

## Cabinet – 9 February 2022

### Corporate Financial Performance 2021/22 and Covid-19 Update

**Portfolio:** Councillor M Bird – Leader of the Council (Lead Portfolio)

**Related Portfolios:** All

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** Yes

#### 1. Aim

- 1.1 To report on the forecast corporate financial position for 2021/22, based on the position to December 2021, including an updated assessment of the impact of Covid-19 on the council's financial performance; Covid-19 Government funding to address cost pressures and income losses; and actions which may be required to address this position to ensure the council remains on a sound financial footing.

#### 2. Summary

- 2.1 The council continues to play an active role in the overall national response to Covid-19. Government has to date allocated £76.57m of grant funding to help support Covid-19 pressures in Walsall. Of this £38.44m now relates to 2021/22 as summarised at **Appendix 1**. The impact of Covid-19 includes significant loss of income following closure of services and facilities and reduced attendance figures on re-opening, continuing cost pressures on the council's collection fund and a delay in the delivery of some approved budget savings.
- 2.2 The council continues to actively support local residents who have had their income affected through the hardship and track and trace government backed schemes, and also businesses directly affected by forced closures, partial closures or which have had their trade affected by imposed restrictions. Additional to the £76.57m, Government has to date allocated £5.37m of support to Walsall residents and £150.73m for Walsall businesses as summarised at section 4.15.
- 2.3 This report provides a summary position on the financial impact of pressures, including Covid-19, on the revenue position for 2021/22, based on known assumptions, including:
- (i) Additional costs / loss of income / delays in savings delivery due to Covid-19 of £23.34m to December 2021 (9 months) and a forecast total of c£37.36m for 2021/22, based on current and known assumptions, against funding of £38.44m. This leaves an uncommitted balance of £1.08m, summarised as below -

- Covid unringfenced support funding – expected underspend of £235k as summarised at section 4.5;
- New Burdens Funding (Business Rates Admin) – expected underspend of £452k to be carried forward into 2022/23;
- Wellbeing for Education Funding – expected underspend of £22k to be carried forward into 2022/23;
- Winter Support / Local Support Grant – expected underspend of £37k;
- Local Authority practical support grant – expected underspend of £300k;
- Protect and Vaccinate for Rough Sleepers – grant of £35k expected not to be required, subject to review.

(ii) A non Covid-19 revenue forecast overspend of c£1.08m, after use of reserves and assuming successful delivery of corrective action plans identified to date. This is an improvement to the reported overspend position to Cabinet in December of £30k. Further work is in hand to bring the position in line with budget as set out in section 4.16 to 4.26 of this report. There is a high level of confidence that the council will outturn on budget by 31 March 2022.

2.4 The capital programme is forecasting a marginal overspend of c£15k, after re-phasing of c£132m into 2022/23.

2.5 There remains considerable uncertainty at this point as to the impact on the national and local economy and on public finances following the ceasing of restrictions, and it is expected that this will have implications into the medium term, impacting the council's reserves and budgets into 2022/23 and beyond.

2.6 In summary, the council is able to manage the financial impact in the short term, however, should the crisis continue to have an impact beyond 2021/22, then additional actions may need to be taken should the Government not fully recompense councils for our losses. Regular updates continue to be reported to Cabinet on the financial implications for Walsall Council.

2.7 This report also sets out:

- Performance against an agreed set of financial health indicators, which are forecast to be achieved;
- Performance against statutory and local prudential indicators, which are forecast to be achieved.

### 3. Recommendations

That Cabinet:

3.1 Note the total Covid-19 funding available to Walsall in 2021/22 of £38.44m as set out in section 4.5 and **Appendix 1** of this report, and that this may be insufficient to cover the additional costs of supporting the council's Covid-19 response beyond the short term.

3.2 Note that of the £38.44m grant, £24.24m is ringfenced for specific activity as set out in **Appendix 1** and this is expected to be fully spent, with the exception of the Winter grant of £37k, Local Authority Practical Support grant of £300k, and Protect and Vaccinate for Rough Sleepers of £35k. New Burdens funding of £452k and Wellbeing for Education of £22k are expected to be carried forward into 2022/23. All funding is being reviewed against respective grant conditions to determine those that require to

be fully allocated by March 2022 and those that are allowed to be carried forward into 2022/23.

- 3.3 Approve summary expenditure plans for additional grant funding to date for 2021/22 as set out in section 4.8.
- 3.4 Note the forecast impact of Covid-19 to December of £9.56m and total forecast of £13.96m for 2021/22 based on known assumptions in relation to costs not covered by specific grant, as set out in section 4.5 to 4.11, and the estimated financial impact on the delivery of 2021/22 approved savings as set out in sections 4.12 to 4.13 and **Appendix 3**. This results in a marginal underspend of c£235k against the £14.20m unringfenced grant.
- 3.5 Note the non Covid-19 forecast overspend £1.08m relating to demand and other service pressures as set out in 4.16 to 4.26, and actions being taken to address these. This is a £30k reduction on the position reported to Cabinet in December of £1.11m.
- 3.6 Note that there are high risks of £5.80m to the forecast identified within services as set out in **Appendix 4**. These risks are actively being monitored and action is being taken to reduce / eliminate them.
- 3.7 Approve amendments to the capital programme as set out in section 4.27.
- 3.8 Note that the forecast on the approved capital programme is an overspend of c£15k, after re-phasing of c£132m into 2022/23.
- 3.9 Note financial health indicator performance as set out in section 4.30 to 4.35 and **Appendix 6**.
- 3.10 Note the prudential indicators as set out in section 4.36 to 4.38 and **Appendix 7**.

#### **4. Know – Context**

- 4.1 During the first half of 2021/22, lockdown and associated measures continued to have a significant impact on the services that the council provides to its residents and service users and how it provides them, and has required the continuation of a number of new support measures. Whilst lockdown measures have now ceased, there remains uncertainty on the R Rate and therefore continued impact. There are substantial known and potentially unknown costs. Government have provided some additional unringenced funding, along with specific grants for identified responses to the pandemic e.g. infection control and testing, however the sales, fees and charges loss of income grant has ceased from 1 July, therefore the council is having to fund these ongoing losses. Regular conversations are being held between Local Authority representative bodies and Department for Levelling Up, Housing and Communities (DLUHC – formerly Ministry of Housing, Communities and Local Government) officials to identify the issues facing council's and seeking further Government support to fund the full cost of the current and any future response required.
- 4.2 In the meantime, the council is still legally required to operate within a balanced budget, to operate within financial controls and to deliver approved budget savings. Inevitably, in order to do this and if Government funding is not provided to fully cover Covid-19 shortfalls, then Walsall will need to take action to address funding shortfalls if further funding or other easements from Government are not forthcoming.

## Revenue Forecast 2021/22

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

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

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

- 4.5 Of the £38.44m grant identified at Appendix 1, £23.61m relates to grants ringfenced for specific activity, £631k sales, fees and charges loss of income grant with a further £14.20m being unringfenced Covid-19 grant funding (£4.97m relates to grant carried over from 2020/21 and £9.23m for 2021/22). **Table 1** summarises the financial impact of continued income losses and additional Covid-19 costs against the £14.20m unringfenced grant, based on a number of assumptions, totalling c£13.96m for 2021/22, after expected receipt of the income loss grant. This results in a marginal underspend of c£235k. This position is based on the forecast at December 2021, with a further 3 months of the year remaining. Therefore there is a potential for further "unknown" costs to arise resulting in additional pressure. This will be kept under review including any actions required to replenish utilised reserves if required.

<b>Table 1 : Covid-19 pressures</b>	<b>Actual April- December 2021/22 £m</b>	<b>Forecast 2021/22 £m</b>
Loss of income due to service closures / changes - services part covered by income grant	1.66	2.28
Loss of income - other service closures / changes	0.10	0.12
Loss of income - commercial	0.10	0.10
Loss of income - dividends and investment returns	0.98	1.95
Cabinet, CMT (Former Gold / Silver) approvals for additional cost pressures ( <b>see Appendix 2</b> )	5.11	7.02
Cabinet approved - additional costs arising from Covid-19 delay in the achievement of approved savings ( <b>see Appendix 2</b> )	0.53	0.60
Forecast additional covid costs – Adult Social Care risks currently under review	1.71	2.52
<b>Total pressures to date</b>	<b>10.19</b>	<b>14.59</b>
Government grant expected for loss of income	(0.63)	(0.63)
<b>Total pressures to date net of expected grant for loss of income</b>	<b>9.56</b>	<b>13.96</b>

- 4.6 The future impact of Covid-19 is very uncertain. Whilst lockdown restrictions have now ceased, the impact of income losses on certain council services due to a reduced take up are expected to continue into the medium term. Even when all services are fully resumed, it is not clear when or if demand and therefore income will return to pre-Covid-19 numbers.
- 4.7 Covid-19 response funding is expected to be sufficient to fund the council's short term response to the pandemic (should no other pressures arise). Should pressures continue into 2022/23, without the offer of additional government funding, then the council may need to take further action. Should additional costs be identified, then the council may need to replenish any utilised general reserves in year or during the 2022/23 budget setting process, putting the council's finances under potential strain. As such, Covid-19 funding requires careful management to ensure the council is not put under financial strain, leading to uncertainty about future financial stability.
- 4.8 *Additional Covid-19 Grants* - Expenditure plans for grants shown in **Appendix 1** are required to be completed to ensure spend is committed in accordance with respective grant conditions. The following newly allocated grants are in excess of £250k, and require reporting to Cabinet on identified spending plans:

- **Workforce Recruitment and Retention Fund for Adult Social Care - £1,789,781.** The Adult Social Care Winter Plan published on 3 November 2021 sets out the support the Government will be providing to the adult social care sector to meet the challenges it faces this winter. The plan includes a commitment to providing a second round of funding for workforce recruitment and retention, originally announced on 10 December 2021. This is to support local authorities and providers to recruit and retain sufficient staff over winter, and support growth and sustain existing workforce capacity.

A package of £300m was announced on 16 December 2021 by the Department of Health & Social Care for Round 2 of the Workforce Recruitment and Retention Fund. Walsall's allocation is £1,789,781. This is further funding to the Round 1 allocation of £969,465.

This can be used to enable local authorities and providers to bring forward planned uplifts relating to pay in advance of the new financial year. Noting the link between adult social care workforce capacity and hospital discharge, local authorities should engage with CCGs and NHS trusts to work collaboratively to address workforce pressures which in some areas are delaying people from returning to their home from hospital. The Government expects that any funding allocated to providers will be used to support the full range of social care providers, regardless of whether the local authority already commissions care from them.

- **Adult Social Care Omicron Support Fund - £357,956.** Government announced on 29 December 2021 an extra £60 million to local authorities to support the adult social care response to Covid-19 in January. Walsall's allocation is confirmed as £357,956 on 10 January 2022. This is a new grant that is separate from the Infection Control and Testing, and Workforce Recruitment and Retention Fund.

The purpose of this fund is to support the adult social care sector with measures already covered by the infection prevention and control (IPC) allocation of the Infection Control and Testing Fund (round 3) to reduce the rate of Covid-19 transmission within and between care settings. Additionally, this funding may also be used to increase ventilation in care homes, and to enhance local authorities'

current direct payment offer particularly when the only way a person's care needs can be met is by a friend or family member, or to enhance support for carers. It may also be used to pay for temporary staffing to cover increased staff absence caused by Covid-19 and maintain staffing levels and workforce capacity.

### Loss Of income

4.9 As reported to Cabinet previously, the council has faced significant reductions in sources of income, for example from the ongoing effects of closed or restricted demand on services such as leisure and car parking and traded services income from schools. Given councils' reliance on this income, the ability to balance the budget beyond the short term is challenging, as whilst Government has made a commitment to fund some of the income losses to June 2021, it is not covering all of them. The most significant of these are:

- Active Living Centre income losses – membership levels at September 2021 are down c16% on February 2020, and it is anticipated that it will take 12 months (until September 2022) for numbers to recover - forecast income losses reflect this;
- Car parks have been open throughout the pandemic but occupancy has fluctuated throughout. Current off-street parking losses are based upon 50% income recovery to October 2021, followed by 50% for the remainder of the year. On street parking losses are based on 93% income recovery to October 2021, followed by 85% for the remainder of the year.

4.10 The Government announced a scheme for reimbursement of lost income on 2 July 2020 to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council's planned income from sales, fees and charges, the government cover 75p in every pound lost. A total of £3.10m was reimbursed for 2021/22. The Spending Round on 25 November 2020 announced a further £0.02bn for extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further three months until the end of June 2021 (the financial grant figure is subject to actual losses incurred in 2021/22 as they arise), and a claim was submitted of £631k. The remainder of the income pressure will need to be funded from the unringfenced grant as shown in **Table 1** above, meaning less funds available to meet any further emerging cost pressures.

### Additional Cost Pressures

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

- Adult Social Care demographics – there has been a significant increase in the number of clients receiving care packages. This is partly due to an increase in care packages relating to hospital discharges and additional demand relating to Covid-19. Discharges through the intermediate care service are currently funded through the hospital discharge process for a maximum of 6 weeks until the end of June 2021 and for a maximum of 4 weeks until the end of March 2022. After these periods the Local Authority are responsible for any associated costs;
- Increased costs relating to circa 53 looked after children due to delays in children stepping down and leaving care and reduced availability of appropriate placements;

- Waste disposal volumes have seen an increase of 3,100 tonnes (5.59%) in the period April to August compared to pre-Covid-19 levels.

### Walsall Proud Savings

- 4.12 The 2021/22 budget is predicated on delivery of £28.90m from the directorates using Proud ways of working and thinking across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. The direct impact of Covid-19 is currently a delay in delivering £598k of savings, as shown in the summary at **Appendix 3**. This is in the main due to an inability to generate some fee and charge increases due to facility closures; and a delay in the commencement of consultation on a number of organisational redesigns.
- 4.13 Cabinet on 21 July 2021 approved the use of £905k of Covid-19 unringfenced grant funding to support the one-off shortfall in savings. This included a £306k saving for Money Home Job restructure, which is now being contained within the underspend of the service, thereby releasing £306k of Covid-19 grant.

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

- 4.14 A further £5.37m of support to Walsall residents and £150.73m for Walsall businesses has been awarded in the form of specific grants.

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

<b>Table 2: Support to residents</b>	<b><u>Allocation</u></b> <b>£m</b>	<b><u>Spend to date 2021</u></b> <b>£m</b>	<b><u>Variance</u></b> <b>£m</b>	<b><u>Notes</u></b>
Hardship Fund	3.88	3.55	(0.33)	Scheme closed – balance to be used to fund any deficit on council tax income
Test & Trace main payments	0.85	0.82	(0.03)	Scheme still open
Test & Trace discretionary payments	0.64	0.57	(0.07)	Scheme still open
<b>Total support to Walsall residents</b>	<b>5.37</b>	<b>4.94</b>	<b>(0.43)</b>	

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

<b>Table 3: Support to businesses</b>	<b>Allocation £m</b>	<b>Spend to date £m</b>	<b>Variance £m</b>	<b>Notes</b>
Grant to businesses	53.55	46.45	(7.10)	Repaid 16/02/21
Expanded retail discount – to fund shortfall in loss of Non Domestic Rates (NNDR) income	27.78	29.00	1.22	Per NNDR3 2020/21 - extra grant expected
Nursery discount	0.11	0.11	0.00	Per NNDR3 2020/21
Extension to rate relief 2021/22*	11.94	7.69	(4.25)	Per NNDR1 2021/22 – final position to be reported in NNDR3
Covid additional relief fund (CARF)**	4.86	0	(4.86)	
Local restrictions grants (Closed) (5 Nov - 2 Dec)	3.95	1.95	(2.00)	Scheme closed - Difference to be repaid
Local restrictions grants (Open) (2 Dec - 19 Dec)	0.51	0.29	(0.22)	Scheme closed - Difference to be repaid
Christmas grant for 'wet led' pubs	0.12	0.12	0	Scheme closed
Additional restrictions grant	9.66	9.66	0	Scheme closed
Local restrictions support (2 Dec - 4 Jan)	1.36	0.85	(0.51)	Scheme closed - Difference to be repaid
Local restrictions support grant (16 Feb - 31 March)	12.14	6.35	(5.79)	Scheme closed - Difference to be repaid
Further lockdown grants	11.85	6.20	(5.65)	Scheme closed - Difference to be repaid
Restart programme	11.17	8.73	(2.44)	Scheme closed - Difference to be repaid
Additional restrictions grant – phase 4	0.35	0	(0.35)	
Omicron Hospitality & Leisure Grant	1.38	0.41	(0.97)	
<b>Total support to Walsall businesses</b>	<b>150.73</b>	<b>117.81</b>	<b>(32.92)</b>	

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

\*\*Rate relief scheme being developed

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

- 4.15 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures. The current council wide forecast of non-Covid-19 pressures shows a variance of **£1.08m** to budget, as summarised by directorate in **Table 4** overleaf. Any on-going pressures identified and not addressed in year will be considered as part of the 2022/23 budget process. Work continues to address these areas of pressure by year-end.



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

Directorate	Net Budget	Year end forecast prior to transfer to / (from) earmarked reserves	Year end variance to budget prior to transfer / (From) earmarked reserves	Use of earmarked reserves	Transfer to earmarked reserves	Year end forecast	Movement from November position to Cabinet Dec '21
	£m	£m	£m	£m	£m	£m	£m
Adult Social Care, Public Health & Hub	55.29	76.23	20.94	(17.26)	1.18	4.85	0.76
Children's Services							
- Children's and Education	59.26	65.02	5.76	(6.40)	0.64	0.00	0.00
- Customer Engagement	3.99	3.23	(0.76)	(1.54)	0.78	(1.52)	(0.60)
Economy, Environment & Communities	36.66	40.95	4.29	(6.14)	1.13	(0.73)	(0.21)
Resources & Transformation	26.74	28.63	1.89	(2.68)	0.46	(0.32)	0.02
<b>Services Position</b>	<b>181.94</b>	<b>214.06</b>	<b>32.12</b>	<b>(34.03)</b>	<b>4.19</b>	<b>2.28</b>	<b>(0.03)</b>
Capital Financing	23.67	21.20	(2.47)	(3.27)	4.53	(1.20)	0.00
Central budgets	(73.06)	(98.96)	(25.90)	(3.32)	29.23	0.00	0.00
<b>Total council tax requirement</b>	<b>132.55</b>	<b>136.29</b>	<b>3.75</b>	<b>(40.62)</b>	<b>37.95</b>	<b>1.08</b>	<b>(0.03)</b>

4.16 The year-end forecast includes the use of earmarked reserves of £40.62m and transfers to earmarked reserves of £37.95m.

Earmarked reserves are created for specified purposes. These are all planned to be used, although the period over which they are to be used may vary. Covid-19 costs funded from the S31 Covid-19 Response Fund, Sales, Fees and Charges grant (SFC) and other Covid-19 related grants carried forward from 2020/21 are recorded as expenditure within the services, with a corresponding transfer in of grant from earmarked reserves to fund the costs and these total £27.06m of the £40.62m planned use of reserves.

Of the £37.95m of transfers to reserves, £10.02m relates to Covid-19 grants, with the balance of £27.93m planned to be transferred for future use.

This results in projected closing earmarked reserves of £207.46m as shown in **Table 5** overleaf, with full details of the reserves shown in **Appendix 5**.

<b>Table 5: Earmarked Reserves</b>				
	<b>Opening Balance 01/04/21</b>	<b>Transfers from Reserves</b>	<b>Transfers to Reserves</b>	<b>Closing Balance 01/03/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury Reserves	22.67	(0.78)	8.06	29.94
Grant / Contributions received in advance	18.03	(6.36)	6.27	17.94
Improvement projects	33.67	(2.80)	5.70	36.57
Cost Pressures	10.66	(1.30)	2.20	11.56
Council Liabilities	43.14	(1.23)	4.77	46.69
Covid-19 grants	45.02	(27.06)	10.02	27.98
Public Finance Initiatives	22.04	(0.53)	0.00	21.51
Risk	7.64	0.00	0.00	7.64
Other	7.25	(0.56)	0.93	7.64
<b>Total</b>	<b>210.12</b>	<b>(40.62)</b>	<b>37.95</b>	<b>207.46</b>

Reserves are categorised for the purposes of reporting as follows:

- **Treasury reserves.** These reserves are to minimise the impact of interest rate changes and finance early redemption of loans to reduce the council's future interest exposure;
- **Grants / contributions received in advance.** This is where the council has received money in advance of the next accounting period or covers more than one accounting period. These amounts will be spent in line with the grant conditions;
- **Improvement projects.** These reserves are to finance service modernisation; specific projects such as pilot street cleansing initiatives, Cloud services, Oracle development, economic growth programme; and costs in relation to the council's Proud activity;
- **Cost pressures.** To include review of working practices including blended working, fluctuations in service demand such as in adult social care, crisis support and looked after children;
- **Council liabilities.** These reserves cover expenditure where the council has a legal obligation to pay costs, such as equal pay claims and redundancies. In addition to these there are reserves for business rate appeals, pensions and insurance claims;
- **Covid-19 grants.** The carry forward of specific government grants to cover Covid pressures, including expanded retail relief for businesses;
- **Public Finance Initiatives.** Liabilities for our PFI's with Street Lighting and St Thomas More;
- **Risk.** To cover unforeseen risks in 2021/22 at the time the budget was set;
- **Other.** These reserves are to support a wide range of future costs such as partnership working with other external bodies.

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

#### 4.17 Adults Social Care £4.85m

The current net forecast position, after the net use of reserves is a projected over spend of £4.85m. The main reasons are:

- (£300k) - Discharges through the intermediate care service are currently funded through the hospital discharge process for a maximum of 6 weeks until end of June 2021 and for a maximum of 4 weeks until the end of the financial year and the impact of this has been included in this position. This additional funding is partly offset by a net increase in demand management placements above expected business as usual numbers. The increase in costs is mainly associated with the impact of accelerated hospital discharges and transition into longer term care packages from intermediate care services and offset by joint funding income and client contributions;
- £880k - Procure to Pay saving carried forward from 2019/20 was £1.29m of which £210k has been validated to date on an ongoing basis and is included in the current forecast position. This is partially offset by additional Direct Payment refunds of £200k. Further work is underway to mitigate the remaining pressure including a review of existing provider payments. A detailed plan has been requested;
- (£380k) – Under spend on core services within Adult Social Care due to vacant posts across the directorate, one off use of improved better care fund and Covid funding partially offset by one-off costs to support STP delivery;
- (£150k) – Under spend within Communications, Brand and Marketing primarily due to the one-off use of COVID funding;
- £4.84m of savings within the directorate STP's not being fully achieved (further details shown in **Appendix 3**).

To note there are currently £840k of savings identified as amber which require further work. Should the achievement of these savings not materialise, the projected over spend position would increase to £5.69m.

There are also risks of £4.39m which could impact the forecast position should they materialise and these are detailed in **Appendix 4**.

#### 4.18 Public Health (on budget)

The forecast revenue position for 2021/22 before net use of/transfer to reserves is an under spend of (£780k) due to an underspend on staffing costs due to the impact of one-off funding to support the local authority's Covid-19 response and vacant posts within the service partially offset by costs associated with short term projects. As Public Health grant is ringfenced, this underspend will be transferred to reserves, with Public Health outturning on budget. This includes spend on sexual health services, drug and alcohol prevention and rehabilitation services, health visiting, school nursing, control of infectious diseases, oral health promotion, healthy weight and smoking cessation services.

#### 4.19 Children's - on budget

The initial forecast position is £5.76m. Of this £1.87m was planned to be funded from reserves and a further £2.52m is due to Covid-19 pressures and funded from the council's centrally held Covid-19 reserve. The remaining £1.37m relates to unplanned in year pressures as follows:

*Looked after children £828k* - based on the current number / mix of children in care and the projected inflow/outflow for the remainder of the year, the total forecast costs for the year are £26.78m. The current budget is £25.95m, therefore there is a forecasted overspend of £828k. This forecast includes the full use of the £2.95m

growth investment, therefore ring-fenced earmarked reserves to support Looked After Children of £828k have been allocated, reducing the forecast position to net nil.

*Special Education Need team £537k* - overspend on use of agency relating to clearing a backlog of Education and Health Care Plan cases and meeting the ongoing demand fully offset by use of reserves.

There are also risks of £314k which could impact the forecast position should they materialise and these are detailed at **Appendix 4**.

#### 4.20 Customer Engagement (£1.52m)

The current net forecast position, after the planned use of reserves, is an underspend of (£1.52m). The main reason are an underspend on salaries (£550k), additional overpayment income (£1.5m), less payment of additional housing benefit subsidy of £669k, with the remaining relating to additional supplies and services costs.

There are also risks of £500k which could impact the forecast position should they materialise and are detailed at **Appendix 4**.

#### 4.21 Economy, Environment and Communities (£730k)

The current net forecast position, after the planned use of reserves, is an underspend of (£730k). The main reasons for the underspend are:

Mitigating actions being taken, such as holding vacant posts, underspends on other staffing costs and supplies and services to mitigate delays in delivery of savings including Customer Access Management (CAM) and administration and business support dispersed effort benefit and to support the corporate position.

Income shortfalls on services within the directorate have been based upon trends in previous years or expected visitor numbers following lifting of Covid-19 restrictions. These include Active Living and car parking income as referred to in 4.9 above.

There are risks of £604k which could impact the forecast position should they materialise and are detailed in **Appendix 4**.

#### 4.22 Resources and Transformation (£320k)

The current net forecast position after the net planned use of reserves is an underspend of (£320k). The main reasons for the underspend are:

- Soft Integrated Facilities Management (IFM) (£222k):
  - (£82k) Cleaning – underspend on salaries and cleaning materials part offset by under recovery of contract income;
  - £65k Caretaking - under recovery of income and underspend on salaries;
  - (£87k) Catering - overspend on salaries offset by reduced spend on catering provisions and materials etc and the use of Covid-19 reserves to fund the loss of Bistro income;
  - (£118k) – underspend on salaries within School Crossing Patrols and events teams.
- Support Services (£98k) – mainly as a result of underspends on employee costs.

#### 4.23 Capital Financing (£1.2m)

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

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

4.24 The 2021/22 budget approved by Council on 25 February 2021 includes £28.90m of benefits realisation (savings) against Proud activity. Directors are required to ensure that service delivery plans are developed to fully deliver these in year.

4.25 There are currently benefits of £7.56m at risk of delayed or non-delivery. These are shown in **Appendix 3** along with the reason and mitigating actions totalling £2.61m, including £598k approved to be funded from one off Covid-19 grant in 2021/22. Of the £7.56m at risk savings, following review as part of the 2022/23 budget setting process to consider the impact of any undelivered 2021/22 savings, sufficient information has been provided to confirm that these savings are deliverable in full in 2022/23.

#### **General reserves**

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

<b>Table 6: General Reserves</b>	
<b>Details</b>	<b>£m</b>
Opening balance @ 1 April 2021	17.69
Less forecast overspend as at December 2021	(1.08)
<b>Remaining general reserves</b>	<b>16.61</b>

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

4.27 The revised capital programme for 2021/22, as approved by Cabinet on 15 December 2021 was £236.38m. **Table 7** summaries amendments made to date, resulting in a revised programme of £230.90m.

<b>Table 7: Amendments to Capital Programme 2021/22</b>	
<b>Project</b>	<b>£m</b>
<b>Capital programme 2021/22 per Cabinet 15 December 2021</b>	<b>236.38</b>
<b>Externally Funded</b>	
Future High Streets Fund – reprofiled grant	(5.22)
Housing acquisition – affordable housing commuted sums (s106) adjustment for existing provision	(0.26)
<b>Revised capital programme 2021/22</b>	<b>230.90</b>

**Table 8** summarises the 2021/22 capital programme and forecast outturn after the re-phasing of projects into 2022/23, with the forecast summary of the c£15k overspend shown at **Table 9**.

<b>Table 8: Forecast capital analysis 2021/22</b>					
<b>Directorate</b>	<b>Budget £m</b>	<b>Predicted year end forecast £m</b>	<b>Variance before Carry forward £m</b>	<b>Carry Forward £m</b>	<b>Variance Over / (Under) £m</b>
Council funded	90.70	25.98	(64.72)	64.74	0.02
Externally funded	140.20	73.30	(66.90)	66.90	0.00
<b>Total</b>	<b>230.90</b>	<b>99.28</b>	<b>(131.62)</b>	<b>131.64</b>	<b>0.02</b>

<b>Table 9: (Underspends)/Overspend 2021/22</b>	
<b>Project</b>	<b>£m</b>
Broadway West Playing Fields	(0.09)
Bentley Greenway Footpath Improvements	(0.04)
Willenhall Lawn Cemetery Extension & Land Development	(0.13)
Oak Park Car Park	0.08
Bloxwich Land Development	0.06
Council Chamber refurbishment and audio visual equipment	0.06
Barr Beacon infrastructure works	0.07
<b>Total</b>	<b>0.02</b>

4.28 The capital programme currently shows predicted re-phasing of £131.64m from 2021/22 to 2022/23 as shown in **table 10**. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control due to waiting for funding confirmation or Government approval.

<b>Table 10: Re-phasing of funded schemes 2021/22 to 2022/23</b>	
<b>Project</b>	<b>£m</b>
<b>External Funded</b>	
Basic Need	18.55
Capital Maintenance	1.70
Academies	0.35
High Needs Provision Capital Allocation	1.32
Land Property and Investment Fund	36.04
Future High Street Fund	4.99
West Midlands Strategic Transport Plan 'Movement For Growth'	1.20
M6 Junction 10 Highways Improvements	2.53
Off Gas Scheme	0.19
Black Country Blue Network-European Regional Development Fund	0.03
Black Country Blue Network-S106	0.01
<b>Council Funded</b>	
Pipeline Investment	25.84
Civic Centre Heating	1.15
Council House Smoke & Heat Detection Fire Alarm	0.34
Council House General Heating	2.17
Council House Internal Decoration	0.03
Willenhall Lane Travellers Site Pumping Station	0.02

<b>Project</b>	<b>£m</b>
Council House Windows	1.30
Council House Roof Repairs	0.70
Town Centre Strategic Acquisition For Third Sector Hub	2.56
Security Arrangements for Corporate Buildings	0.11
Computer Aided Facilities System	0.25
Challenge Block	0.03
Saddlers Shopping Centre	0.34
Civic Centre Plumbing	0.07
Modern Secure Reception	0.02
St Peters Church Repairs to Surrounding Wall	0.03
Workshop Breakdown Vehicle	0.07
Replacement Cemeteries Administration System	0.08
New Homes Bonus	0.08
Regenerating Walsall	0.22
Town And District Centres Public Realm	0.52
Walsall Market	0.04
Future High Street Fund	0.60
Enterprise Zones	5.69
Regional Materials Recycling Facility	2.30
Middlemore Lane HWRC	9.50
Allotment Boundary Improvement Works	0.16
Walsall Arboretum Extension	0.19
Hatherton Road Car Park	0.06
Hatherton Road MSCP Structural Maintenance	0.20
M6 Junction 10 Resilience Packages (NPIF)	0.36
2 Year Old revenue contribution to capital outlay	0.23
Promotion Of Community Health & Safety	0.11
Replacement Of Obsolete Traffic Signal Control Equipment	0.08
Replacement personal computers	0.03
Radio frequency identification (RFID) libraries self-issue	0.09
Aids And Adaptations (Statutory Element)	0.60
Health Through Warmth	0.06
My CMIS (Committee Management Information Service)	0.02
Council Chamber Refurbishment	0.15
Webcasting and Hybrid Meetings	0.02
Smartphones	0.10
Essential Microsoft Upgrades	0.04
ICT- Safe And Secure Environment	1.10
Enabling Technology	6.94
Telephony Cloud Based System	0.12
Proud Card Payments Digital Website	0.02
<b>Total</b>	<b>131.64</b>

### Pipeline Investment

4.29 A provision of £28m was made in the 2021/22 approved capital programme for council pipeline investment opportunities, including emerging regeneration schemes, where funding or match funding is required, and major capital projects. The £28m is part of an overall £40m approved by Council in February 2021 set aside over 3 years, with the current proposed use (and unallocated amounts) set out in **table 11** below. A further £30m has been included in the draft capital programme presented in the budget report to Cabinet (£10m in each year from 2023/24 to 2025/26, which has been

included in the below report for completeness. This includes a £500k per annum allocation for capital contingency.

Table 11: Pipeline Investment 2021/22 to 2026/27 – planned allocations							
Scheme	Approval	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
<b>Budget Allocation</b>		<b>28.00</b>	<b>0.00</b>	<b>22.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>
Balance c/f		0.00	25.84	14.48	24.70	30.82	40.47
Regional Materials Recycling Facility	Cabinet 17 March 2021	0.00	(0.65)	(0.93)	0.00	0.00	0.00
Future High Street Fund - match	Cabinet 21 April 2021	0.00	(0.32)	0.00	(3.73)	(0.35)	(0.71)
Reedwood Land (risk)	Cabinet 16 June 2021	(0.71)	0.00	0.00	0.00	0.00	0.00
Street Lighting	Cabinet 16 June 2021	(0.15)	(7.04)	(4.28)	0.00	0.00	0.00
Children's Residential	Cabinet 16 June 2021	(0.97)	(0.10)	0.00	0.00	0.00	0.00
Transit site – part funding	Business case endorsed by SIB 14 Sept 2021	(0.33)	0.00	0.00	0.00	0.00	0.00
Streetly Cemetery improvements	Business case endorsed by SIB 12 Oct 2021	0.00	(0.43)	0.00	0.00	0.00	0.00
Willenhall Masterplan	Business case endorsed by SIB 14 Dec 2021	0.00	(2.68)	(6.42)	0.00	0.00	0.00
Looked After Children Foster Care refurbishment programme	Business case endorsed by SIB 19 Jan 2022	0.00	(0.15)	(0.15)	(0.15)	0.00	0.00
<b>Total Allocated</b>		<b>(2.16)</b>	<b>(11.36)</b>	<b>(11.78)</b>	<b>(3.88)</b>	<b>(0.35)</b>	<b>(0.71)</b>
<b>Unallocated Balance c/f</b>		<b>25.84</b>	<b>14.48</b>	<b>24.70</b>	<b>30.82</b>	<b>40.47</b>	<b>39.75</b>

(1) The current commoditised materials market has been and remains exceptionally volatile - material supply market has indicated to us that Luminaire, central monitoring system and any Steel based product prices have increased significantly along with the more general price increases. Due to the period since the initial offer and signing of the variation, as a result of the Special Purpose Vehicle raising further clarifications and amendments, the offer from the supplier has expired and has resulted in a £880k price increase.

### **Financial Health Indicators**

4.30 **Appendix 6** contains financial health indicator performance as at 31 December 2021. The primary purpose of these is to advise Cabinet of the current financial health of the authority in order to provide assurance to them in their role. The indicators cover a number of areas as follows:

#### *Treasury Management*

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

Average interest rates on borrowing show an improvement against targets as a result of the council taking out new borrowing at favourable rates, whilst repaying older higher rate loans at maturity. An exception to this is the average borrowing rate excluding and including other local authority debt which is currently showing as 8.67% and 6.15%



above target. This will reduce in later years once planned borrowing for capital expenditure is taken out and the average borrowing rate reduces

### *Balance Sheet*

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

### *Revenue performance*

- 4.33 This section shows collection rates for council tax and business rates, the average number of days to collect sundry debt and the number of days to process creditor payments for 2021/22 and the performance against profile for 2021/22. Sundry debt collection is better than the target by 6 days with performance in relation to the processing of creditor payments also better by 6 days. Both council tax and business rates collection are just short of the target.

### *Management of Resources*

- 4.34 This section details the outturn position for 2020/21 (pre-audit) and 2021/22 year-end forecast for revenue and capital, which is based on the financial position as at 31 December 2021. The revenue forecast for 2021/22 shown is an overspend of £1.08m after successful delivery of corrective action plans.
- 4.35 The forecast on the capital programme as at 31 December 2021 is an expected overspend of c£15k, after the rephrasing of c£132m into 2022/23. Capital receipts are currently forecast to be on budget pending a review of available asset disposals which is fully dependent on timing and market conditions.

### *Prudential Indicators*

- 4.36 **Appendix 7** contains the prudential indicators as at 31 December 2021. The primary purpose of these is to provide assurance to Cabinet that the authority is borrowing and investing in a sound and prudent manner. Indicators are approved by Council on an annual basis.

### *National Indicators*

- 4.37 These indicators are nationally set and provide an indication of the council's exposure to interest rate risks, the proportion of the council's budget used to finance capital expenditure and the borrowing limits for the current year.

All of these indicators were met in 2020/21 and are forecast to be met in 2021/22.

### *Local Indicators*

- 4.38 These indicators have been set in consultation with the Treasury Management Panel which is chaired by the s151 Officer, to provide further assurances to the authority that borrowing and investment is being undertaken in a sound and prudent manner.

Specific variances to highlight are:

PRL1 - Capital Expenditure is forecasted to be £91.190m less than target, due to the re profiling of capital schemes from 2021/22 to future years.

The report also sets out a number of Local Indicators covering performance against targets for interest expense and investment income. Notable variances include:

L3a - Net borrowing costs as % of net council tax requirement (variance of 63.56%). The target figure of 20.00% represents an upper limit of affordable net borrowing costs as a percentage of the net council tax requirement for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

L3b - Net borrowing costs as % of Tax Revenue (variance of 62.50%). The target figure of 12.50% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

L5 & L6 – Average interest rate of external debt outstanding excluding/including Other Local Authority (OLA). The target for this year includes borrowing for capital expenditure which was budgeted to be taken out at lower rates than our historical borrowing rates, resulting in a lower average rate across all of our borrowing. This borrowing will no longer be undertaken in 2021/22 and will be funded by utilising the Council's cash balances. Therefore whilst the target is not being met there are interest cost savings being made as a result of not borrowing and a reduction in interest rate and counterparty risks.

L8 – Average rate achieved on Short Term Interest vs At Call Rate – The target is to achieve a 50% better rate on short term investments vs the current At Call rate (i.e. do nothing other than leave all cash in overnight At Call accounts). The average At Call rate was 0.04%, creating a 50% above target of 0.06%. The short term interest rate achieved was actually 0.33%, which results in a 725% favourable variance above the At Call rate.

L9a – The At Call interest rate is currently below target due to the unstable short term interest environment resulting from Covid-19, and the subsequent base rate cuts in March 2020. Please note that whilst this is below target it is still an improvement on negative rates provided by many existing At Call investments.

### **Council Corporate Plan Priorities**

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

## **Risk Management**

- 4.40 The council is having to make decisions that have a financial impact without a guarantee that the costs will be fully compensated for by the Government. The most obvious financial risk is therefore that the council will, if it is not fully reimbursed for all of its direct and indirect costs, overspend its 2021/22 budget, and reduce its general reserves.
- 4.41 The 2021/22 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves can only be set based on a set of realistically foreseeable or predicted parameters. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues, which may have a local impact. Best professional judgement and estimates are applied in terms of the continuing impact of the global pandemic and there is therefore a risk that reserves are insufficient if costs continue to increase without the corresponding allocation of funding to meet this from Government.
- 4.42 The short term risk of this is being managed through close management and reporting of costs, loss of income, and indirect impacts through Cabinet/Corporate Management Team (CMT) meetings as appropriate.
- 4.43 As well as financial risk, the council maintains a register that highlights key themes of organisational risk which is reported to Audit Committee as part of their annual work programme. The Strategic Risk Register (SRR) has been reviewed and amended to reflect the impact of Covid-19. The SRR has been reported to CMT and oversight in relation to this rests with Audit Committee, which will receive a number of reports during 2021/22.
- 4.44 Managers are required to deliver service and improvement targets on time, to standard and within budget. The resource allocation process is governed by the overarching Medium Term Financial Framework. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential variances and risks to be identified early and addressed.

## **Financial Implications**

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

savings options as set out in the main text of this report, and potentially emergency budgets.

- 4.48 The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

### **Legal implications**

- 4.49 The council is required to set and operate within a balanced budget. Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer (CFO), in consultation with the council's monitoring officer, to make a report under this section if it appears to him or her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. In practice, this is most likely to be required in a situation in which reserves have become depleted and it is forecast that the council will not have the resources to meet its expenditure.
- 4.50 This mechanism, however is impractical and should be avoided, as issuing a S114 notice requires all non statutory spend to cease immediately, a situation which would just exacerbate the current situation. Assurance from Government that it will cover all direct and indirect costs of Covid-19 is therefore essential to allow council's to manage their legal obligations and maintain financial stability going forward.
- 4.51 The Chartered Institute of Public Finance and Accountancy (CIPFA)'s guidance to CFO's has been modified to allow councils under budgetary pressure due to Covid-19 the time and space to explore alternatives to freezing spending via a S114 notice. The temporary modifications to guidance would mean that it should not normally be necessary for S.114 notices to be issued while informal discussions with government are in progress. The institute has proposed two specific modifications:
- At the earliest possible stage a CFO should make informal confidential contact with DLUHC to advise of financial concerns and a possible forthcoming S114 requirement.
  - The CFO should communicate the potential unbalanced budget position due to Covid-19 to DLUHC at the same time as providing a potential S114 scenario report to the council's Executive (Cabinet) and the external auditor.
- 4.52 The council will have due regard to its statutory responsibilities in proposing any changes to service provision and its statutory responsibilities in relation to setting a balanced budget.

### **Procurement Implications / Social Value**

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

### **Property Implications**

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

## **Health and Wellbeing Implications**

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

## **Staffing Implications**

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

## **Reducing Inequalities**

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

## **Climate Change**

- 4.58 This report is prepared with consideration of the council's Climate Change Action Plan, and directors will need to ensure that service delivery takes into account the six key areas of the plan: strategy, energy, waste, transport, nature, resilience and adaptation.

## **Consultation**

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

## **5. Decide**

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

## **6. Respond**

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

## **7. Review**

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

**Background papers:**

- Various financial and working papers;
- Corporate Budget Plan 2021/22 to 2023/24, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2021/22 Onwards – Council 25 February 2021;
- Corporate Financial Performance 2021/22, Covid-19 and Updated Medium Term Financial Framework – Cabinet 20 October 2021.
- Corporate Financial Performance 2021/22 and Covid-19 Update – Cabinet 15 December 2021.

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Signed:



**Deborah Hindson**  
**Interim Executive Director – Resources**  
**& Transformation / s151 Officer**

9 February 2022

Signed



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

9 February 2022

## Appendix 1: Covid-19 Funding

Source of Funding	Lead Officer	Costed plan in place	Walsall allocation			Forecast 2021/22		
			Carried forward from 2020/21 £	2021/22 allocation £	Total funding £	Actual to December 2021 £	Forecast Annual 2021/22 £	Variance £
<b>Unringfenced grant</b>								
COVID-19 Support Package (1)	Vicky Buckley*		4,971,738	9,225,164	14,196,902	9,555,055	13,961,636	(235,266)
<b>Loss of income grant</b>								
Forecast recoverable income for Qtr 1 2021/22 - submitted (2)	Vicky Buckley		0	631,440	631,440	631,440	631,440	0
<b>Ringfenced grant</b>								
Test and Trace support payments (3) - grant for admin of scheme	Mark Fearn	Y	0	135,768	135,768	135,134	135,768	0
New Burdens Funding - Business rates admin (4) **	Elise Hopkins	Y	240,721	455,000	695,721	207,407	243,521	(452,200)
Wellbeing for Education funding (5) **	Trudy Wyatt	Y	40,416	35,107	75,523	40,416	53,416	(22,107)
Contain Outbreak Management Fund (6)	Stephen Gunther	Y	5,677,654	2,380,687	8,058,341	5,747,182	8,058,341	0
Winter support package / Local Support Grant (7)	Elise Hopkins	In part	62,061	1,334,995	1,397,056	1,360,089	1,360,089	(36,967)
Clinically Extreme Vulnerable support grant (8)	Paul Gordon	Y	452,541	0	452,541	326,497	452,540	(1)
Community Testing (9)	Stephen Gunther	Y	0	1,129,345	1,129,345	964,345	1,129,345	0
Community Champions (10)	Paul Gordon	Y	432,500	0	432,500	189,775	432,500	0
Elections (11)	Susan Wright	Y	0	70,306	70,306	70,306	70,306	0
Welcome Back Fund (12) / Reopening High Streets Safely Fund	Dave Brown	Y	86,070	253,601	339,671	339,671	339,671	0
LA Practical Support or those self isolating / Self isolation Support Framework (13)	Paul Gordon	Y	0	633,522	633,522	120,336	333,166	(300,356)
Infection Control & Testing Fund (14) – Infection & Prevention Control ASC rapid testing Vaccine testing	Tracy Simcox	Y	0	2,474,373	2,474,373	1,462,846	2,474,373	0
			0	1,626,557	1,626,557	1,078,184	1,626,557	0
			0	115,924	115,924	0	115,924	0
Household Support Fund (6 Oct 2021 - 31 March 2022) (15)	Elise Hopkins	Y	0	2,819,810	2,819,810	1,113,307	2,819,810	0
Workforce Recruitment and Retention Fund for Adult Social Care (16)	Tracy Simcox	Y	0	2,759,246	2,759,246	0	2,759,246	0
Protect & Vaccinate for rough sleepers (17)	Elise Hopkins	TBC	0	34,717	34,717	0	0	(34,717)
Adult Social Care Omicron Support Fund (18)	Tracy Simcox	Y	0	357,956	357,956	0	357,956	0
<b>Total unringfenced and ringfenced grants for Walsall (excluding support to businesses)</b>			<b>11,963,701</b>	<b>26,473,518</b>	<b>38,437,219</b>	<b>23,341,990</b>	<b>37,355,606</b>	<b>(1,081,613)</b>

\*Via approval by Cabinet / CMT

\*\*Expected carry forward of unspent allocations (£452k New Burdens, £22k Wellbeing for Education)

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



- 14 Infection Control and Testing Fund** – the purpose of this fund is to support adult social care providers to:
1. reduce the rate of Covid-19 transmission within and between care settings through effective IPC practices and increase uptake of staff vaccination, and;
  2. conduct rapid testing of staff and visitors in care homes, high risk supported living and extra care settings, to enable close contact visiting where possible
- 15 Household Support Fund** – to help vulnerable households and individuals most in need over the winter months as we enter the final stages of recovery. This is a new grant to replace Covid-19 Local Support and Winter grant. At least 50% of the total funding must be spent on families with children. It should primarily be used to support households in the most need with food, energy and water bills. It can also be used to support households with essential costs related to those items and with wider essential costs. In exceptional cases of genuine emergency, it can additionally be used to support housing costs where existing housing support schemes do not meet this exceptional need.
- 16 Workforce Recruitment and Retention Fund for Adult Social Care** – part of the adult social care winter plan to meet the challenges it faces this winter. The plan includes a commitment to providing workforce recruitment and retention funding to support local authorities and providers to recruit and retain sufficient staff over winter, and support growth and sustain existing workforce capacity.
- 17 Protect and Vaccinate for Rough Sleepers** – to help to increase vaccine uptake among people who are homeless and sleeping rough, supporting those who are hesitant about getting their vital booster jabs and funding emergency accommodation to get people off the streets.
- 18 Adult Social Care Omicron Support Fund** - the purpose of this fund is to support the adult social care sector with measures already covered by the infection prevention and control (IPC) allocation of the Infection Control and Testing Fund (round 3) to reduce the rate of Covid-19 transmission within and between care settings. Additionally, this funding may also be used to increase ventilation in care homes, and to enhance local authorities' current direct payment offer particularly when the only way a person's care needs can be met is by a friend or family member, or to enhance support for carers. It may also be used to pay for temporary staffing to cover increased staff absence caused by Covid-19 and maintain staffing levels and workforce capacity.

## Appendix 2 – Cabinet / CMT (Former Gold / Silver) Covid-19 Approvals

Date	Approval	Approved allocation 2021/22			Forecast 2021/22	
		Carried forward from 2020/21 £	2021/22 allocation £	Total approval £	Actual to December 2021 £	Forecast Annual 2021/22 £
<b>Cabinet approvals</b>						
19/05/2020 & 09/12/2020	Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers. Continuation of 'payment by plan' (except where there is no evidence of care having taken place) for domiciliary care services until the 31 March 2021, with delegated authority to the Executive Director of ASC approved 09 Dec. £319,000 approved by Cabinet on 19 May and £1,359,324 on 9 December (2021/22 expenditure funded from COMF)	307,829	0	307,829	0	0
12/08/2020 & 10/02/2021	Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers – £500,000 approved by Cabinet on 12 August 2020 and £900,000 approved by Cabinet on 10 February 2021. Further to the £200,000 approved by Cabinet on 19 May 2020 (2021/22 expenditure funded from COMF)	651,237	0	651,237	0	0
19/04/2021	Expected shortfall in 2021/22 savings requirement for Money Home Job, given the increased work for managing Covid business grants – Savings target of £925,268 with £421,818 expected to be delivered plus £197,000 use of Homelessness Prevention grant, leaving shortfall of £306,450. Initial Gold approval on 15/04/21, and subsequent approval by Leader/Portfolio Holder at briefing 19/04/21, and Cabinet 21 July 2021. Now funded from service underspend.	0	306,450	306,450	0	0
21/07/2021 & 20/10/2021	Additional placement costs relating to a significant increase in domiciliary care numbers during the pandemic and a shortfall of client contributions - £2.2m approved by Cabinet on 21/07/21 and a further £1.15m for approval by Cabinet on 20/10/21	0	3,358,953	3,358,953	2,423,301	3,358,953
21/07/2021	Increased workforce costs above the current budget due to increased demand in safeguarding and backlog of assessments. Safeguarding has seen an increase in number of concerns every month over the last six months resulting in additional agency staff being required to cover the additional demand - includes £80,074 Add workload in ASC learning disabilities and £265,014 agency social workers to address demand in safeguarding as approved by Gold on 24/06/21 and 01/07/21 respectively.	0	502,421	502,421	347,762	500,000
21/07/2021	Increased costs relating to circa 53 looked after children due to delays in children stepping down and leaving care and reduced availability of appropriate placements;	0	2,068,756	2,068,756	1,539,083	1,985,687
21/07/2021	Increase in waste disposal costs based on 2020/21 tonnage arising from people being home more and continuation of blended working	0	735,000	735,000	113,763	178,720
21/07/2021	Funding of one-off shortfall in 2021/22 savings - total £904,942 less £306,450 MHJ approved by Leader on 19/04/21 as above	0	598,492	598,492	525,995	598,492
20/10/2021	Legal support - Barristers fees - approved by Gold 16/09/21	0	292,682	292,682	189,864	269,367
<b>Total Cabinet approvals to date</b>		<b>959,066</b>	<b>7,862,754</b>	<b>8,821,820</b>	<b>5,139,768</b>	<b>6,891,219</b>
<b>Gold Control approvals &gt;£50k</b>						
02/11/2020	Social distancing measures, signage etc	52,623	0	52,623	21,663	28,881
18/03/2021	EHC assessment – managing the backlog of Education Health Care Plans – April to June 2021	0	191,950	191,950	191,950	191,950
24/06/2021	Vaccination bus costs for 10 weeks- £85,370 funded from Contain Outbreak Management Fund 2021/22 allocation	0	0	0	0	0

Date	Approval	Approved allocation 2021/22			Forecast 2021/22	
		Carried forward from 2020/21 £	2021/22 allocation £	Total approval £	Actual to December 2021 £	Forecast Annual 2021/22 £
05/08/2021	Vaccination bus – Option 3 to extend bus programme for a further 4 weeks for 1st vaccination uptake and continue buses for a further 8 weeks beyond this to support 2nd vaccinations (total 19 weeks) £248,831 (£137,572 funded from COMF and £111,259 from CCG)	0	0	0	0	0
23/09/2021	Additional costs in soft IFM (Cleaning, Caretaking and Catering 2021/22 schools related)	0	136,178	136,178	111,240	136,178
<b>Total Gold approvals to date</b>		<b>52,623</b>	<b>328,128</b>	<b>380,751</b>	<b>324,853</b>	<b>357,009</b>
<b>Silver Control approvals &lt;£50k</b>						
28/01/2021	Administration of One Source Programme – extension of experienced ICT Project Management contractor (in place since Nov 2019) to cover the implementation phase for the payroll module Feb – May 2021 and the wrapping up of the programme (May – June 2021).	29,250	0	29,250	29,250	29,250
08/02/2021	Additional Vodafone charges being incurred whilst working remotely for the period April 2021 – September 2021	0	32,400	32,400	32,400	32,400
15/02/2021	ICT resource to enhance customer service – included ICT traded services to schools – April 2021 – March 2022	0	32,863	32,863	0	0
15/03/2021	Children's system development – project support resource to manage and implement changes to Capita and Mosaic. 5 months until Aug/Sept	0	50,000	50,000	50,000	50,000
30/03/2021	Support to domiciliary care market – additional capacity by bringing extra providers onto the community based services framework – Q1 2021/22	0	16,002	16,002	16,002	16,002
12/04/2021	Shared lives - £1,000 per 27 households who receive long term shared lives carers to receive recognition and recompense for and due to the ongoing Covid restrictions and in light of their continued support to individuals in placement – April 2020 – March 2021.	27,000	0	27,000	27,000	27,000
28/04/2021	Bulk email costs - for emailing monthly update newsletter to citizens Apr-2021 - March 2022	0	4,200	4,200	3,150	4,200
<b>Total Silver approvals to date</b>		<b>56,250</b>	<b>135,465</b>	<b>191,715</b>	<b>157,802</b>	<b>158,852</b>
<b>CMT approvals &lt;£250k</b>						
23/12/2021	One off costs for the elongation of the implementation period for the council's early payment scheme - April to Sept 2021	0	18,000	18,000	0	18,000
23/12/2021	Additional Vodafone charges which are being incurred whilst we are working remotely - Oct 2021 to March 2022	0	32,400	32,400	8,100	32,400
23/12/2021	Consultancy costs which have been incurred in order to implement a room/workspace booking system	0	13,177	13,177	3,294	13,177
23/12/2021	Finance staffing - April 2021 to March 2022	0	146,360	146,360	0	146,360
<b>Total Silver approvals to date</b>		<b>0</b>	<b>209,937</b>	<b>209,937</b>	<b>11,394</b>	<b>209,937</b>
<b>Total Cabinet / CMT (Former Gold / Silver) approvals for additional cost pressures 2021/22</b>		<b>1,067,939</b>	<b>8,536,284</b>	<b>9,604,223</b>	<b>5,633,817</b>	<b>7,617,017</b>

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

Benefit	Proud Workstream	Original Full Benefit £	Benefit identified as high risk of non delivery £	Value to be funded by Covid-19 Grant £	Value to Mitigated by Service In Year £	Reason	Mitigating Actions
<b>Resources and Transformation</b>							
HR restructure	Enabling Support Services	100,000	100,000	0	100,000	Restructure delayed until Enabling & Support Service review is completed.	A number of posts are being held vacant deliberately whilst the restructure work is being finalised.
Admin & business support wave 1 implementation	Enabling Support Services	552,062	153,308	0	153,308	Shortfall on centralisation and restructure phase1 and delay in phase 2 expected, further work re centralisation of non-pay budgets may partly mitigate.	The service will aim to mitigate the in year pressure through further work with directorates to identify any further benefits and the completion and implementation of the full restructure of the service.
Consolidation of shadow IT and ITOM efficiencies	Third Party Spend	64,000	64,000	0	0	Revision of ITOM blueprint has put delivery of these benefits at risk in year. Benefit is dependent on the implementation of full original ITOM blueprint. This puts the deliverability of this £64k at risk. ITOM is not in place as of 1 April, therefore any benefit achieved in 2021/22 will be part year.	The full ITOM blueprint has been revised with an affordable model addressing the priority of cyber security, enterprise architecture and business relationship management to be implemented. Further work required.
Infrastructure & Technology Changes - Cloud Navigation / Fibre	Third Party Spend	150,000	120,000	120,000	0	Currently behind schedule due to increased working from home, power cuts and other impact of Covid-19. Current focus is on delivering essential services to keep the core business of the council running.	Progress delayed by Covid-19 and benefit requested to be funded via Covid-19 unringfenced grant for 2021/22.
Efficiencies savings within legal services	Enabling Support Services	66,666	33,333	0	33,333	Further efficiencies yet to be identified.	Efficiencies have been identified from legal non-staffing budgets but under review to confirm if savings need to be realigned. Further work required.

<b>Benefit</b>	<b>Proud Workstream</b>	<b>Original Full Benefit £</b>	<b>Benefit identified as high risk of non delivery £</b>	<b>Value to be funded by Covid-19 Grant £</b>	<b>Value to Mitigated by Service In Year £</b>	<b>Reason</b>	<b>Mitigating Actions</b>
Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	78,433	78,433	0	18,333	Next phase of work not yet identified; planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £18k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
Admin & business support cross council efficiencies	Enabling Support Services	47,060	34,496	0	8,064	Next phase of work not yet identified; planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £8k of the remaining red is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
<b>Total Resources &amp; Transformation</b>		<b>1,058,221</b>	<b>583,570</b>	<b>120,000</b>	<b>313,038</b>		
<b>Children's Services</b>							
Mother & Baby - Daisy Project	Third Party Spend	739,980	295,992	295,992	0	Issue around implementation dates, Director working to find a solution.	Implementation of project delayed due to issues with recruitment relating to Covid-19. Therefore Gold/Cabinet proforma has been presented for approval for saving to be funded from Covid-19 unringfenced grant for 2021/22. Service is working to identify additional families to work with throughout this financial year in order to achieve the saving in full from 2022/23 onwards.
Change, Grow, Live Contract - bring service back in house	Third Party Spend	122,714	42,833	0	42,833	Walsall Council pay scales are higher than CGL, this has created a cost pressure not originally anticipated.	This will be funded from uncommitted Troubled Families Grant
Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	169,706	169,706	0	169,706	Next phase of work not yet identified; planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £40k is mitigated corporately in year with a further £130k mitigated by service underspends, actions to implement the remaining saving have been requested from services.

Benefit	Proud Workstream	Original Full Benefit £	Benefit identified as high risk of non delivery £	Value to be funded by Covid-19 Grant £	Value to Mitigated by Service In Year £	Reason	Mitigating Actions
Admin & business support cross council efficiencies	Enabling Support Services	101,823	101,823	0	101,823	Next phase of work not yet identified; planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £24k is mitigated corporately in year with a further £78k mitigated by service underspends, actions to implement the remaining saving have been requested from services.
<b>Total Children's Services</b>		<b>1,134,223</b>	<b>610,354</b>	<b>295,992</b>	<b>314,362</b>		
<b>Customer Engagement</b>							
Restructure within Money Home Job	Customer Access & Mgt	690,266	206,408	0	206,408	Up to six-month delay in completion of restructure within MHJ due to Covid-19 as officers are required to deal with the unusual circumstances at present.	This is funded by grant contributions and vacant posts.
Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	43,462	10,161	0	10,161	Next phase of work not yet identified; planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £10k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
Admin & business support cross council efficiencies	Enabling Support Services	26,076	6,095	0	6,095	Next phase of work not yet identified; planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £6k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
<b>Total Customer Engagement</b>		<b>759,804</b>	<b>222,664</b>	<b>0</b>	<b>222,664</b>		
<b>Adult Social Care</b>							
Older People & Front Door	Third Party Spend	3,989,701	2,251,966	0	0	Work currently being undertaken to identify and understand the enablers required to reduce inflow into social care. Awaiting detailed plans, however there is likely to be a delay in implementation.	Further work is required by the directorate to identify a mitigating action plan. This is part of the STP saving included within the ASC reported overspend in this report.

Benefit	Proud Workstream	Original Full Benefit £	Benefit identified as high risk of non delivery £	Value to be funded by Covid-19 Grant £	Value to Mitigated by Service In Year £	Reason	Mitigating Actions
Review of existing mental health packages	Third Party Spend	421,329	109,505	0	0	Benefit generated by reviews to date are lower than forecast due to slippage in delivery.	Further work is being undertaken by the directorate to refresh their STP and identify a mitigating action plan. The benefit shortfall is currently included within the reported ASC overspend.
Staff reconfiguration in relation to Access Team	Connected Working (Perform Plus)	112,988	56,416	0	0	Implementation date delayed until October 2021	Further work is being undertaken by the Directorate to refresh their STP and identify a mitigating action plan. The benefit shortfall is currently included within the reported ASC overspend.
Joint Funding Arrangements	Income Generation & Cost Recovery	3,218,831	2,090,571	0	0	Awaiting variation of Section 75 agreement.	Further work is required by the directorate to identify a mitigating action plan. This is part of the c£2.12m STP joint funding saving included within the ASC reported overspend in this report.
Benefit Maximisation Project	Income Generation & Cost Recovery	783,000	184,719	0	0	Awaiting outcome of independent review.	Further work is being undertaken by the Directorate to refresh their STP and identify a mitigating action plan. The benefit shortfall is currently included within the reported ASC overspend.
Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	113,401	113,401	0	26,508	Next phase of work not yet identified; planning has commenced.	£500k dispersed effort target has now been split per Directorate and budget virements enacted. £27k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
Admin & business support cross council efficiencies	Enabling Support Services	68,042	36,517	0	15,905	Next phase of work not yet identified; planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £16k is mitigated corporately in year, actions to implement the remaining saving have been requested from services.
<b>Total Adults Social Care</b>		<b>8,707,292</b>	<b>4,843,095</b>	<b>0</b>	<b>42,413</b>		

Benefit	Proud Workstream	Original Full Benefit £	Benefit identified as high risk of non delivery £	Value to be funded by Covid-19 Grant £	Value to Mitigated by Service In Year £	Reason	Mitigating Actions
<b>Economy, Environment and Communities</b>							
Fee increases within resilient communities	Income Generation & Cost Recovery	98,022	98,022	0	98,022	Includes trading standards, food standards, taxi licencing etc. Review required taking into account the impact of Covid-19 on these sectors.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends. £20k expected to be mitigated on an ongoing basis through deep dive review of budgets, replacing previous benefit proposal.
Charging for pre licensing – business licenses	Income Generation & Cost Recovery	7,350	7,350	0	7,350	Review of fee increases required taking into account the impact of Covid-19 on these sectors.	£7k expected to be mitigated on an ongoing basis through deep dive review of budgets, replacing previous benefit proposal
Restructure within resilient communities	Customer Access & Mgt	713,668	507,819	0	507,819	9-month delay implementation of the restructure within resilient communities.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends
Consider ceasing of pest and animal control service	Income Generation & Cost Recovery	87,606	56,994	0	56,994	Current expected delay to second half of financial year before new structure implementation.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends.
Efficiency savings within Community protection service	Customer Access & Mgt	52,135	39,101	0	39,101	9 months delay due to the implementation of the restructure within Community protection.	Mitigated by a combination of holding vacant posts open in the Directorate and other service underspends.
Increase in fee paying services for building control	Income Generation & Cost Recovery	7,000	2,780	0	2,780	Uptake currently below the level expected.	Mitigated by underspends elsewhere in the service.
Restructure of planning services	Customer Access & Mgt	85,000	70,833	0	70,833	Implementation was delayed whilst a revised structure was agreed, consultation has now begun.	None identified presently – shown as overspend in April forecast outturn.
Alternative funding / maximisation of external funding	Income Generation & Cost Recovery	70,000	41,610	0	41,610	Vacant posts have reduced amount of staff time that can be capitalised.	Looking to use vacant posts to mitigate shortfall in savings target.
Increased membership retention across active living centres	Income Generation & Cost Recovery	45,000	45,000	45,000	0	Delay in implementation due to Covid-19 and ALC's being closed, impact on sector being reviewed.	Mitigated by Covid-19 reserve under loss of income.



Benefit	Proud Workstream	Original Full Benefit £	Benefit identified as high risk of non delivery £	Value to be funded by Covid-19 Grant £	Value to Mitigated by Service In Year £	Reason	Mitigating Actions
External marketing and promotion partnership across active living centres	Designing Ways of Working - Hub	62,000	62,000	62,000	0	Delay to implementation due to Covid-19 and ALC restrictions. Expected that the service will need time to build usage/membership numbers back up to pre Covid-19 levels.	Mitigated by Covid-19 reserve under loss of income.
Management restructure across active living centres (ALC's)	Customer Access & Mgt	28,762	28,762	0	28,762	Delay due to recruitment to Head of Service post, who will lead on implementation.	Mitigated by underspends elsewhere in the Service.
Increasing out of hours burial services and associated fees	Income Generation & Cost Recovery	6,346	6,346	0	6,346	Discussions are ongoing re viability of implementation.	£6k expected to be mitigated on an ongoing basis through deep dive review of budgets, replacing previous benefit proposals
Increasing the number of fixed penalty notices issued	Income Generation & Cost Recovery	50,000	23,214	12,500	10,714	The service is currently refocused on Covid-19 priorities.	Mitigated partly by Covid-19 unringfenced grant and by underspends elsewhere in the Service.
Events Income Generation	Income Generation & Cost Recovery	10,000	5,000	0	5,000	Cancellation of some results due to Covid-19	Mitigated by underspends elsewhere in the Service.
Review of permit scheme with utilities companies	Income Generation & Cost Recovery	40,000	40,000	0	40,000	Formal consultation with utility companies not yet initiated.	Mitigated by income generated from increased volume of permit applications at current charges.
Biodiversity	Designing Ways of Working - Hub	88,249	88,249	0	88,249	Refocus from wild to managed sites will impact level of benefit achievable.	Mitigated by underspends elsewhere in the Service.
ALC - Concessionary 'Move it' leisure scheme fee increase	Income Generation & Cost Recovery	63,000	63,000	63,000	0	Fees increased, however sites operating at reduced capacity, with longer delay expected until usage/ membership back up to pre Covid-19 levels.	Mitigated by Covid-19 unringfenced grant and loss of income.

<b>Benefit</b>	<b>Proud Workstream</b>	<b>Original Full Benefit £</b>	<b>Benefit identified as high risk of non delivery £</b>	<b>Value to be funded by Covid-19 Grant £</b>	<b>Value to Mitigated by Service In Year £</b>	<b>Reason</b>	<b>Mitigating Actions</b>
Council wide efficiencies relating to Customer Access Management	Customer Access & Mgt	94,998	74,107	0	74,107	Next phase of work not yet identified; planning has commenced.	£500k dispersed effort target has been split per Directorate and budget virements enacted. £22k is mitigated corporately in year with a further £73k mitigated by service underspends, actions to implement the recurring saving have been requested.
Admin & business support cross council efficiencies	Enabling Support Services	56,999	44,464	0	44,464	Next phase of work not yet identified; planning has commenced.	£300k dispersed effort target has now been split per Directorate and budget virements enacted. £13k is mitigated corporately in year with a further £44k mitigated by service underspends, actions to implement the recurring saving have been requested from services.
<b>Total Economy, Env &amp; Communities</b>		<b>1,666,135</b>	<b>1,304,651</b>	<b>182,500</b>	<b>1,122,151</b>		
<b>Total</b>		<b>13,325,675</b>	<b>7,564,334</b>	<b>598,492</b>	<b>2,014,628</b>		

#### Appendix 4: Summary of potential risk

<b>POTENTIAL RISK – HIGH RISK ITEMS ONLY</b>	<b>POTENTIAL COST OF RISK £m</b>
<b>Adult Social Care, Public Health and Hub</b>	
Impact of the increase in client numbers above business as usual rates seen in the first 8 months of the year continuing for the remainder of 2021/22 (December to March).	0.31
Adult social care benefit proposals currently identified as ‘not fully guaranteed’ (Amber), mainly relating to additional income from learning disability joint funding arrangements.	0.84
Validation of remaining Section 117 recharges to Walsall CCG prior to April 2021 (awaiting formal response from CCG).	3.24
<b>Total Adult Social Care, Public Health and Hub</b>	<b>4.39</b>
<b>Children’s Services, Education and Customer Engagement</b>	
In 2019/20, there was a net increase of 108 children & young people entering care in comparison to 48 in 2020/21. If this spike were to happen again in 2021/22 costs could increase by a further £251k over and above expected growth included in current budgets.	0.25
Demand for EHCP assessments continue to increase above capacity of the educational psychologist team, therefore incurring additional agency cost. Funding has been approved for permanent posts, but interim cover may be needed in the short term to meet demand whilst recruitment is underway.	0.06
Money Home Job – legal costs	0.50
<b>Total Children’s Services, Education and Customer Engagement</b>	<b>0.81</b>
<b>Economy, Environment and Communities</b>	
Clean & Green – further increase in waste tonnages	0.30
Reduction in bereavement income (increased competition)	0.12
Highways maintenance contracted services	0.10
Increased fuel costs	0.05
Markets – further loss of income	0.03
<b>Total Economy, Environment and Communities</b>	<b>0.60</b>
<b>TOTAL HIGH RISKS</b>	<b>5.80</b>

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

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
<b>Adult Social Care, Public Health and Hub</b>			
improved Better Care Fund 2 (iBCF2)	(731,051)	0	Costs associated with social care activity/intermediate Care.
Better Care Fund	(506,613)	0	Funding of the Quality in Care Team and Integrated Community Equipment Service system upgrade.
Public Health	(487,480)	1,114,978	Funding of various one-off projects i.e., Homelessness, Housing First and Mental Health. Transfer to reserve is mainly due to under spend on staffing and contracts.
Social Care Grant – Doctor's assessments	(130,900)	0	To support back log of Best Interest Assessors / Deprivation of Liberty safeguard assessments.
Covid-19 – unringfenced funding	(3,824,732)	0	Additional placement costs relating to a significant increase in domiciliary care numbers during the pandemic and a shortfall of client contributions.
Covid-19 – Infection control	(1,326,330)	0	Support to care providers.
Covid-19 – Rapid testing	(1,214,700)	0	Support to care providers.
Covid-19 – Contain Outbreak Management Fund	(8,058,301)	0	Costs to support local test, trace and contain activities as well as wider measures to protect public health and local economies.
Covid-19 – Community testing	(832,410)	0	Cover costs of community testing.
IFRS*	(37,000)	61,690	Support homelessness within the borough and funding held in relation to custom card.
National Development Team for Inclusion Project	(111,825)	0	Specific grant to fund the project carried forward from 2020/21.
<b>Total Adult Social Care, Public Health and Hub</b>	<b>(17,261,342)</b>	<b>1,176,668</b>	
<b>Children's Services</b>			
Covid-19 – unringfenced funding	(2,528,511)	0	Primarily used to offset pressures relating to children and young people in care resulting from Covid-19.
Proud – invest to save	(37,007)	0	Funding development posts linked to transformation plan benefits.
IFRS*	(1,404,538)	479,697	Use of funding for School Improvements, Housing First Scheme, Safeguarding Families and Protecting Children and Family, Drugs and Alcohol Court. Transfer to reserve is balance of Troubled Families funding.
Looked after children complex cases	(318,262)	0	To fund pressures, including social workers and placement costs, of complex cases relating to young people in care.
Looked after children demand	(828,369)	0	To fund risks relating to volatility of costs relating to children and young people in care.
External partner contributions	0	142,816	Transfer of underspends on Safeguarding Partnership and Youth Justice Board to reserves, as both services are significantly funded by external partner contributions.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Covid-19 - Wellbeing for education	(40,416)	22,107	Grant funding that seeks to better equip education settings to support children and young people's wellbeing, resilience and recovery in the context of Covid-19.
Dedicated Schools Grant (DSG)	(1,087,948)	0	Funding of pressures within the schools high needs block.
Family, Drugs and Alcohol Court (FDAC)	(157,322)	0	To part fund 3 year FDAC contract. Delay in utilisation due to Covid-19.
<b>Total Children's Services</b>	<b>(6,402,373)</b>	<b>644,620</b>	
<b>Children's - Customer Engagement</b>			
Covid-19 – Business rates administration	(152,721)	200,000	To cover the additional work to be completed for audit of the Covid-19 grants.
Covid-19 - Post assurance		149,440	To cover additional work relating to Covid-19 funding.
Crisis Support scheme	(218,159)	0	Funding to deliver the scheme.
Houses in multiple occupation (HMO) licences	(16,078)	0	Staff support costs of the HMO licences.
Proud – invest to save	(30,000)	0	Contact centre out of hour's contract.
IFRS*	(554,378)	434,328	Grant funding for Housing First scheme, Afghanistan resettlement and relocation funding and other smaller projects.
Redundancy	(571,667)	0	Redundancy costs.
<b>Total Children's - Customer Engagement</b>	<b>(1,543,003)</b>	<b>783,768</b>	
<b>Economy, Environment &amp; Communities</b>			
Covid-19 – unringfenced funding	(2,949,162)	0	Costs associated with the response to Covid-19 including loss of income for active living centres, car parks, libraries, licencing and increase waste disposal costs.
Covid-19 – Clinically extremely vulnerable	(452,541)	0	Covid-19 funding to support clinically extremely vulnerable residents.
Covid-19 – Community champions	(432,500)	0	Costs of supporting residents who are most at risk of Covid-19.
Town centre masterplan	(200,000)	0	Town Centre Masterplan.
Black Country Core Strategy	(26,643)	0	To support Walsall's share of the costs associated with the review of the Black Country Core Strategy.
Brexit funding	(50,000)	0	Support for European union residents applying for settled status.
Building control fees – statutory account	0	50,295	Required to breakeven over a 3 year period which is reviewed annually. Any under/over recovery transferred to/from reserves.
Bus lane enforcement ring fenced income	0	156,163	Funding to be used for highways i.e. road markings.
Street Lighting PFI	(78,373)	0	Grant funding to be utilised over the life of the project.
Commuted Sums – Shannon's Mill	(3,000)	0	To cover the ongoing maintenance.
External donations	(1,200)	0	Public donations - planned expenditure by the leather museum.
On Street Car Parking income (ringfenced)	0	252,407	To be used to offset pressures in parking income shortfalls or maintenance of car parking areas in accordance with the legislation.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of Reserve
Economic growth programme (EGP)	(59,973)	397,516	In accordance with Cabinet approvals this will be rolled forward to support EGP in future years.
IFRS*	(929,621)	270,059	Primarily relates to grants / contributions carried forward where spend was delayed due to Covid-19 or spend spans more than 1 financial year.
Feasibility / options appraisals	(250,000)	0	To fund expenditure which cannot be capitalised / aborted scheme costs.
Growth Deal - pipeline works	(227,000)	0	Support for research & development of future projects including Willenhall masterplan.
Housing Improvement projects	(88,054)	0	Contribution to Willenhall Master Plan.
Phoenix 10	(27,295)	0	Land investigations at various sites within Phoenix 10.
UNESCO Officer c/f	(12,942)	0	Funding towards a fixed term post.
Grounds maintenance	(181,000)	0	Grass cutting, tree maintenance and weed treatments.
Waste consultation c/f	(9,744)	0	Expenditure for waste consultations.
Street cleansing initiatives	(164,950)	0	Enhancements to the street cleansing service.
<b>Total Economy, Environment &amp; Communities</b>	<b>(6,143,998)</b>	<b>1,126,440</b>	
<b>Resources and Transformation</b>			
Covid-19 – unringfenced funding	(836,344)	0	Costs associated with the response to Covid-19 including legal support and loss of income from Bistro and box office.
Redundancy	(1,041)	0	Redundancy costs.
Proud investment plan / PWC costs	(1,118,899)	0	PWC support costs and investment to drive Proud programme.
IFRS*	(20,301)	0	Primarily relates to grants carried forward where spend was delayed due to Covid-19 or spend spans more than 1 financial year.
Corporate landlord	(103,942)	0	Funding of an asset condition survey post.
Economic growth programme	(219,779)	21,292	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
Elections	(256,000)	0	Elections delayed due to Covid-19 – c/f to fund costs in 2021/22.
External partner contributions	(33,447)	0	Heseltine funding to support Technical Assistance Programme.
Enterprise Zones	0	350,000	Generated from surplus business rates to fund the costs of future capital schemes.
Growing Places Fund	(3,000)	21,257	Funding received to support the Growing Places LEP programme management costs.
Improvement projects	(16,059)	0	Fund asset management software and ICT Cloud costs.
Pleck boxing club	(19,740)	0	Contribution towards club rent.
Walsall works	(37,625)	0	To support apprenticeships and care leavers into work.
Youth Employment Initiative (YEI) Overheads	0	70,159	15% overhead costs claimed on YEI, this is used to support any ineligible costs going forward.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of Reserve
Adult social care training carry forward	(13,138)		To fund additional training in relation to legislation changes
<b>Total Resources and Transformation</b>	<b>(2,679,315)</b>	<b>462,708</b>	
<b>Capital Financing</b>			
Borrowing re-scheduling	0	4,534,565	To fund borrowing re-scheduling costs.
Minimum revenue provision	(780,000)	0	To smooth MRP costs as per approved MRP policy.
Pensions – upfront payment borrowing costs	(632,532)	0	To fund borrowing costs of funding pension payments upfront for 3 years to release savings.
Covid-19 – unringfenced funding	(1,853,000)	0	To cover loss of dividend income.
<b>Total Capital Financing</b>	<b>(3,265,532)</b>	<b>4,534,565</b>	
<b>Centrally Held</b>			
Transformation one off investment	(157,668)	0	Funding of one-off investment in relation to transformation.
Irrecoverable losses income (collection fund)	(2,560,517)	0	Government grant used to fund collection fund losses arising from Covid-19.
PFI Street lighting	(450,000)	0	One off funding to cover savings delayed till 2022/23.
Contractual obligations	(134,787)	0	To cover shortfall of commercial income arising from Covid-19.
Mediation	(21,106)	0	To cover legal costs.
Redundancy	0	3,000,000	To fund future redundancy and pension costs.
Transformation	0	3,906,708	Investment costs relating to the Proud programme.
Enterprise Zones (EZ) - proportion of section 31 grant	0	18,338	Transfer of business rates income relating to EZ.
Pensions	0	1,770,401	Transferred to smooth pension increases in future years.
Crisis Support scheme	0	1,000,000	To fund the scheme in 2022/23 and 2023/24.
Covid-19 – unringfenced funding	0	9,652,164	Transfer of unringfenced Covid-19 funding received in 2021-22 to the reserve.
Project reserve (windfall income)	0	53,459	Windfall income transferred to fund future projects.
Social Care Grant / Demand	0	4,460,990	To fund emerging pressures within social care
Improvement Projects	0	746,200	To cover costs in relation to Cloud project
Revenue implications of capital	0	909,555	To fund revenue costs associated with capital schemes
Council Tax support grant	0	3,520,651	To fund council tax pressures / hardship
Carbon management reduction project	0	187,612	To fund carbon management projects / Carbon Action Plan
<b>Total Centrally Held</b>	<b>(3,324,078)</b>	<b>29,226,078</b>	
<b>TOTAL RESERVES</b>	<b>(40,619,641)</b>	<b>37,954,847</b>	

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

## Appendix 6: Financial Health indicators – Quarter 3 2021/22

<b>Treasury Management</b>	<b>2020/21 Actual</b>	<b>2021/22 Target</b>	<b>2021/22 Actual</b>
Average Interest Rate (Borrowing)			
- Excluding OLA	3.46%	3.30%	3.59%
- Including OLA	3.54%	3.46%	3.67%
Gearing Effect on Capital Financing Estimates	3.58%	5.00%	3.71%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.44%	12.50%	4.69%
Capital Financing Requirement (£m)	380.886	417.360	417.360
Authorised limit for external Debt (£m)	472.173	498.300	498.300
Investment Rate Average (excl Property fund)	0.59%	0.27%	0.35%

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



<b>Revenues Performance</b> % collected for financial year	<b>2019/20 Actual Collected in total @ 31.08.21</b>	<b>2020/21 Actual Collected in total @ 31.08.21</b>	<b>2021/22</b>	
			<b>Profiled 2021/22</b>	<b>Actual 2021/22</b>
Council tax %	96.4%	95.3%	77%	74.9%
Total Council Tax collected (£m)	£134,646,068	£134,245,483	£118,000,000	£114,869,518
National Non Domestic Rate %	98.0%	93.3%	79.4%	74%*
Total NNDR collected (£m)	£71,705,055	£44,783,034	£54,150,000	£50,442,141

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

<b>Debtors and Creditors Performance</b>	<b>2020/21 Actual</b>	<b>2021/22</b>	
		<b>Target</b>	<b>Actual</b>
Sundry Debtors Collection – Average number of days to collect debt	24 days	30 days	24 days
Average number of days to process creditor payments*	7 days	14 days	8 days

<b>Management of Resources</b>	<b>2021/22</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services			
- Children's and Education	59,262,894	59,264,148	1,254
- Customer Engagement	3,987,679	2,468,182	(1,519,497)
Economy and Environment	36,662,610	35,934,809	(727,801)
Adult Social Care	55,291,557	60,144,532	4,852,975
Resources and Transformation	26,737,263	26,413,109	(324,154)
Council Wide	42,142,053	40,942,053	(1,200,000)
NNDR/Top Up	(91,538,275)	(91,538,275)	0
<b>Total Net Revenue Expenditure</b>	<b>132,545,781</b>	<b>133,628,558</b>	<b>1,082,777</b>
General Reserves	<b>Minimum £6.6m Maximum £16.5m</b>	<b>N/A</b>	<b>N/A</b>
Council Funded Capital Expenditure	90,703,526	25,975,527	(64,727,999)
External Funded Capital Expenditure	140,210,187	73,296,574	(66,913,613)
<b>Total Capital Expenditure</b>	<b>230,913,713</b>	<b>99,272,101</b>	<b>(131,641,612)</b>
Capital Receipts	4,231,584	3,846,705	(384,879)

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

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

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

## What this tells us

<b>Treasury Management</b>	
Average Interest Rate (Borrowing)	The average interest rate we are paying on the money we have borrowed compared to our target.
Gearing Effect on Capital Financing Estimates	Shows how a 1% increase in interest rates would affect the total interest cost to the council.
Net Borrowing Costs / Tax Requirement	Borrowing not financed by a grant from government, as a proportion of our Net Revenue Expenditure
Capital Financing Requirement (£m)	How much money we currently borrow to finance our capital programme.
Authorised limit for external Debt (£m)	The maximum amount of debt we should have at any one time
Investment Rate Average	The average interest rate we are receiving on the money we have invested.

<b>Balance Sheet Ratios</b>	
Current Assets : Current Liabilities	Our ability to meet our liabilities
Useable Reserves : General Revenue Expenditure	If our reserves are adequate to meet potential future variations.
Long Term Borrowing : Tax Revenue  Using only council tax for tax revenue Using both council tax and NNDR for tax revenue	The effect of long term borrowing on our budget.
Long Term Borrowing : Long Term Assets	This allows us to understand the relationship between the money we borrow and the assets we have as they both change over time.
Total School Reserves : Dedicated School Grant	If schools reserves are at an appropriate level.

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

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

## Appendix 7: Prudential indicators – Quarter 3 2021/22

### National Indicators – as per CIPFA Prudential Code

Ref	Prudential Indicator Description	2020/21 Actual £m	2021/22 Target £m	2021/22 Actual £m	Variance to Target	
Prl 1	Capital Expenditure	102.837	228.240	137.050	-91.190	-40%
Prl 2	Ratio of financing costs to net revenue stream	5.17%	8.71%	7.29%	-1.42%	-16%
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£28.49	£52.43	£52.43	0.000	0%
Prl 4	Capital Financing Requirement	380.886	417.36	417.36	0.000	0%
Prl 5	Authorised Limit for external debt	472.173	498.300	498.300	0.000	0%
Prl 6	Operational Limit for external debt	429.248	453.000	453.000	0.000	0%

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

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

Ref	Prudential Indicator Description	Upper Limit	Lower Limit	Actual 2020/21	Actual 2021/22
Prl 10	Fixed Interest Rate Exposure	95.00%	40.00%	94.31%	89.54%
Prl 11	Variable Interest Rate Exposure	45.00%	0.00%	5.69%	10.46%
Prl 12	<b>Maturity Structure of Borrowing:</b>				
	Under 12 months	25.00%	0.00%	10.48%	23.14%
	12 months and within 24 months	25.00%	0.00%	21.72%	13.10%
	24 months and within 5 years	40.00%	0.00%	19.84%	11.88%
	5 years and within 10 years	50.00%	5.00%	0.54%	2.06%
	10 years and above	85.00%	30.00%	47.42%	49.82%

## Local Indicators – As recommended by Treasury Management Panel

Ref	Prudential Indicator Description	2020/21 Actual	2021/22 Target	2021/22 Actual	Numerical Variance to Target	% Variance to Target	Met
L1	Full compliance with Prudential Code.	Yes	Yes	Yes	N/A	N/A	Y
L2	Average length of debt (years)	16.23	25.00	16.55	8.45%	33.80%	Y
L3a	Net borrowing costs as % of net council tax requirement.	7.02%	20.00%	7.29%	12.71%	63.56%	Y
L3b	Net borrowing costs as % of Tax Revenue.	4.44%	12.50%	4.69%	7.81%	62.50%	Y
L4	Actual debt vs. operational debt.	80.92%	85.00%	72.93%	12.07%	14.20%	Y
L5	Average interest rate of external debt outstanding excluding former WMCC debt	3.46%	3.30%	3.59%	-0.29%	-8.67%	N
L6	Average interest rate of external debt outstanding including former WMCC debt	3.54%	3.46%	3.67%	-0.21%	-6.15%	N
L7	Gearing effect of 1% increase in interest rate (expressed as the potential increase to the rate shown in L6 i.e. shows what the rate included in L6 would change to).	3.58%	5.00%	3.71%	-1.29%	-25.80%	Y
L8	Average interest rate received on STI vs. At Call rate.	580.00%	374.00%	725.00%	351.00%	93.85%	Y
L9							
L9a	AT call investments.	0.10%	0.05%	0.04%	-0.01%	-20.00%	N
L9b	Short Term Investments.	0.68%	0.25%	0.33%	0.08%	32.00%	Y
L9c	Long Term Investments.	1.57%	0.80%	1.19%	0.39%	48.75%	Y
L9d	Property Fund Investments	4.10%	3.82%	3.24%	-0.58%	-15.18%	N
L10	Average interest rate on all ST investments (ST and AT call)	0.46%	0.24%	0.24%	0.00%	1.31%	Y
L11	Average rate on all investments (excluding property fund)	0.59%	0.27%	0.35%	0.08%	28.42%	Y
L11a	Average rate on all investments (including property fund)	1.01%	0.68%	0.69%	0.01%	1.51%	Y
L12	% daily bank balances within target range.	100%	99%	100%	1.00%	1.01%	Y