b>
<b>Total Draft Capital Programme - External Funded</b>			<b>5,505,390</b>	<b>66,899,075</b>	<b>46,910,333</b>	<b>41,440,971</b>	<b>18,098,472</b>	<b>178,854,240</b>

## Summary Capital Programme 2024/25 to 2027/28

Summary Capital Programme	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Council Funded Schemes	26,273,215	67,891,078	56,175,517	32,452,901	8,644,223	191,436,934
Externally Funded Schemes	5,505,390	66,899,075	46,910,333	41,440,971	18,098,472	178,854,240
<b>Total Draft Capital Programme</b>	<b>31,778,605</b>	<b>134,790,153</b>	<b>103,085,849</b>	<b>73,893,872</b>	<b>26,742,695</b>	<b>370,291,174</b>

## Capital Investment Summary by Directorate

Directorate	Draft carry forward from 2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Adult Social Care, Public Health and Hub	0	888,000	888,000	888,000	888,000	3,552,000
Children's Services and Customer Engagement:						0
- Children's Services	794,267	16,336,508	16,296,930	32,606,400	9,263,901	75,298,006
- Customer Engagement	284,400	6,130,441	5,736,771	5,737,771	3,801,771	21,691,154
Economy, Environment and Communities	14,870,023	66,283,160	28,861,215	20,040,556	9,290,612	139,345,565
Resources and Transformation	14,734,571	23,703,402	28,651,430	2,953,144	1,511,000	71,553,547
Central / Capital Financing	1,095,344	21,448,642	22,651,504	11,668,001	1,987,411	58,850,902
<b>Total</b>	<b>31,778,605</b>	<b>134,790,153</b>	<b>103,085,849</b>	<b>73,893,872</b>	<b>26,742,695</b>	<b>370,291,174</b>

## **Part 1 Annex 10 – Flexible Use of Capital Receipts Strategy**

The 2015 Autumn Statement announced a new flexibility for local authorities to use new capital receipts to fund expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or demand for services in future years. The flexibility was initially made available until March 2019, and then extended for a further 3 years to March 2022 and then extended further for 3 years from 2022/23 to the period up to March 2025.

Councils can only use sale proceeds realised over that period and not pre-existing receipts. Local authorities are required to publish their plans for the flexible use of capital receipts in a Strategy which must be approved by Full Council. The Strategy should contain details of projects for the forthcoming financial year (if applicable), along with projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

The Strategy for 2023/24 was approved by Full Council on 23 February 2023. This annex contains an update of achievement of planned savings and use of the flexibility in 2023/24. Any rephrasing of planned savings linked to the three areas of spend outlined below may result in qualifying expenditure also slipping to match that saving, in which case the FUOCR will be utilised in 2024/25.

For 2024/25, transformation activity is currently under review and should the council propose to use any further flexibility in that year for new savings and new qualifying expenditure, then a report will be brought back to Council outlining the revised Strategy for use.

### **Qualifying Expenditure**

Qualifying expenditure is that which is forecast to generate on-going savings to an authority's, or several authorities, and/or to another public sector body's net service expenditure, or to transform service delivery.

Capital receipts can be applied to fund set up and implementation costs but not on-going revenue costs. Examples include:

- Funding the cost of service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation
- Digital investment
- Improving systems to tackle fraud and corruption
- Setting up commercial or alternative delivery models
- Investment in service reform – setting up pilot schemes
- Sharing back-office and administrative functions with other councils/public sector bodies
- Integrating public facing services across two or more public sector bodies

As per the guidance this list is not meant to be prescriptive or exhaustive. Individual authorities who have projects that will generate ongoing savings that are not included in the list provided in the guidance can apply the flexibility to fund those projects.

## **Summary of Receipts**

Capital receipts performance across the qualifying period have been reviewed. This has confirmed that £4m of capital receipts which have been realised during this period were available for use without any increase to existing assumptions regarding borrowing required to support the capital programme, and this £4m will be utilised within 2023/24 as planned to fund qualifying expenditure.

## **Summary of Planned Use**

The council set out a new approach by which the overall financial savings requirement is expected to be delivered via Proud transformation activity, an extensive and ambitious change agenda with initiatives designed to modernise the way the council works, deliver improved services to customers whilst delivering financial savings through efficiencies. Savings of £15.71m for 2023/24 align to Proud work streams to be delivered as part of the transformational activity of the council.

A number of these transformation savings have associated one off costs to enable delivery, and therefore is qualifying expenditure appropriate to the 'Flexible Use of Capital Receipts' (FUOCR) funding that is available to support them.

### **Approved Projects 2022/23**

The FUOCR Strategy approved by Council in February 2023 forecast a FUOCR in the 2022/23 financial year of £2.83m. At financial year end 2022/23 the decision was made by the S151 officer not to utilise this level of FUOCR in 2022/23 but instead to defer use to 2023/24. This option was detailed in the FUOCR Strategy in February 2023 and as the proposed projects to be funded are unchanged no updated FUOCR Strategy has been required.

### **Approved Projects 2023/24**

The table below details the approved projects and current forecast usage of FUOCR against these original plans. Figures shown are forecasts and as such are subject to change at financial year end 2023/24. Should the qualifying expenditure exceed the current forecast of £2.86m, the value of proposed spend on projects in 2024/25 will reduce in line with this. Likewise, should the final 2023/24 use of FUOCR reduce, the value of proposed expenditure in 2024/25 will increase. Should this change require extension beyond the currently proposed projects, an updated FUOCR Strategy will be reported at the earliest opportunity. Use of FUOCR over the period 2023/24 and 2024/25 is not expected to exceed the £4m.

<b>Proposed Area</b>	<b>Project Area / Work Stream</b>	<b>Forecast Expenditure (Feb' '23 Strategy) £m</b>	<b>Forecast Expenditure 2023/24 £m</b>
Walsall Proud Transformation and Change and Project Management Support	CAM / All Proud Workstreams	0.80	0.18
One-Off Proud Workstream Investment to Deliver Proud Savings	Adult Social Care	1.61	1.48
Service restructuring and rationalisation (interim support to create additional capacity, redundancy, pension strain, etc) costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	1.59	1.20
<b>Total</b>		<b>4.00</b>	<b>2.86</b>

### Transformation and Change and Project Management Support

The current forecast shows expenditure of £0.18m compared to planned expenditure of £0.80m. Forecast expenditure has reduced by £0.62m in this area as staffing costs in support of the Customer Access Management (CAM) project have been removed. Costs for the fixed term posts included have provided programme and project management support across multiple Proud workstreams and have therefore helped support delivery of the overall Proud benefits target in 2023/24 with additional detail given in the table below.

Of the £15.71m of budgeted 2023/24 Proud savings and carried forward 2022/23 unachieved savings of £7.55m (total £23.27m) £12.94m are forecast for delivery in 2023/24. Of the remaining £10.33m of at risk savings, £5.20m have been removed as unachievable and the remaining £5.13m will be carried forward for delivery in 2024/25.

<b>Project Area / Work Stream</b>	<b>Forecast Expenditure 2023/24 £m</b>	<b>Benefit for Delivery 2023/24 £m</b>	<b>Forecast Delivery 2023/24 £m</b>	<b>To be carried forward for delivery in 2024/25 £m</b>
Primarily in support of Income Generation & Cost Recovery workstream	0.15	(5.86)	(3.07)	(2.74*)
Primarily in support of Enabling & Support Services workstream	0.03	(1.69)	(1.66)	(0.03)
<b>Total</b>	<b>0.18</b>	<b>(7.55)</b>	<b>(4.73)</b>	<b>(2.77)</b>

\*£0.05m of 2023/24 budgeted savings for income generation and cost recovery workstream have been removed as unachievable.

### One-Off Proud Workstream Investment to Deliver Proud Savings

The current forecast shows expenditure of £1.48m compared to planned expenditure of £1.61m, giving a £0.13m decrease in forecast expenditure.

The February 2023 FUOCR Strategy detailed a number of projects related to Strength Based Practice and Outcome Based Commissioning to be supported by one off FUOCR funded investment. Of these 2022/23 savings, c£2.72m was estimated to be carried forward for delivery in 2023/24 at that stage; the confirmed year end position was a value of £2.78m. Of these, qualifying expenditure has been utilised to support delivery of £1.91m of these benefits along with an additional £0.92m of 2023/24 budgeted benefits (total £2.83m) as per the table below.

<b>Project Area / Work Stream</b>	<b>Forecast Expenditure 2023/24 £m</b>	<b>Benefit for Delivery 2023/24 £m</b>	<b>Forecast Delivery 2023/24 £m</b>
OP90 - Efficiencies attributed to the review of existing Older People, Learning Disability and Mental Health clients through strength based practice and development of new Target Operating Model; OP89 - Reduction in new clients achieved through strength based working practices and development of resilient communities' framework; OP14 - Extension of existing client reviews and reduction in costs of new client packages compared to budgeted average.	1.48	(2.83)	(2.83)
<b>Total</b>	<b>1.48</b>	<b>(2.83)</b>	<b>(2.83)</b>

### Service restructuring and rationalisation

As set out in the updated direction, discretionary redundancy payments cannot be included as qualifying expenditure and must not be capitalised. An authority may capitalise redundancy payments that are necessarily incurred and limited to the amounts available as statutory redundancy payments. This restriction does not apply to other severance costs, including pension strain costs; the treatment of these costs remains unchanged from the previous direction.

As such, the current full year forecast is expenditure of £1.20m against the previously planned figure of £1.59m. This variance is due to the difference arising between forecast and actual costs, in advance of the completion of service restructures and redesigns.

The forecast £1.20m of expenditure in this area is helping to deliver ongoing revenue savings of £2.21m, £1.49m of which is full year effect delivery of prior year savings, £0.26m is a 2023/24 saving which will be fully delivered in 2024/25 and the remaining £0.46m is new savings to be delivered in 2024/25 (OP39 and OP52 detailed in this report). This forecast is predicated on the expected progress of restructure plans and the assumption that provision for these costs will be made in financial year 2023/24 although payment may not be made until after 31 March 2024.



## Proposed Projects 2024/25

The Council proposes to utilise the remaining FUOCR not committed in 2023/24 in the 2024/25 financial year. Based on the current forecast given above this will total £1.14m but may change dependant on expenditure at year-end. A list of projects that plan to make use of the capital receipts flexibility is set out in the following table by area, with a narrative for each below detailing the associated savings. These are currently forecasts and as such, actual drawdown of FUOCR funds may differ between proposed areas.

<b>Proposed Area</b>	<b>Project Area / Work Stream</b>	<b>Forecast Qualifying Expenditure 2024/25 £m</b>
Walsall Proud Transformation and Change and Project Management Support	All Proud Workstreams	0.04
One-Off Proud Workstream Investment to Deliver Proud Savings – See below	Adult Social Care and Leisure Services	0.29
Service restructuring and rationalisation (interim support to create additional capacity, redundancy, pension strain, etc) costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	0.81
<b>Total</b>		<b>1.14</b>

### Transformation and Change and Project Management Support

This resource will provide support across multiple Proud work streams and as such support in the delivery of the overall 2024/25 saving of £20.10m.

### One-Off Proud Workstream Investment to Deliver Proud Savings

The following table details one off investment required to directly support the delivery of specific budgeted Proud savings.

- Qualifying expenditure related to improved systems and processes will support delivery of the ASC 2023/24 saving carried forward for delivery in 2024/25. This is currently forecast at c£3.03m;
- Qualifying expenditure relating to equipment and marketing in leisure services will support delivery of c£25k saving to be delivered over 2024/25 and 2025/26.

Project	Saving Area	Qualifying Expenditure 2024/25 £m
Improved systems & processes: <ul style="list-style-type: none"> <li>Improved Charging Policy &amp; Process.</li> <li>Improved Finance Business Intelligence</li> <li>Controlling cost and maximising income generation through clear joint funding arrangements and tools</li> </ul>	OP94A - Controlling Cost and Maximising Income generation. Clear joint funding arrangements (with CCG) and recharge processes and review and re-profiling of better care fund/ winter pressures; OP13/OP95 - Review for learning disabilities joint funding tool; OP84 - Staffing impact following the implementation of Bettercare Finance System; OP113 part - Efficiencies attributed to the implementation of Bettercare Finance System.	0.25
People are supported to maintain or improve their health, wellbeing and quality of life	P1 (2024/25) - Leisure health checks based on 5% forecast take up	0.04
<b>Total</b>		<b>0.29</b>

#### Service restructuring and rationalisation

Of the £20.10m of savings proposed for 2024/25, approximately £1.44m align to staffing related work streams. Service restructuring and rationalisation costs will include the costs of interim support to provide redesign capacity and capability and redundancy and pension costs; the latter of which will fluctuate dependant on the nature of the change, staffing situation within the service and pay and length of service. A 2024/25 forecast of c£0.81m is therefore expected for utilisation of these costs linked to the delivery of Proud savings. Based on the utilisation of £1.20m of this type of expenditure in 2023/24 there is scope for further use of FUOCR in this area should the balance carried forward from 2023/24 exceed the forecast £1.14m. The updated proposed use of FUOCR is therefore as follows:

Proposed Area	Project Area / Work Stream	Total Expenditure £m
Walsall Proud Transformation and Change and Project Management Support	All Proud Workstreams	0.22
One-Off Proud Workstream Investment to Deliver Proud Savings	Adult Social Care and Leisure Services	1.77
Service restructuring and rationalisation (interim support to create additional capacity, redundancy, pension strain, etc) costs associated with organisation redesigns to deliver the changes in Proud ways of work	All Proud workstream projects	2.01
<b>Total</b>		<b>4.00</b>

Any proposed spend in 2023/24 which is delayed will roll forward to be used in 2024/25. Additionally, should the S151 Officer choose not to utilise the planned FUOCRS for 2023/24 in part or full, then up to the full £4m would be available in 2024/25. Additional projects which could be considered for qualifying expenditure to utilise the forecast £1.14m up to the maximum £4m FUOCR include:

- Further restructure and redesign costs of c£0.39m (based on 2023/24 use);
- Enabling and Support Services costs of c£0.44m relating to implementation of a self-service portal and improved transactional process efficiencies;
- One off resource to deliver efficiencies relating to Third Party spend (TPS) savings (saving OP76 in this report);
- One off resource to deliver efficiencies relating to digital opportunities (saving OP77 in this report);
- Costs including business analysts, agency and interim, project management costs to support delivery of work stream activity across the change agenda.

Both service transformation plans and existing workstream plans will be analysed and reviewed to design the next stages of transformation in 2024/25. For this reason, a number of new projects meeting the criteria for qualifying expenditure may be developed in this period. Should this lead to a material change in the above strategy an updated version will be produced.

### **Impact on Prudential Indicators**

The Strategy is also required to identify the prudential indicators that will be impacted by this investment. This impact for 2023/24 is as per below:

- Pr11a. - Capital expenditure – Council Resources – increased by £4m.

No other prudential indicators were impacted. Any rephrasing of qualifying expenditure to 2024/25 will have an impact on that PI for 2024/25, with a reduced impact for 2023/24. Based on current forecasts, the maximum impact would be £1.14m.

The above impact on prudential indicators shows that this Strategy is affordable and will not impact on the council's operational and authorised borrowing limits. Further details on the council's Prudential Indicators can be found within the Treasury Management and Investment Strategy.

The S151 Officer reserves the flexibility to utilise FUOCR strategy above the £4m identified in this report, should circumstances allow and capital receipts qualify for use.

### **Monitoring**

The Strategy is monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure incurred.

# **Part 1 Annex 11 – 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 a 23.5% real terms cut in funding, equivalent to £851 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 changes 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 2024/25, it is now more critical than ever to protect longer term financial sustainability that it has an appropriate level of earmarked reserves and general working 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 (or working balance). 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.

In considering the appropriate level of reserves and contingencies to hold, the Chief Finance Officer takes a strategic view of risks facing the Council, including:

- Understanding and managing the appropriate balance between the short- and medium to longer term risks to service delivery and financial stability;
- Planning for potential future financial strains such as statutory overrides of Dedicated Schools Grant (DSG) high needs deficits, gains and losses on investments, etc;
- Possible risks from other ring-fenced funds such as the collection fund, specific grants such as public health, alongside potential future core government funding reductions.

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 (£7.78m) and 2.5% (£19.45m). 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 working balance. This matter is reserved to the CFO, in consultation with the Portfolio Holder for Finance - Budget.

### **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 contingency, 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 - Budget;

- 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 condition, 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 2023/24 outturn and the 2024/25 budget.

A risk assessed 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 MTFE is regularly updated and approved by Cabinet to reflect the changing environment in which we work. Reserves and contingencies are addressed within the Framework.

In the current climate, 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 2024/25.

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 (2023/24) with some planned to be further used in the 2024/25 budget as set out in the Budget Plan.

- The COL reserve has been utilised in 2023/24 to the value of £3.45m and a further £2m is planned to be used in 2024/25. This will leave a balance of c£5.05m as at 31 March 2025, considered an appropriate buffer to manage any further emerging cost pressures.
- Risk reserve - the continued need to make savings whilst driving improvements in customer and employee satisfaction over the medium term through transformation and maintaining the organisational capacity to deliver this at the required scale and pace also creates risk. It is therefore prudent to consider contingency plans should in year reporting arrangements identify that planned savings may be delayed. Alongside the deferred national Funding and Social Care charging reform policy changes and any 'unknown' demographic and demand cost pressures, this increases organisational risk and therefore the need for adequate levels of reserves to be maintained in current and future years. As a result, the council holds a risk earmarked risk reserve which has been used in 2023/24 to manage delays in delivery of savings plans of £7.37m, leaving a balance of £5.61m as at 31 March 2024. As part of the financial risk assessment, risks to delivery of the £25.26m of savings included within the 2024/25 budget (£20.10m of new savings plus £5.13m of savings carried forward from 2023/24) have been assessed along with the scale of savings required in 2025/26 - and the risk reserve is deemed at a prudent level sufficient to manage risks to delivery in the year to 2025/26. This is on the basis that any surplus reserves as at 31 March 2024 and 31 March 2025 over above the opening balances required by this statement may be transferred to the risk reserve at year end.
- Demand reserve - £6.33m has been used in 2023/24 to manage pressures in relation to children's movers and manage part of the in year impact of adult social care provider market uplifts which were raised after the budget was set. £3.710m of this was used for unplanned demand pressures. This leaves a balance of £11.21m as at 31 March 2024, of which £9.29m is planned to be used in the 2024/25 budget to support specific pressures within adults social care and children's whilst revised demand management and transformation plans are developed. This leaves a modest balance of £1.92m. 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 in this area. Therefore the general reserve opening balance takes into account a notional allocation to support further pressures within social care above forecasts.

The level of opening general fund working balance for 2024/24 is also partially dependent on the level of closing balances for 2023/24. The following shows general reserves as at 1 April 2023, together with the proposed use of and transfer to reserves, and the resulting balance as at 1 April 2024, to secure the opening level of reserves recommended by the Chief Finance Officer.

<b>Opening General Reserves</b>	<b>£m</b>
Balance as at 1 April 2023	(18.70)
Transfers to / from earmarked reserves	0.31
<b>Estimated closing balance as at 31 March 2024 and Opening Balance as at 1 April 2024</b>	<b>(18.39)</b>

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 £1.55m of any costs. In light of the pandemic and cost of living impact, it is now prudent to cover this within the general reserve balance;
- Additional waste tonnage costs as a result of part year effects of opening of the new HRWC and MRF, increases in garden waste and landfill waste costs;
- 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 the higher end of 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 2023/24 to 2025/26 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 2023/24 unplanned reserves and central budgets totalling £16.55m were used;
  - During 2024/25 a further £17.73m of earmarked reserves have been used;
  - During 2025/26, £4.08m of reserves will be used;
  - This total use is £38.36m over and above use of any reserves which are planned, such as use of carry forward of grants, etc.
  - 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 £18.39m. This is based on the following assessed categorises of financial risk:

<b>Financial Risk Assessment</b>	<b>£m</b>
Funding risks – fall out of grant, council tax changes, etc	0.20
Cost Pressures including national, economic and legislative impact / Risk	16.33
Loss of Income / Investments	1.86
<b>Assessed General Reserve Requirement</b>	<b>18.39</b>

### 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 MFTO 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, Pledges, TCMP, Willenhall master plan. The majority have been through Cabinet approval;
- **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, HB subsidy claim, abortive costs, pension past service/contribution rate smoothing and redundancy costs;
- **Covid-19 grants.** The carry forward of specific government grants to cover Covid pressures, including expanded retail relief for businesses;
- **Public Finance Initiatives.** Liabilities for our PFI’s with Street Lighting and St Thomas More;
- **Risk.** To cover unforeseen risks 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 v lease 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 2024 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.

<b>Earmarked Reserves</b>	<b>£m</b>
Balance as at 1 April 2023	(188.75)
Planned / Approved to be used (transfers from) in year*	26.49
Planned / Approved transfers to reserves in year*	(17.12)
Further use of reserves to support corporate pressures (unplanned mitigation)	16.55
Replenishment of treasury reserves	(6.81)
<b>Estimated Closing Balance as at 31 March 2024</b>	<b>(169.64)</b>
Net transfers to / use of earmarked reserves in 2024/25 Budget	17.73
<b>Estimated Opening Balance as at 1 April 2024</b>	<b>(151.91)</b>
Use of Reserves in 2025/26 Budget	4.53
Adjusted balance	(147.38)

\*As per monitoring reports to CMT and Cabinet throughout 2023/24, this is the planned approved transfer to and use of earmarked reserves in year, primarily the use of grants, and the use of any further use approved by Cabinet in year to support the overall position..

The following table provides opening and closing levels of reserves for 2023/24 to 2025/26.

<b>Earmarked Reserves Balances 2023/24 to 2025/26</b>					
	<b>Closing Balance 2023/24</b>	<b>Use of reserves 2024/25</b>	<b>Closing Balance 2024/25</b>	<b>Use of Reserves in &amp; transfers in 2025/26 per 2024/25 Budget</b>	<b>Closing Balance 2025/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury Reserves	35.74	(1.97)	33.76	(2.50)	31.26
Grant / Contributions received in advance	13.20	(0.50)	12.70	(0.50)	12.20
Improvement projects	22.17	(0.53)	21.64	0.00	21.64
Cost Pressures	20.07	(10.95)	9.12	1.66	10.77
Council Liabilities	54.44	(3.32)	51.12	(2.74)	48.38
COVID-19	0.67	0.00	0.67	0.00	0.67
Public Finance Initiatives	15.66	(0.45)	15.21	(0.45)	14.76
Risk	5.61	0.00	5.61	0.00	5.61
Other	2.08	0.00	2.08	0.00	2.08
<b>Total</b>	<b>169.64</b>	<b>(17.72)</b>	<b>151.92</b>	<b>(4.53)</b>	<b>147.38</b>

## 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 2024/25 this is to be set at £1.17m (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 2024/25 this is to be set at £500k, which is based on past requirements. Given the uncertainty around capital investment costs however, there is potential to use part of the pipeline investment capital fund within the 2024/25 capital programme to manage any further volatility in costs, which along with robust business cases and careful management of scheme funds, should be sufficient to manage the overall programme in 2024/25.

## Schools Reserves

The CFO, as part of this statement, is required to confirm that school's balances are adequate. In 2006/07, DfES 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. For the current financial year 1 school is operating a licensed deficit and has worked with the council to implement actions and is forecasting an in-year surplus for 2023/24.

The overall levels of schools reserves is kept under regular review, along with any exceptional balances, and based on school monitoring submissions for 2023/24 the level of schools reserves are forecast to move from an opening balance of £11.12m to a closing balance of £8.84m, a planned reduction of £2.28m which is mainly linked to the need to fund pay awards and increased energy costs.

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 Dedicated Schools Grant (DSG). This has resulted in financial pressures for those authorities and the need to develop DSG Management Plans to set out how a financially viable position will be achieved over the medium term. Whilst Walsall has also seen an increase in demand for these services, it has to date been able to effectively

manage those increases within the totality of High Needs funding that has been available to it. However given the national position, the ongoing increase in demand expected in Walsall, and the fact that the DfE have confirmed that the statutory override (which differentiates DSG funding from other council funding, meaning at present any overspends on DSG do not need to be funded from other council resources) will be removed at the end of the 2026/27 financial year, there is now a requirement for Walsall to also develop and maintain a DSG Management plan which was reported to Schools Forum and Cabinet in March 2023 with an update due to be presented in March 2024.

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 providing that, and whether that is affordable within the funding that will be available. Where it is not affordable actions to mitigate this position need to be identified and implemented. The position reported to Schools Forum and Cabinet in March 2023 showed an unmitigated deficit position of £2.845m and a mitigated (subject to the implementation of a number of actions) surplus position of £0.138m at the end of 2026/27. This position will be kept under close review to ensure no impact on the council's overall finances.

### **Overall Assessment of Reserves**

An opening level of general reserves of not less than £18.39m is considered to be sufficient for most possible events, over the short-term i.e., for 2024/25. 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 2024/25 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 £18.39m 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 £18.39m, 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 2024/25 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 cost of living crisis and the high inflation driving higher pay and energy and contracted services costs, 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 projections, review of contract conditions and by taking soundings for example in relation to future inflationary and pay projections.

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 2023/24 or base budget adjustments, where growth/investment is included within the 2024/25 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 (inflationary / contractual) 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 2024/25 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.

### **The Budget in Context**

The budget includes the allocation of financial resources to different services and projects,

proposed reserves and contingency funds, setting the council tax and council tax base, and decisions relating to the control of the council's borrowing requirement, the control of its capital expenditure and the setting of virement limits. The budget has been constructed in accordance with the principles and direction set out in the MTFF.

All cost pressures, efficiencies and savings have been appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. The council is working to improve performance outcomes on a range of activities which are monitored throughout the year. Budget provision has been identified for the priorities outlined in the Council Plan. The Council is in transition in relation to its Council Plan and Transformation Plan, and this budget provides an appropriate use of reserves for 2024/25 to allow a smooth transition and allow for alignment of the budget process for 2025/26 and beyond to these revised plans.

Savings plans for two of the new savings relate to reductions in third party spend and digital opportunities. Plans will need to be in place to deliver these by 1 April 2024 to provide assurance around deliverability of plans. The remaining £20.1m of planned savings have plans in place to deliver.

### **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 2024/25.

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, Corporate Landlord 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: 30 January 2024

Shaun Darcy  
Director, Finance, Corporate Landlord and Assurance  
Chief Finance Officer (S151 Officer)

## Section B - Part 2 – Treasury Management

### A: Treasury Management and Investment Strategy for 2024/25 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 other 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 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 will update members on the progress of the capital plans, 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 8** 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, from 2023/24 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 2024/25

The strategy for 2024/25 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 December 2023 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 2024/25 – 2026/27

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.

### 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 2024/25 capital programme is outlined in **section 3** of the budget plan at **Section B Part 1** of this report, along with a summary of the draft capital programme over the plan period 2024/25 to 2027/28, with full details by scheme at **Annex 9**. Capital Strategy attached at **Annex 8** of the budget plan at **Section B Part 1** of this report.

<b>Table 1: Current Capital Programme</b>					
	<b>2023/24 Forecast £m</b>	<b>2024/25 Estimated £m</b>	<b>2025/26 Estimated £m</b>	<b>2026/27 Estimated £m</b>	<b>2027/28 Estimated £m</b>
<b>Total Capital Expenditure</b>	<b>106.81</b>	<b>166.57</b>	<b>103.09</b>	<b>73.89</b>	<b>26.74</b>
Resourced by:					
Capital receipts	1.50	1.50	1.50	1.50	1.50
Capital grants	70.90	72.41	46.91	41.44	18.10
Capital reserves	0.00	0.00	0.00	0.00	0.00
Revenue	0.02	0.02	0.02	0.02	0.02
Borrowing	34.39	92.64	54.66	30.93	7.12
<b>Total resources available</b>	<b>106.81</b>	<b>166.57</b>	<b>103.09</b>	<b>73.89</b>	<b>26.74</b>

### 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.

<b>Table 2: Former Prudential Indicator 2</b>					
	<b>2023/24 Actual</b>	<b>2024/25 Estimated</b>	<b>2025/26 Estimated</b>	<b>2026/27 Estimated</b>	<b>2027/28 Estimated</b>
Ratio	5.24%	6.65%	3.17%	3.74%	4.43%

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, finance 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 £3.28m 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 2023/24 to the end of 2027/28 is estimated to see an increase of £164.71m. The council's borrowing strategy is set out in section 4.

<b>Table 3: Analysis of CFR</b>					
	<b>2023/24 Forecast £m</b>	<b>2024/25 Estimated £m</b>	<b>2025/26 Estimated £m</b>	<b>2026/27 Estimated £m</b>	<b>2027/28 Estimated £m</b>
Opening Capital Financing Requirement	<b>390.815</b>	<b>412.118</b>	<b>444.075</b>	<b>504.992</b>	<b>507.629</b>
Adjustments for IFRS 16	0.000	7.630	0.000	0.000	0.000
Revised opening CFR	<b>390.815</b>	<b>419.748</b>	<b>444.075</b>	<b>504.992</b>	<b>507.629</b>
<i>Net financing need for the year</i>					
Less MRP and other financing movements	-14.307	-16.075	-17.827	-18.134	-18.862
Additional borrowing	35.610	37.443	77.345	20.073	66.762
New Right of Use leased assets	0.000	2.959	1.399	0.698	0.000
<b>Movement in CFR</b>	<b>21.303</b>	<b>24.327</b>	<b>60.917</b>	<b>2.637</b>	<b>47.900</b>
<b>Closing Capital Financing Requirement</b>	<b>412.118</b>	<b>444.075</b>	<b>504.992</b>	<b>507.629</b>	<b>555.529</b>

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 as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy has been prudent whilst interest rates are elevated compared to the historical position.

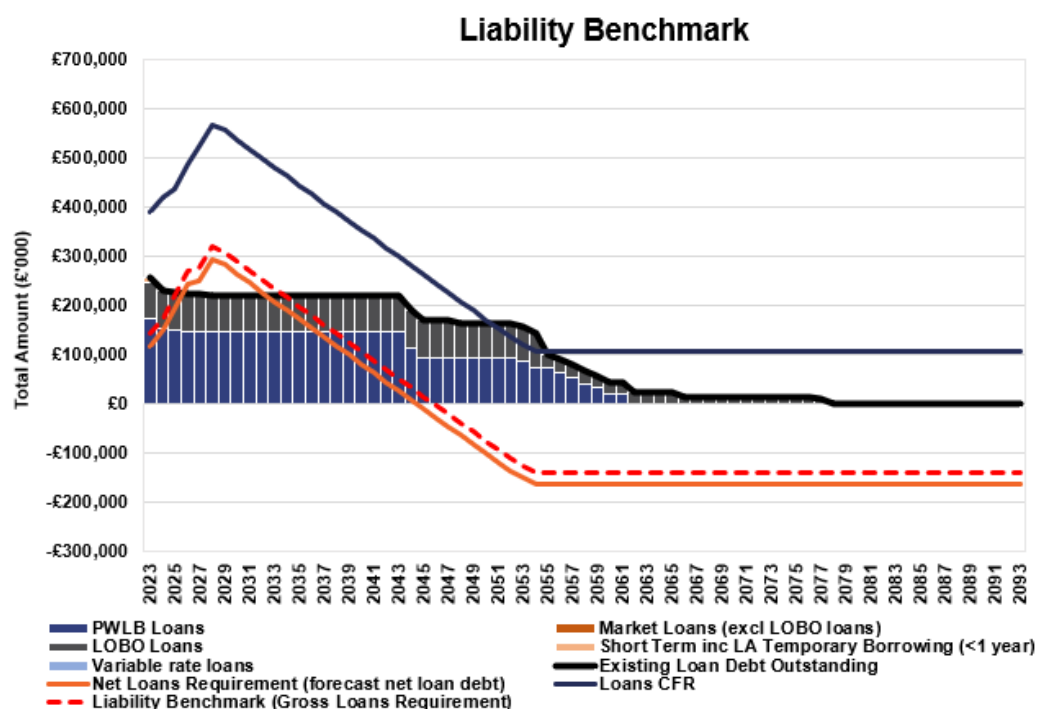
## 2.4 Liability Benchmark

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 2025 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.

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. 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 2023/24 with borrowing of over 1 year length of approximately £275m against an asset base of approximately £584m, and investments of approximately £109m, which will be proactively managed to minimise borrowing costs and maximise investment returns within a robust risk management environment. In 2024/25 estimated annual interest payments are £13.13m (£11.39m budget for 2023/24), 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 above. Net investment interest income for 2024/25 is estimated to be £4.58m (£4.58m budget for 2023/24). The net budget for capital financing in 2024/25 is £27.91m (£25.94m in 2023/24).

The council's treasury portfolio position at 31<sup>st</sup> December 2023 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.

<b>Table 4: Borrowing and Investments</b>			
	<b>Borrowing £m</b>	<b>Investments £m</b>	<b>Net Borrowing £m</b>
31 March 2023	<b>265.59</b>	<b>(140.77)</b>	<b>124.82</b>
31 December 2023	<b>235.59</b>	<b>(95.59)</b>	<b>140.00</b>
Change in year	<b>(30.00)</b>	<b>45.18</b>	<b>15.18</b>

<b>Table 5: Borrowing Forward Projections</b>				
<b>Borrowing profile</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
Under 12 Months	6.11	0.00	1.89	0.00
12 Months to within 24 Months	0.00	1.89	0.00	0.00
24 Months to within 5 Years	1.89	0.00	0.00	0.00
5 Years to within 10 Years	0.00	0.46	0.46	0.46
10 Years and Above	289.53	355.45	410.10	471.03
<b>Total Borrowing</b>	<b>297.53</b>	<b>357.80</b>	<b>412.45</b>	<b>471.49</b>
<b>Operational Debt - Prudential Indicator 6</b>	<b>437.36</b>	<b>498.28</b>	<b>500.91</b>	<b>548.81</b>
<b>(Under) / Over Borrowed</b>	<b>(139.83)</b>	<b>(140.48)</b>	<b>(88.46)</b>	<b>(77.32)</b>

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 2024/25 and the following two financial years. 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 Council is asked to approve the following authorised limit:

<b>Table 6: Authorised Limit £m - Prudential Indicator 5</b>					
	<b>2023/24 Forecast £m</b>	<b>2024/25 Estimated £m</b>	<b>2025/26 Estimated £m</b>	<b>2026/27 Estimated £m</b>	<b>2027/28 Estimated £m</b>
<b>Total</b>	<b>474.38</b>	<b>481.10</b>	<b>548.10</b>	<b>551.00</b>	<b>603.69</b>

##### **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 deducting other local authority debt (totalling £4.03m in 2023/24) from the capital financing requirement (CFR) and then adding any expected in year cash-flow borrowing requirements.

<b>Table 7: Operational Boundary £m - Prudential Indicator 6</b>					
	<b>2023/24 Forecast £m</b>	<b>2024/25 Estimated £m</b>	<b>2025/26 Estimated £m</b>	<b>2026/27 Estimated £m</b>	<b>2027/28 Estimated £m</b>
<b>Total</b>	<b>431.25</b>	<b>437.36</b>	<b>498.28</b>	<b>500.91</b>	<b>548.81</b>



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 08 January 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

**Commentary from Link Group (the Council’s Treasury Advisors) as at January 2024**

Links central forecast for interest rates was previously updated on 7 November and reflected a view that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least the second half of 2024. We expect rate cuts to start when both the Consumer Price Index (CPI) inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent Gross Domestic Product (GDP) releases have surprised with their on-going robustness.

Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

**PWLB RATES**

The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5 and 50 year parts of the curve.

## **The balance of risks to the UK economy:**

The overall balance of risks to economic growth in the UK is even.

## **Downside risks to current forecasts for UK gilt yields and PWLB rates include:**

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

## **Upside risks to current forecasts for UK gilt yields and PWLB rates include:**

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)
- Projected **gilt issuance, inclusive of natural maturities and Quantitative Tightening**, could be too much for the markets to comfortably digest without higher yields compensating.

## **LINK GROUP FORECASTS**

We now expect the MPC will keep Bank Rate at 5.25% until the second half of 2024, to combat on-going inflationary and wage pressures, even if they have dampened

somewhat of late. We do not think that the MPC will increase Bank Rate above 5.25%.

### 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, as inflation continues to fall through 2024.

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 08.01.24 p.m.	Target borrowing rate now (end of Q4 2025)	Target borrowing rate previous (end of Q3 2025)
5 years	4.53%	3.70%	3.80%
10 years	4.67%	3.90%	3.80%
25 years	5.19%	4.20%	4.20%
50 years	4.97%	4.00%	4.00%

**Borrowing advice:** Our long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. 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 be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.

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
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

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 range is maintained in the range 65% - 85% - **No Change.**
- L5.** Average interest rate for internally managed debt will increase to **5.46%** - **Changed from 4.21% in view of planned borrowing.**
- L6.** Average interest rate for total debt (including other local authority debt) will be equal to or less than **5.51%** - **Changed from 4.33% in view of planned Borrowing re-profiling.**
- 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.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 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 10 below:

<b>Table 8: Borrowing Limits</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Prudential Code Indicator 10</b> Upper limits on fixed interest rate exposures.	95%	95%	95%
Lower limits on fixed interest rate exposures	40%	40%	40%
<b>Prudential Code Indicator 11</b> Upper limits on variable interest rate exposures	45%	45%	45%
Lower limits on variable interest rate exposures	0%	0%	0%
<b>Prudential Code Indicator 12</b> 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.

## 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.

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Opening Balance	12.566	16.423	17.490	13.061
Transfer to Reserves	3.857	1.067	(4.429)	2.506
Closing Balance	16.423	17.490	13.061	15.567

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, which is important at present where this is a positive outlook for interest rates but uncertainty around exact timing of these and associated impact on borrowing rates.

## 5. ANNUAL INVESTMENT STRATEGY

### 5.1 Investment Policy

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly 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 8** of the Budget Plan)

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

- DLUHC'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 DLUHC 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 Finance Manager – Technical Accounting, Treasury Management & Education, 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 improve in 2023/24. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the Monetary Policy Committee (MPC) fall short of these elevated 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 – 20% - **a change from 35%**.  
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 – 3.98% - **a change from 2.50%**  
Short-term investments – 4.00% - **a change from 3.75%**  
Long-term investments – 4.20% - **a change from 4.00%**  
Property Funds – 4.10% - **a change from 3.56%**
- L10** Average rate on at call and short-term investments will be equal to or greater than 3.99% - **a change from 3.39%**
- L11** Average interest rate received on all investments:  
Including Property Funds – 4.00% - **a change from 4.54%**  
Excluding Property Funds – 4.03% - **a change from 3.48%**
- 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:

<b>Prudential Indicator 13 Maximum principal sums invested &gt; 365 days</b>			
<b>£m</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
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, which was issued in February 2018, 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.

## Part 2 Annex 1 – In Year Treasury Management Indicators to be monitored

No.	Indicator	2023/24 Forecast	2024/25 Estimated	2025/26 Estimated	2026/27 Estimated
PRL 1	a. Capital expenditure - Council Resources - £m	35.91	94.16	56.18	32.45
	b. Capital expenditure - External Resources - £m	70.90	72.41	46.91	41.44
Former PRL 2	Estimates of the ratio of financing costs to the net revenue stream	5.24%	6.65%	3.17%	3.74%
L. 3	a. Financing costs as % of Council Tax Requirement	2.61%	20%	20%	20%
	b. Financing costs as % of Tax Revenues	1.74%	12.50%	12.50%	12.50%
L. 4	Actual debt v operational debt within the following range	55.51%	85.00%	85.00%	85.00%
L. 5	Average interest rate of debt excluding other local authority debt	4.11%	5.46%	5.91%	5.05%
L. 6	Average interest rate of debt including other local authority debt	4.16%	5.51%	5.93%	5.05%
L. 9	Average interest rate received on:				
	a. At Call Investments	4.71%	3.98%	2.98%	2.10%
	b. Short Term Investments	4.88%	4.00%	2.80%	2.80%
	c. Long Term Investments	5.01%	4.20%	3.00%	3.00%
	d. Property Fund	4.35%	4.10%	4.10%	4.10%
L. 10	Average interest rate on all ST investments (ST and At Call)	4.78%	3.99%	2.85%	2.59%
L. 11	a. Average interest rate on all investments (excluding property fund)	4.79%	4.00%	2.86%	2.61%
	b. Average interest rate on all investments (including property fund)	4.70%	4.03%	3.17%	2.99%
L. 12	% daily bank balances within target range	99%	99%	99%	99%

## Part 2 Annex 2 – 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 **2023/24 and 2024/25** (no change to the policy in 2022/23) 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.

## **Part 2 Annex 3 – Additional Disclosures Required Within Statutory Guidance on Local Government investments**

The updated statutory guidance on local government investments, which was issued in February 2018, 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 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**

3.1 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 (2023/24 Forecast)	Ratio (2024/25 Estimate)	Ratio (2025/26 Estimate)	Ratio (2026/27 Estimate)	Ratio (2027/28 Estimate)
Debt to Net Service Expenditure (NSE) Ratio	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).	1.26:1	1.14:1	1.31:1	1.38:1	1.55:1
Commercial income to NSE Ratio	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).	0.004:1	0.004:1	0.004:1	0.004:1	0.004:1

#### 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 Investment Properties. 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 the Audit Committee and 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.

### **Other Useful Information**

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

Walsall Council 2022/23 Statement of Accounts

Walsall Council 2024/25 Budget Plan with a summary of the 2024/25 capital programme outlined in **section 3** of the budget plan at **Section B Part 1** of this report, along with a summary of the draft capital programme over the plan period 2024/25 to 2027/28, with full details by scheme at **Annex 9**.

Walsall Council 2024/25 Capital Strategy (see **Part 1 Annex 8** of the Budget Plan)



## Part 2 Annex 4 – Economic Background

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

- The third quarter of 2023/24 saw:
  - A 0.3% month/month decline in real Gross Domestic Product (GDP) in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30<sup>th</sup> September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%;
  - A sharp fall in wage growth, with the headline 3 month year on year rate declining from 8.0% in September to 7.2% in October, although the Office for National Statistics (ONS) “experimental” rate of unemployment has remained low at 4.2%;
  - Consumer Price Index (CPI) inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November;
  - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022;
  - The Bank of England holding Bank Rate at 5.25% in November and December;
  - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% quarter on quarter fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% month on month which does suggest that the economy may stagnate again in quarter 3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index (PMI), from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in quarter 3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 point to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% quarter on quarter in quarter 3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% quarter on quarter fall in manufacturing output in quarter 3.
- The 0.3% month on month fall in retail sales volumes in October means that after contracting by 1.0% quarter on quarter (which was downwardly revised from -0.8% q/q) in quarter 2, retail activity remained weak at the start of quarter 3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December

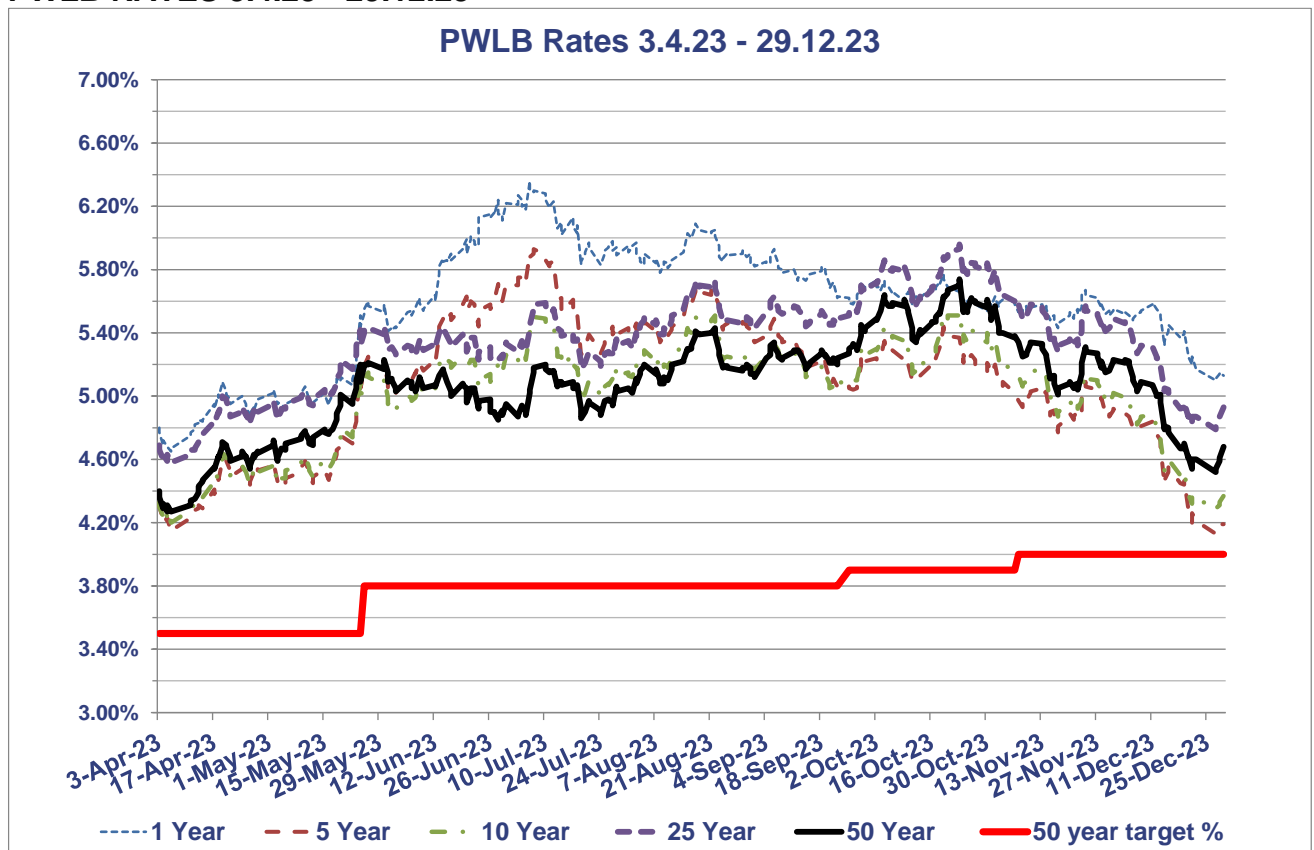
data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.

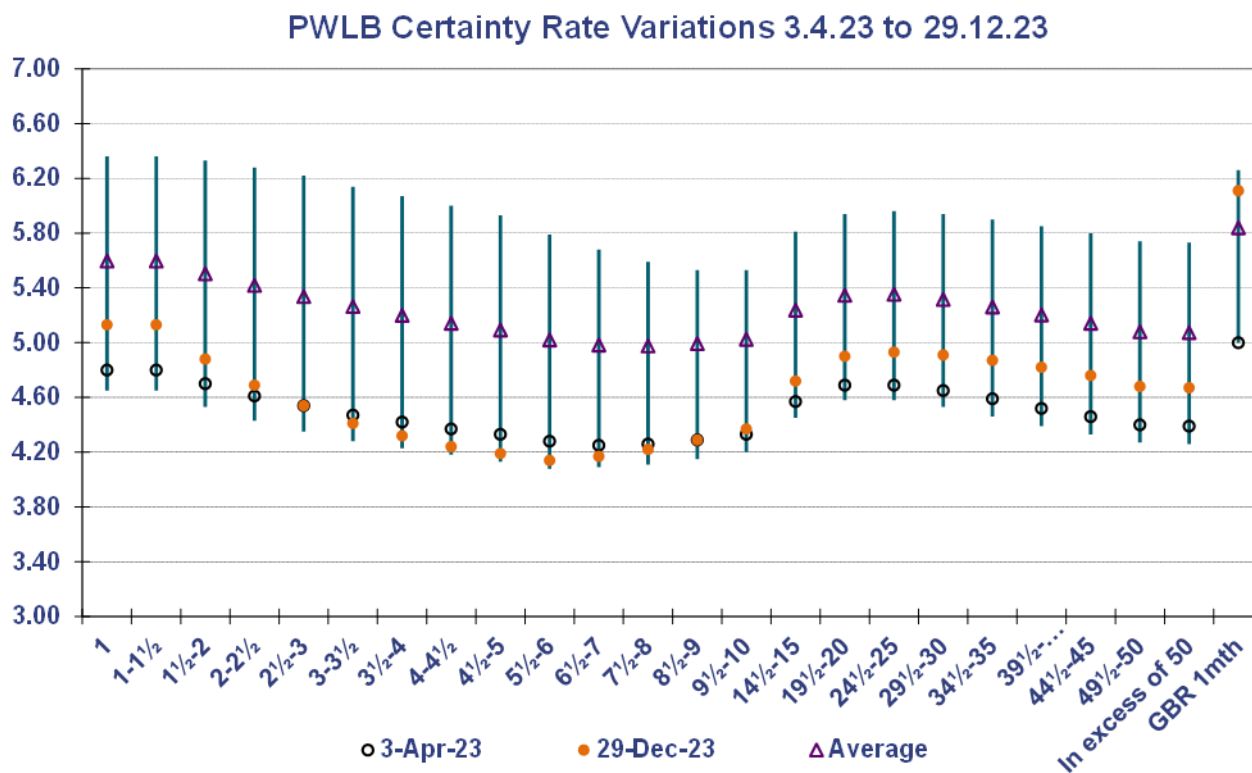
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.
- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% month on month, which meant the headline 3 month year on year rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3 month year on year to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17<sup>th</sup> month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That's the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December Monetary Policy Committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures". And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time". In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.

- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England won't feel comfortable cutting interest rates until second half of 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.
- The further fall in 10-year real gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

### PWLB RATES 3.4.23 - 29.12.23





**HIGH/LOW/AVERAGE PWLB RATES FOR 03/04/2023 – 29/12/2023**

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.13%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.53%	5.96%	5.74%
<b>Date</b>	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
<b>Average</b>	5.60%	5.09%	5.03%	5.35%	5.08%
<b>Spread</b>	1.71%	1.80%	1.33%	1.38%	1.47%

**MPC meetings 2<sup>nd</sup> November and 14<sup>th</sup> December 2023**

- On 2 November 2023, the Bank of England’s Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14 December 2023 reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about “sticky” inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.

## Part 2 Annex 5 – 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.

TERM	DEFINITION
MPC	Monetary Policy Committee – group that sets the bank base rate for the Bank of England
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.

## **Section B - Part 2 – Treasury Management**

### **B: 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 2023/24 & 2024/25 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 Technical & 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			A+	A-1+			A+	F1+		
	A2			A				A			
	A3	P1		A-		A-1		A-		F1	
	Baa1			BBB+				BBB+			
	Baa2		P2	BBB			A-2	BBB			
	Baa3			BBB-				BBB-			F2 F3
Non-Investment Grade	Ba1			BB+				BB+			
	Ba2			BB				BB			
	Ba3			BB-		B		BB-			
	B1			B+				B+			
	B2			B				B			
	B3			B-				B-		B	
	Caa			CCC				CCC			
	Ca			CC				CC			
	C		Not Prime	C		C		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
Credit ratings for	Short term	P3	A-3	F2
	Long term	A3	A-	A-

individual counterparties can change at any time. The Head of Finance – Deputy S151 and the Technical & 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 Head of Finance – Deputy S151 or Technical & Transactional Finance Manager.

- 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:

<b>Organisation</b>	<b>Criteria</b>	<b>Max Amount</b>	<b>Max Period</b>
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 every 5 years
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
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.

<b>Activity</b>	<b>Prepared by</b>	<b>Delegation / Accountability</b>
Approval of Treasury Management and Investment Strategy	Director of Finance, Corporate Landlord and Performance / S151 Officer	Cabinet Council
Approval of Treasury Management Policies	Director of Finance, Corporate Landlord and Performance /S151 Officer	Cabinet Council
Amendments to authorised officers and officer limits set out within the treasury management practices	Head of Finance – Deputy S151 / Technical & Transactional Finance Manager	S151 Officer
Review the debt portfolio and reschedule loans when considered appropriate	Technical & Transactional Finance Manager	S151 Officer
Updates to TM Practices	Head of Finance – Deputy S151 / Technical & Transactional Finance Manager	S151 Officer
Undertake budget monitoring and initiate actions when necessary	Technical & Transactional Finance Manager/Senior Treasury & Banking Manager	Head of Finance – Deputy S151
Authorisation of loan interest payments	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Approval of overnight investments	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Preparation of borrowings documentation	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
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	Technical & Transactional Finance Manager  Senior Treasury & Banking Manager	S151 Officer or Director of Finance, Corporate Landlord and Performance
Maintain Payment Releasers Register	Finance Business Partner - Treasury	S151 Officer or Director of Finance, Corporate Landlord and Performance
To arrange finance and operating leases as required in accordance with council's capital programme	Technical & Transactional Finance Manager	S151 Officer or Director of Finance, Corporate Landlord and Performance



Activity	Prepared by	Delegation / Accountability
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, Council or by Cabinet	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
To maintain a counter party list of approved organisations eligible to receive council investments, including; <ul style="list-style-type: none"> <li>- ongoing monitoring of ratings on investment products and institutions.</li> <li>- Investigation and appraisal of free capital ratio measures</li> <li>- signing off by the treasury manager as evidence of a monthly review and mid-month changes if necessary.</li> </ul> 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	Finance Business Partner – Treasury  Senior Treasury & Banking Manager	Head of Finance – Deputy S151 / Technical & Transactional Finance Manager  or  S151 Officer dependent on limits set by TMP on exit strategy
Daily cash flow forecast	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Update loan records	Treasury Management Accountancy Assistant	Finance Business Partner - Treasury
Operational Cash Flow	Finance Business Partner - Treasury	Head of Finance – Deputy S151 / Technical & 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 / Technical & Transactional Finance Manager / Senior Treasury & Banking Manager
Maintain accurate up to date information on Treasury Management	Treasury Management Accountancy Assistant	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/ Technical & Transactional Finance Manager	Cabinet and Council
Treasury Management Annual Report	Annual	September	Head of Finance – Deputy S151	Cabinet and Council
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 Technical & Transactional Finance Manager)	S151 Officer, Treasury Management Panel, Director of Finance, Corporate Landlord and Performance 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 Technical & Transactional Finance Manager)	S151 Officer, Treasury Management Panel, Director of Finance, Corporate Landlord and Performance for inclusion in overall corporate financial monitoring reports to CMT and Cabinet which are first reviewed by the S151 Officer

Report	Frequency	When	Prepared by	To
Cashflow summary	Monthly		Finance Business Partner – Treasury	Technical & Transactional Finance Manager
Borrowing transactions	Monthly		Finance Business Partner – Treasury	Technical & Transactional Finance Manager
Payment Releasers Register	Quarterly		Finance Business Partner – Treasury	S151 Officer, Director of Finance, Corporate Landlord and Performance
Operational Investment Strategy	Quarterly		Finance Business Partner – Treasury / Senior Treasury & Banking Manager	Technical & Transactional Finance Manager
12 monthly cashflow	Quarterly		Finance Business Partner – Treasury / Senior Treasury & Banking Manager	Technical & Transactional Finance Manager
Government statistical returns	Monthly		Technical & Transactional Finance Manager / Finance Business Partner – Treasury	Department for Communities and Local Government
Daily cash balance forecast	Daily		Treasury Management Accountancy 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 Director of Finance, Corporate Landlord and Performance (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 1<sup>st</sup> 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 loan facility was increased by £601k during 2023/24.

The Regional Materials Recycling Facility Capital Project is monitored monthly and reported to the following:

- EE&C Capital Programme/Projects Board meeting which meets quarterly and is chaired by Director, Place & Environment with the other Directors and Heads of Service within EEC attending
- Overview and Scrutiny Committee Corporate Financial Performance - Quarterly
- Head of Finance Meetings - Monthly
- Cabinet Corporate Financial Reporting - Quarterly

Repayments of the loan by SRL, which include the repayment of the principal sum and interest earned are due to commence on 30<sup>th</sup> September 2024.

### **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.