Agenda item: 9

Cabinet – 7 February 2024

Corporate Financial Performance 2023/24

Portfolio: Councillor 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 2023/24, based on known and forecast pressures as at December 2023, and actions taken to address this to ensure the council outturns on budget.

2. Summary

2.1 This report provides a summary position on the draft forecast revenue outturn for 2023/24 including significant demand and cost pressures, particularly within Adult Social Care and Children's Services. Following further work being undertaken the current forecast for 2023/24 is on budget after £3.97m of service mitigation actions and central mitigating actions of £18.36m. This is a positive movement of £4.94m since last reported to Cabinet on 13 December 2023.

2.2 In relation to the capital programme, the report includes a number of proposed amendments for approval as set out in section 4.14 of the report. The forecast outturn is predicted to be an underspend of £480k after the expected carry forward of £31.78m into 2024/25.

2.3 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 forecast revenue spend above budget of £22.27m with services mitigating actions of £3.97m reducing this to £18.30m. A further £18.36m of central mitigating actions have been identified reducing the overall forecast to a small underspend of

£62k. The forecast overspend has reduced by £4.94m since reported to Cabinet on 13 December 2023, mainly due to further central one-off mitigations of £5.68m detailed in section 4.9.

3.2 Note that there are additionally high risks of £12.51m to the revenue forecast identified within services as set out in Appendix 2. These risks are actively being monitored and action is being taken to reduce / eliminate them.

3.3 Note the progress on savings approved for 2023/24 and the amendments as detailed in section 4.11 to 4.12 and Appendix 5 and the use of earmarked reserves to mitigate these in 2023/24. Those ongoing into 2024/25 are expected to be fully delivered or replaced with alternative savings to ensure no financial impact.

3.4 Approve amendments to the capital programme as set out in section 4.14.

3.5 Note that the forecast for the capital programme is a predicted underspend of £480k, after the expected carry forward of £31.78m into 2024/25, as set out in sections 4.14 to 4.16 and Appendix 6.

3.6 To approve the release of £4.57m from pipeline development in support of the new waste transfer station and household waste recycling centre at Middlemore Lane, as set out in section 4.17.

3.7 Note financial health indicator performance as set out in sections 4.18 to 4.23 and Appendix 8.

3.8 Note the prudential indicators as set out in section 4.24 to 4.26 and Appendix 9.

3.9 Note the performance and demand data at Appendices 10 and 11 in relation to Adult and Children's Social Care Services.

4. Know – Context

4.1 The council is legally required to operate within a balanced budget and to operate within a set of approved financial controls. The cost-of-living impact and increases in demand are causing significant pressures, particularly in relation to the council's costs in relation to energy and supplies and contract uplifts and demand within Adult Social Care and Children's Services. Whilst the position is manageable for 2023/24, setting a balanced budget for 2024/25 has been challenging.

Revenue Forecast 2023/24 - Service Pressures

4.2 Walsall Council has a good track record of managing financial pressures and action is being taken to continue to mitigate the current pressures in relation to the cost of living inflationary impact on contracts / third party spend in particular, alongside extra ordinary increases in demand and costs pressures within Adult Social Care and Childrens Services. Where known and quantifiable, the financial impact of this is included within the forecast position. As a result of the pressures, mitigating actions continued to be instigated including services taking action to address them, use of appropriate earmarked reserves, etc.

4.3 The current council wide forecast shows a number of pressures which would lead to a potential overspend of c£22.27m against budget as summarised by directorate in Table 1. Total mitigating actions have been identified of £22.33m (Appendix 4) reducing the forecast to a small underspend of £62k. The overall position has reduced by £4.94m on that reported to Cabinet on 13 December 2023 of £4.88m overspend.

The following sections detail movements since the position last reported to Cabinet in December 2023 with the full detail on full year forecast variances and actions to address these shown in Appendix 1 and Appendix 4.

4.4 *Adults Social Care, Public Health and Hub - £30k increase in overspend from £12.75m to £12.78m after use of and transfers to reserves and mitigating actions.*

- Net increase in changes to existing and projected client costs £40k;
- Inflow / attrition £80k - increase due to a net inflow of new, deceased and ended clients. This increase is a combined impact of new clients being placed at a higher average cost than originally budgeted and the number of expected deaths and ended placements being significantly lower than the budget;
- Decrease health income and the impact of prior year costs, partially offset by an increase in client contribution and reductions in Section 117 expenditure £120k;
- Staffing (£210k) - revised recruitment dates and vacant posts across the directorate.

4.5 *Children's and Education - £680k increased overspend from £3.92m to £4.60m after use of and transfers to reserves and mitigating actions)*

- £90k due to complex section 17 placement;
- £60k increase in agency costs linked to delays in recruitment of social workers;
- £500k increase in fostering due to delay in achievement of fostering saving plans;
- £30k other minor movements across the directorate.

4.6 *Customer Engagement no change from £1.19m overspend (after use of and transfers to reserves) but there have been movements within the service.*

- £250k increase in delayed delivery of council wide efficiencies relating to Customer Access Management;
- £30k increase in bank charges due to increased volume;
- (£30k) reduction in demand for bed and breakfast;
- £10k reduction in homeless top up grant;
- (£260k) additional underspend on salaries due to vacancies and maximising grant funding against existing spend.

4.7 *Economy, Environment and Communities - £30k increase in overspend from £180k £210k after use of and transfers to reserves and mitigating actions*

- Environment – (£76k) additional back dated concession income from parks;
- Leisure – (£100k) net additional over recovery of active living centres income forecast due to increased demand and increase prices;
- Commercial - £227k net reduction of cremation and burial income forecast due to increased competition and fall in demand;
- Other small movements within the directorate (£21k).

4.8 *Resources and Transformation – no change to overall position of an underspend of £110k after use of and transfers to reserves and mitigating actions)*

- Underspends on salaries due to vacancies (£140k) offset in the main by reduction in income across the directorate.

4.9 *Capital Financing and Central budgets – increase in underspend of £5.68m from £13.05m underspend to an underspend of £18.73m)*

A review of central budgets has been undertaken during December which has released a further £5.68m underspend as detailed below:

- Release of pay budgets £2.41m – following the pay award settlement budgets have now been vired to services to cover the cost - for 2023/24 this has been applied against posts that are currently occupied releasing a one off in year underspend against vacant posts;
- Release of part of the revenue contingency budget £671k – as we are now nine months through the year it is considered acceptable to release an element of this budget leaving c£360k for the remainder of the year;
- Release of the remaining balance of the revenue implications of capital budget £361k – all in year allocations have now been made against this budget and the balance can be released in full;
- Release of revenue implication of business change budget £500k – there has been no call on this budget in year;
- Services Grant £120k – unallocated balance following a late notification of a change in funding for 2023/24;
- McAllister report £616k – there are numerous projects contained within this report but to date any that have been undertaken have been accompanied by the relevant funding and so no call has needed to be made on this budget;
- Risk reserve £500k – to fund 3 new RED savings within Children's services - due to national recruiting pressures with foster carers and increased inflow of young people they can no longer be achieved in year. The number of internal fostering enquiries have almost doubled in 2023/24 compared to 2022/23 from 66 to 108 enquiries. There are currently 17 fostering households in the process of becoming registered foster parents which will support achievement of the savings in 2024/25;
- A forecast overspend on utilities of £1.86m due to inflationary increases shown centrally as this cost relates to the whole authority estate. This is being fully mitigated from the use of the cost of living reserve in year. A full review of utilities costs are currently being undertaken and any updates will be reported in our final outturn position for 2023/24.

Table 1: Forecast revenue analysis 2023/24 by Directorate - December 2023									
Directorate	**Net Budget**	**Year-end forecast prior to transfer to / (from) earmarked reserves**	**Year-end variance to budget prior to transfer / (From) earmarked reserves**	**Use of earmarked reserves**	**Transfer to earmarked reserves**	**Year-end forecast prior to mitigating actions**	**Mitigating Actions**	**Year-end forecast including all mitigating actions**	**Movement since reported to Cabinet 13.12.2023**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Adult Social Care and Public Health	73.34	90.52	17.18	(5.97)	3.50	14.72	(1.94)	12.78	0.03
Children's Services									
- Children's and Education	75.50	84.44	8.94	(4.19)	0.25	5.00	(0.40)	4.60	0.68
- Customer Engagement	3.17	5.14	1.97	(1.46)	0.68	1.19	0.00	1.19	(0.00)
Economy, Environment & Communities	35.66	42.53	6.87	(5.58)	0.55	1.84	(1.63)	0.21	0.03
Resources & Transformation	37.46	40.93	3.46	(5.84)	2.27	(0.11)	0.00	(0.11)	0.00
Capital Financing	25.94	18.08	(7.86)	(0.68)	6.46	(2.08)	0.00	(2.08)	0.00
	251.06	**281.63**	**30.56**	**(23.72)**	**13.72**	**20.56**	**(3.97)**	**16.59**	**0.74**
Central budgets	(106.90)	(100.03)	6.87	(15.86)	10.71	(1.71)	(18.36)	(16.65)	(5.68)
Total council tax requirement	**144.16**	**181.60**	**37.43**	**(39.59)**	**24.42**	**22.27**	**(22.33)**	**(0.06)**	**(4.94)**

4.10 The year-end forecast includes the use of earmarked reserves of £39.59m and transfers to earmarked reserves of £24.42m, as detailed at Appendix 3. Earmarked reserves are created for specific purposes. These are all planned to be used, although the period over which they are to be used and the profiling of that use may vary within the MTFO period. This results in projected closing earmarked reserves of £173.59m as shown in Table 2.

Table 2: Earmarked Reserves					
	Opening Balance 01/04/23	Transfers from Reserves	Transfers to Reserves	Movement	Closing Balance 31/03/24
	£m	£m	£m	£m	£m
Treasury Reserves	23.63	(1.07)	6.46	5.39	29.02
Grant / Contributions received in advance	22.16	(7.52)	1.76	(5.76)	16.40
Improvement projects	33.52	(10.37)	2.56	(7.81)	25.72
Cost Pressures	21.66	(8.85)	3.10	(5.75)	15.91
Council Liabilities	51.18	(1.08)	8.21	7.13	58.31
Covid-19 grants	0.83	(0.15)	0.00	(0.15)	0.67
Public Finance Initiatives	18.01	(2.35)	0.00	(2.35)	15.66
Risk	10.65	(7.32)	2.33	(5.00)	5.66
Other	7.11	(0.86)	0.00	(0.86)	6.24
Total	**188.75**	**(39.59)**	**24.42**	**(15.16)**	**173.59**

Reserves are categorised for the purposes of reporting as follows:

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

- **Covid-19 grants**. The carry forward of specific government grants to cover Covid pressures, including expanded retail relief for businesses;
- **Public Finance Initiatives**. Liabilities for our PFI's with Street Lighting and St Thomas More;
- **Risk**. To cover unforeseen risks at the time the budget was set and manage any delays in delivery of savings due to unforeseen circumstances;
- **Other**. Other small reserves to cover one-off planned costs such as the fraud contract and investigations CQC costs, buy v lease in relation to vehicles and equipment.

Approved savings in 2023/24

4.11 The 2023/24 budget approved by Council on 23 February 2023 includes £15.71m of benefits realisation (savings) against Proud activity plus a further £7.55m of 2022/23 benefits approved to be carried forward for delivery in 2023/24, giving a total benefit figure of £23.26m to be achieved. Directors are required to ensure that service delivery plans are robustly implemented to fully deliver these in year.

4.12 There are currently £10.33m of benefits assessed as Red for delivery (at high risk of non-delivery), as shown in Appendix 5 along with the reason and identified service mitigating actions to date totalling £2.95m, with the balance to be mitigated from use of the corporate risk reserve. The impact on the 2024/25 budget has been assessed and a number of savings have been removed or replaced, with the remainder carried forward to be fully delivered in 2024/25. The draft budget report elsewhere on tonight's agenda A details this.

General Reserves

4.13 Opening unallocated general reserves for 2023/24 are £18.70m. The medium-term financial framework (MTFF) requires that a prudent levels of reserves is maintained. This was set at no less than £16.12m for 2023/24. The MTFF also sets a minimum level of reserves beyond which any use must be reported to Council. This is currently set at £7.20m. As the current forecast position is on budget general reserves will remain intact for 2023/24 and therefore replenishment is not needed for 2024/25 at this time.

Capital Programme 2023/24

4.14 The capital programme for 2023/24, as reported to Cabinet on 13 December 2023 was £142.89m. Table 3 summarises amendments made to date, resulting in a revised programme of £136.76m. Table 4 summarises the 2023/24 capital programme and forecast outturn after the forecast re-phasing of £31.78m into 2024/25, with the summary of the net £480k underspending projects shown at Table 5.

Table 3: Amendments to Capital Programme 2023/24	
Project	**£m**
Capital Programme 2023/24 per Cabinet 13 December 2023	**142.89**
Council Funded	
Nottingham Drive	(0.06)
Pipeline Development	0.06
Scheme underspends within Economy, Environment & Communities to transfer to capital contingency as referred to in the report to Cabinet 13 December 2023	(0.36)
Cremators – funded from contingency	0.05
Capital contingency	0.31
Externally Funded	
M6 J10 budget	0.53
Future high street fund	(3.63)
Willenhall masterplan	(0.50)
Town deal	(2.00)
Basic needs budget rephasing	(0.70)
York bridge	0.17
Revised capital programme 2023/24	**136.76**

Table 4: Forecast capital analysis 2023/24					
Directorate	**Budget £m**	**Predicted year end forecast £m**	**Variance before Carry forward £m**	**Carry Forward £m**	**Variance Over / (Under) £m**
Council funded	61.35	34.60	(26.75)	26.27	(0.48)
Externally funded	75.40	69.90	(5.51)	5.51	0.00
Total	**136.76**	**104.50**	**(32.26)**	**31.78**	**(0.48)**

Table 5: Summary of Forecast Underspend 2023/24	
Project	**£m**
Social Housing Decarbonisation – allocation not required	(0.29)
Challenge Block	(0.03)
Bosty Lane Farm	(0.16)
Total	**(0.48)**

4.15 The capital programme currently shows predicted re-phasing of £31.78m from 2023/24 to 2024/25 as shown in Appendix 6. 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.

Development Investment

4.16 A sum of £40m was approved by full Council in February 2021, with a further £30m in February 2022, and £29m in February 2023; a total of £99m set aside over the 6-year period 2021/22 to 2026/27 for council development investment opportunities, including emerging regeneration schemes, where funding or match funding is required, and major capital projects. The current proposed use (and as yet unallocated amount) is set out in Appendix 7.

Middlemore Lane waste transfer station and household waste recycling centre

4.17 Cabinet approved the development of a new waste transfer station and household waste recycling centre at Middlemore Lane to address the current site limitations at Fryers Road and the lack of space to install a modern fire suppression system, to comply with the latest permitting regime. The project objectives are to future proof the Council's waste services (collection / disposal) and address the changes in permitting requirements for waste transfer stations.

The final cost plan for building the new waste transfer station and household waste recycling centre has increased by £4,566,836 on the current project budget of £ 37,775,391. The increased costs are due to unexpected groundworks conditions, service infrastructure and supply chain price increases. The revised project budget is £42,342,227.

Cabinet are asked to approve the release of £4.57m from pipeline development funding towards this scheme, subject to Strategic Investment Board's approval of the business case.

Financial Health Indicators

4.18 Appendix 8 contains financial health indicator performance as at 31 December 2023. 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

4.19 The indicators show the actual borrowing and investment rates for 2022/23 and the forecast for 2023/24 against set targets. Proactive and robust management of the council's debt and investment portfolios is forecast to result in positive variances against most of the financial health indicator targets for 2023/24.

Balance Sheet

4.20 These detail ratios for the last 5 financial years 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 which show the liquidity of the authority.

Revenue performance

4.21 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 2023/24 and the performance against profile for 2023/24. Sundry debt collection is below target by 2 days with performance in relation to the processing of creditor payments better by 4 days. Council tax is marginally below target with NNDR collection rates higher than target.

Management of Resources

4.22 This section details the outturn position for 2022/23 and 2023/24 year-end forecast for revenue and capital, which is based on the financial position as at 31 December 2023 after use of and transfer to reserves and mitigating actions of £22.33m.

4.23 The capital forecast as at the end of December is a forecast underspend of £480k after the rephasing of £31.78m carry forward into 2024/25. 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

4.24 Appendix 9 contains the prudential indicators as at 31 December 2023. 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

4.25 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 2022/23 and are forecast to be met in 2023/24.

The targets that these prudential indicators are monitored against have been taken from the Treasury Management and Investment Strategy for 2023/24 onwards.

Local Indicators

4.26 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.

- L2 - Average length of debt – The target acceptable limit is within 15-25 years. The authority's current position is 18.61 years, which is within the target range.
- L3a - Net borrowing costs as % of net council tax requirement. The target figure of 20.00% represents an upper limit of affordable net borrowing costs as a percentage of the net council tax requirement for the authority. The actual level of net borrowing costs is currently less than the upper limit, showing as 2.35%, which in the main is linked to the work undertaken by the service to seek secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.
- L3b - Net borrowing costs as % of Tax Revenue. The target figure of 12.50% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, showing as 1.57%, 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.
- L9a-9d – Bank of England have increased the base rate over the 2023/24 period, currently showing a base rate of 5.25%. This has had a corresponding affect in

relation to investment yields. At-call, short term and long term investments are outperforming their individually set 2023/24 target rates.

All the above indicators were met in 2022/23 and are forecast to be met in 2023/24 except the following:

- L8. Average interest received on STI vs at call rate 3.14%. The short term interest rate of 4.92% is 0.15% basis points higher than the at-call rate which is 4.77%. However, the target rate for STI vs call rate shows at 35.00%. At the time these targets were set short term interest rates were significantly higher than at call rates. Also, as the call rate is increasing there are still active short-term investments placed over the past 12 months which are providing a lower yield in comparison to current short-term yields. Once these investments have matured (and potentially re-invested), we should see an increase in short term interest rate.

Council Plan Priorities

4.27 The council's financial strategy and annual budget process is designed to ensure that resources follow council priorities and deliver outcomes as set out in the Council Plan 2022-25.

Risk Management

4.28 The 2023/24 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves can only be set based on realistically foreseeable or predicted parameters. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the economic condition, others to potential regulatory or national issues, which may have a local impact. Best professional judgement and estimates were applied in terms of the ongoing impact of the global pandemic and rising cost of living pressures.

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

4.30 There were a number of identified risks in 2023/24 as set out within this report, which became a reality and had an impact on the financial position. Actions have been taken to address the financial impact and reduce the forecasted overspend caused by these pressures. Where ongoing, these have been taken into account within the 2024/25 draft budget.

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

Financial Implications

4.32 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council takes a medium-term policy led approach to all decisions on resource allocation. The forecast revenue variance, prior to mitigating actions being implemented, is significant and required strong and robust management to ensure the council outturns within budget by year end.

4.33 Opening unallocated general reserves for 2023/24 were £18.70m. The medium-term financial framework (MTFF) requires that a prudent level of reserves is maintained. This was set at no less than £16.12m for 2023/24. Actions have been taken to address the overspend resulting in general reserves remaining at £18.70m at this time.

Legal implications

4.34 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 / S151 Officer), in consultation with the council's monitoring officer, to make a report under this section if it appears to him or her that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. In practice, this is most likely to be required in a situation in which reserves have become depleted and it is forecast that the council will not have the resources to meet its expenditure in a particular financial year. This mechanism, however, is impractical and should be avoided, as issuing a S114 notice requires all non-statutory spend to cease immediately, a situation which would just exacerbate the current situation.

4.35 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 two specific modifications are:

- 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 executive (cabinet) and the external auditor.

4.36 The council will continue to have due regard to its statutory responsibilities in proposing any changes to service provision, to reporting on and managing the in year financial position, and its statutory responsibilities in relation to setting a balanced budget.

Procurement Implications / Social Value

4.37 All procurement activity is being reviewed, with a focus on identifying opportunities that will enable us to financially support our current and future services, especially those developed by Walsall Proud. It will do this by reviewing and reducing third party spend and improving the 'Procure to Pay' process and systems. The Third Party Spend Board supports and challenges services through the gateways of the commissioning and procurement process, with the aim of achieving best value for money.

Property Implications

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

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

Health and Wellbeing Implications

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

Staffing Implications

4.41 There are no direct implications arising from this report.

Reducing Inequalities

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

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

Climate Change

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

Consultation

4.45 The report is prepared in consultation with the S151 Officer, Corporate Management Team, relevant managers and directors.

5. Decide

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

6. Respond

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

7. Review

7.1 Regular monitoring reports will continue to be presented to Cabinet on the forecast for 2023/24, including an update on risks and impact on the budget for 2024/25 and beyond.

Background papers: Various financial working papers.

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7 February 2024

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Director – Finance, Corporate Landlord & Assurance / S151 Officer

7 February 2024

Councillor M Bird
Leader of the Council

7 February 2024

Appendix 1 - Directorate Forecast Positions 2023/24 prior to mitigating actions

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

Adults Social Care, Public Health & Hubs (£14.72m prior to mitigating actions, after use of and transfers to reserves)

The potential forecast position after planned net use of reserves is £14.72m above budget prior to any mitigating actions. Mitigating actions of £1.94m have been identified reducing the overspend to £12.78m.

The main reasons for this £14.72m can be split into 'Business as usual' (BAU) of £11.26m and 'Impact of Service Transformation Plan' (STP) of £3.46m.

The reasons for the STP position of £3.46m are as follows:

- £2.22m - £1.76m carried forward from 2022/23 for cohorts 1 to 3 above the S75 amount, and £460k shortfall in new 2023/24 saving for cohort 4 under the Learning Disability Joint Funding arrangements. On-going discussions with the Integrated Care Board regarding the joint funding arrangement from 2020/21 remain in progress;
- £810k – delay in the 2022/23 saving relating to Better Care Finance due to futureproofing and integration with other systems;
- £80k – delay due to increasing the number of shared lives placements;
- £60k – delay in achieving section 75 income generation;
- £30k – delay relating to increased income within the communications hub.

The reasons for the BAU position of £11.26m are as follows:

- £4.47m – Reviews - net increase due to the impact of reviews of client packages undertaken during the period of February to November 2023. Compared to last year, there has been a significant increase in the number of reviews carried out, with more of these reviews resulting in an increase in package costs;
- £5.18m – Inflow / Attrition / Backdating- increase due to net inflow of new, deceased and ended clients within the first eight months of this financial year. This increase is a combined impact of new clients being placed at a higher average cost than originally budgeted and the number of expected deaths and ended placements being significantly lower than the budgeted trends. It should be noted the full year impact of any changes to client numbers and associated costs at the beginning of the financial year have a greater impact on the position;
- £2.32m – continuation of trends - based on 8 months of data and more informed intelligence, future projections now reflect current trends relating to 'business as usual' reviews and net inflow and outflow of service users continuing for the remainder of the financial year;
- (£2.18m) – Market Sustainability and Improvement Fund (MSIF) funding - Government have recently announced a further £570m of MSIF across financial years 2023/24 and 2024/25. This is to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. This is in addition to the £400m included in the February 2022 Cabinet report and equates to an additional £2.18m for Walsall in 2023/24 which will be used to support demand led services across adult social care in line with grant conditions;

- £1.57m – overspend on intermediate care services. This is based on current demand and future projections. This position takes into account the use of Hospital Discharge Grant funding as announced by government and the use of uncommitted Better Care Fund inflation for 2023/24. Further detailed work is currently taking place on the cost modelling and discussions with health partners on funding allocations, alongside work to identify options to mitigate any remaining pressure. This also includes the impact of a recent £400k reduction in the Integrated Care Board's (ICB) Better Care fund inflation contribution to the position;
- £180k – this overspend is based upon the reported position by Walsall Healthcare Trust at the end of November and is due to increasing demand for equipment;
- £580k - Contractual inflation on the Housing 21 unitary charge is higher than originally included in the budget for 2023/24 as based on February RPIx prior to the charge year. This is partially offset by use of the remaining Housing 21 reserve and additional client contribution income;
- (£460k) – additional client contribution and health income relating to care packages partly offset by a shortfall in the income budget associated with the Learning Disabilities joint funding arrangements when compared to the Section 75 agreement with Walsall ICB;
- (£400k) – due to a delay in recruiting to vacant posts across the directorate.

<u>Public Health on budget (after planned use of and transfer to reserves)</u>

The current net forecast position prior to the net use of/transfer to reserves is an overspend of £1.22m. After net use of reserves the service is forecast to be on budget. The £1.22m overspend covered by reserves relates to the following:

- (£310k) – underspend on staffing due to vacancies;
- £1.27m - projects planned to be funded from reserves including investment into mental health and young adults wellbeing service and sexual health;
- £260k - partial delay in achieving the saving relating to the 'review of existing transformation fund' (total saving £300k of which £40k has been delivered). This is mitigated on a one-off basis for 2023/24, plans are now in place to achieve this saving in 2024/25.

Mitigating actions of £1.94m have been identified across the directorate to reduce the overall forecast which are detailed at Appendix 4.

Risks - there are also high risks of £7.13m within the directorate which could impact the forecast position should they materialise, and these are detailed in Appendix 2.

Performance data relating to Adult Social Care demand is attached at Appendix 10.

<u>Children's (£5.00m prior to mitigating actions, after planned use of and transfers to reserves)</u>

The potential forecast position after planned net use of reserves is £5.00m above budget prior to any mitigating actions, however mitigating actions of £401k have been identified reducing the overspend to £4.60m.

The main reasons for the currently reported position are:

- £3.12m due to increased demand and costs for children in care broken down as follows:
    - £310k full year cost for the increased demand over and above budget for the multiple sibling groups who entered care during January/ February 2023;
    - £630k increased demand for remand placements following an extraordinary intake in January / February 2023 f 7 young people, further impacted by inflationary uplifts (£59k);
    - £1.50m pressure relating to placement moves seen to date and from the continuation of trends expected for the remainder of 2023/24. This is partially offset by reserves of (£1.15m);
    - £2.08m inflow / outflow 2023/24 (to date) – there has been an increase in the net number of children entering / leaving care to date this financial year, in comparison to budget and to the prior three-year trends. This accounts for the increasing number of sibling groups entering care and has been further impacted by an increased reliance on Independent Fostering Agencies and external residential placements. This pressure has been partially offset by reserves of (£400k);
    - £460k pressure if the net inflow / outflow trends to date continue for the remainder of the financial year. This has been fully offset by reserves.
    - £310k Section 17 costs linked to exceptional complex cases in order to support children to remain at home with family and avoid entering care;
    - (£400k) additional government income to support the costs of unaccompanied asylum seeking children through the increased number of hotel transfer and national transfer scheme claims, and the use of lower cost placements such as supported accommodation.
    - (£320k) underspend within internal residential services primarily due to vacant posts due to delays on the opening of two new internal residential homes;
    - £500k overspend due to delay in achievement of fostering STPs. The number of internal fostering enquiries has almost doubled in 2023/24 compared to 2022/23 from 66 to 108 enquiries. There are currently 17 fostering households in the process of becoming registered foster parents which will support achievement of the savings in 2024/25.
    - £60k other minimal movements primarily relating to care leaver payments.

  Performance data on children in care is attached at Appendix 11.

- £690k use of agency within the Educational Psychologists team. This team currently has a large number of vacant posts therefore agency workers will be used in order to meet the authority's statutory requirement. Estimated agency costs forecast for the year are £1.19m offset by an underspend on vacant posts of (£500k). A business case has been completed to request investment into the service from 2024/25 to fund the costs associated with increasing the resources available within the team on an ongoing basis;
- £100k legal fees due to ongoing pressures linked to increases in demand on legal services and complexity of the cases involved. This pressure was expected to be managed following successful recruitment within the legal team which hasn't materialised.

- £180k recruitment and retention unachieved benefit. A £634k saving for recruitment & retention of social workers was unachieved in 2022/23 and was carried forward to 2023/24. Based on current agency and staffing information, £180k of this is not expected to be achieved in this financial year. The service continue to work to embed plans to ensure this can be fully achieved in 2024/25.
- £130k additional costs linked to the introduction of Senior Social Worker posts. Investment was approved in 2022/23 to support the cost of changing a number of current Social Worker posts to Senior Social Worker posts in order to support the Recruitment and Retention (R&R) strategy. The cost impact of this to date has exceeded the approved investment following the conversion of a number of agency staff to permanent Senior Social Worker posts in the last 3 months of 2022/23 and in May 2023;
- Home to School Transport unachieved benefits £130k - demand growth for 2023/24 was previously expected to reduce to 10%, however, based on national statistics and actual growth seen to date, growth is now expected to be 14%. These costs and growth increases have resulted in a shortfall in achievable savings of £130k.
- Taxi to school transport costs for children in care £200k - although the number of pupils transported in 2023/24 has remained similar to that seen in 2021/22 & 2022/23, the average cost per child has increased due to more out of borough placements being made linked to the ongoing placement sufficiency issues.
- Short breaks £240k - pressure due to more complex cases with increased support to ensure children can remain living at home with their family in addition to a decrease in health contributions and an overall increase in rates for services.

There are also a number of small overspends across the directorate of c£210k relating to shortfalls in traded income within performance and information services £40k, agency costs within Therapeutic Family Time £90k, and other minor movements within the directorate of £80k.

Mitigating actions of £401k have been identified to cover the pressures relating to placement moves as detailed at Appendix 4.

Risks - there are also high risks of £1.58m which could impact the forecast position should they materialise, and these are detailed in Appendix 2.

<u>Customer Engagement (overspend of £1.19m after use of and transfers to reserves)</u>

The forecast position is a £1.19m overspend after the net use of reserves of £782k (as set out in Appendix 3). Work is on-going to identify mitigating actions to reduce the overspend. The main reasons for the variance are:

- £1.54m due to delayed delivery of saving of council wide efficiencies relating to Customer Access Management. The total saving is £4.47m of which £1.54m relates to CXC within Customer Engagement. The remainder of the saving is currently held centrally and included elsewhere within the report;
- £110k due to reduction in housing benefit related central government grants;
- £140k due to increased volume of bank charges for online payments;
- £550k relating to increased demand for bed and breakfast services;
- (£220k) receipt of homelessness top up government grant;

- (£930k) underspend on salaries due to vacancies and maximising grant funding against existing spend.

Risks - there are risks of £2.39m which could impact the forecast position should they materialise, and these are detailed in Appendix 2.

Economy, Environment and Communities (£1.84m prior to mitigating actions, after use of and transfers to reserves)

The forecast position is a potential overspend of £1.84m after planned transfers to and from reserves (as detailed in Appendix 3). Mitigating actions have been identified of £1.63m reducing the overspend to £210k.

The main variances are:

- Environment, Leisure and Commercial (£46k) – Over recovery of income from Active Living Centres (£602k); concessions income (£112k) and registrars (£72k) due to increased demand and additional HAF income, underspend on salaries (£58k), offset by under recovery of markets income arising from reduced number of operating days and market stall erection contract increases £204k, under recovery of cremation and burial income due to increased competition and a fall in demand resulting in £200k not achieved, increased coroner contract costs due to increased demand on the service £94k, unachieved savings £252k and additional cost of computer system £44k;
- Highways Transport & Operations £1.41m – Unachieved savings of £968k due to delayed delivery, HWRC and W2R contract pressures due to increased inflation rates £670k, additional costs of clothing, materials, repairs, vehicle hire and maintenance £174k, increased electricity costs of unmetered traffic signals £122k, increase in staffing costs £629k, part offset by a reduction in waste disposal costs (£673k), over recovery of trade income (£200k), Tarmac/Fleet income (£117k), and a reduction in fuel costs (£201k);
- Emergency Planning (£65k) – staffing underspend due to vacant posts;
- Planning Services & Building Control - £472k staffing overspend to support back log of cases through the use of addition staff and agency and income pressure due to decrease to cost of living crisis. Mitigated in full through action plan.
- Regeneration & Economy £260k – delay in saving relating to the implementation of the restructure;
- Cultural Services (£161k) – (£120k) Staffing underspends due to vacant posts and additional income (£43k) net additional income from the Arena;
- Regulatory Services £73k – an overspend on legal fees for unauthorised encampments, under recovery of enforcement income part offset by staffing underspend due to delay in restructure;
- Library Services (£154k) – unachieved savings with no delivery plan £61k offset by underspend on staffing costs due to vacant posts;
- Communities and Partnerships (£49k) – reduction in spend arising from delay in project;
- Economy & Environment Management £97k - staffing pressure due to the cost of an interim Director post filled externally via agency partly offset by internal savings due to appointing to the Interim Executive Director and Director of Place posts internally.

Mitigating actions of £1.63m have been identified to reduce the overall forecast which are detailed at Appendix 4.

Risks - there are also risks of £490k which could impact the forecast position should they materialise and these are detailed in Appendix 2.
Resources and Transformation (£110k underspend after use of and transfers to reserves)

The forecast position after the net use of reserves of £3.57m is an underspend of £110k. The main areas of variance to budget are:

- Payroll (£51k) - underspend on salaries partly offset by under recovery of traded income 39k;
- Facilities Manager - £242k – overspend mainly due to increased utilities costs by site £342k, rent increases £77k, increased staffing costs £73k and reduction in income £72k partly offset by reduced maintenance charges (£208k) and various underspends across multiple budgets (£117k);
- Building Services £42k - £376k maintenance pressures and salary overspend £43k, offset by income from rechargeable utilities (£311k) and rental additional income (£66k);
- Catering, Cleaning and Caretaking (£46k) – underspend on salaries (£299k) offset by reduction in income £165k and increased cost of food supplies and services within Catering £129k;
- Finance (£244k) - due to vacant posts partly offset by agency, training, supplies and computer costs;
- Legal, Democratic services and Elections £35k - overspend mainly due to agency costs £573k, supplies and service £181k, under recovery of traded income £75k offset by underspend on salaries due to vacant posts (£697k) and additional income in electoral services (£75k);
- Corporate assurance (£43k) - due to vacant posts (£64k) partly offset by increased contract costs;
- Human Resources (£236k) - underspend on salaries due to vacant posts (£605k) partly offset by agency costs £194k, overspends on supplies and services and settlement payment £132k and £43k savings not achieved;
- Corporate Management Team (£11k) – increased staff costs / agency including recruitment costs offset by salary underspends and additional income;
- Information Governance £20k - £209k overspend due to under recovery of traded income partly offset by underspend on salaries (£101k) and computer equipment and licence fees of (£88k);
- DaTS (£275k) – (£472k) underpend on salaries, (£21k) on training, (£100k) additional grant income partly offset by agency costs of £261k;
- Corporate Procurement £379k - due to additional interim management and agency costs £615k partly offset by underspend on salaries (£296k);
- Various other small movements across directorate £78k.

There are also high risks of £870k which could impact the forecast position should they materialise and these are detailed in Appendix 2.

Capital Financing on budget after use of and transfer to reserves)

Prior to any transfer to reserves the position is an underspend of £8.54m. £5.70m of the underspend is due to a reduction in borrowing costs and an additional saving on new borrowing of £1.52m is forecast in year. An additional underspend of £1.07m is also forecasted due to higher investment returns than expected. Further savings in other areas are a result of reduced bank charges and reduced interest on internal balances, totalling £252k. Of the total underspend of £8.54m there will be £6.46m transferred to reserves to smooth known increases in borrowing costs from 2025/26 onwards and to the CCLA property fund valuation reserve which has been set up to mitigate risk arising from the removal of the statutory override in relation to property fund valuations. The reserve has been set up to smooth the impact of valuation changes on revenue. £2.08m is therefore shown as an underspend within this report.

Central (£1.71m overbudget after use of and transfer to reserves)

There is currently a £2.93m overspend relating to a saving that is currently not expected to be achieved in year in relation to the CAM workstream due to delays in implementation of the enabling technology. There is also £1.86m overspend on utility costs across the authorities estate due to inflationary increases. These have been partly offset by a one-off windfall income from business rates following the Valuation Office amendment to the rateable value of the art gallery (£2.66m) and a further (£250k) underspend against the in-year budget as this is no longer required. There is also an expected underspend on the insurance fund of (£165k) due to lower than budgeted insurance premiums.

Appendix 2: Summary of potential risk

POTENTIAL RISK – HIGH RISK ITEMS ONLY	POTENTIAL COST OF RISK £m
Adult Social Care, Public Health and Hub	
Outstanding debt from Walsall ICB relating to S117 and CHC recharges over one year old. The directorate is working with the ICB to resolve any queries relating to this outstanding debt and the service is currently undertaking a data cleansing exercise across all partners.	5.80
Saving proposals currently identified as 'not fully guaranteed' (Amber).	0.05
Residential and nursing uplift commitments in excess of original investment including complex placements.	0.63
Impact of backdating information within Mosaic. Risk of active/placements with financial commitments not yet recorded on the database and therefore omitted from the current forecast position.	0.30
Additional risk arising from discharges out of the Intermediate Care Service and placements made at a significantly higher weekly cost than the average existing clients.	0.35
Total Adult Social Care, Public Health and Hub	**7.13**
Children's and Education	
Continued placement moves over and above the £2m investment.	0.86
Additional uplift requests from placement providers for 2023/24 – awaiting outcome from the regional commissioning IFA framework group regarding uplift requests of up to 6%.	0.50
Delays in recruitment and reduction in capacity in the Educational Psychologist team leads to need for additional agency costs to complete statutory assessments.	0.17
Increased costs for more complex cases receiving support from short breaks services and reduction in health and education income.	0.05
Customer Engagement	
Saving proposals relating to CXC currently identified as 'not fully guaranteed'	0.09
Increased risk of additional demand for bed and breakfast services to national levels and price increases.	2.30
Total Children's, Education and Customer Engagement	**4.02**
Economy, Environment and Communities	
Loss of income in bereavement services due to new competitor entering the market.	0.20
Increased costs from co-mingled Coventry MRF when open.	0.15
Increase tonnage for waste disposal and increased landfill disposal and tax.	0.07
Refunds for planning fees on delayed applications	0.07
Total Economy, Environment and Communities	**0.49**
Resources and Transformation	
Increased cost of energy	0.87
Total Resources and Transformation	**0.87**
TOTAL HIGH RISKS	**12.51**

Appendix 3 – Details of (use of) / transfer to reserves

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Adult Social Care, Public Health and Hub			
Covid-19 – Omicron	(1,950)	0	Costs associated with the plan to strengthen the Carers strategy across the borough following Covid-19
Housing 21	(476,910)	0	Mitigating action to fund the increase in unitary charge above that included in the budget due to higher RPI being applied than expected.
National Development Team for Inclusion Project	(208,445)		Use of grant funding carried forward from 2022/23.
Better Care Fund (BCF) / Improved Better Care Fund 2 (iBCF2)	(40,000)	0	Costs associated with social care activity/intermediate Care.
Mediation reserve	0	2,946,687	To cover the 2023/24 proportion of income due from Walsall ICB which is currently in dispute.
Public Health	(1,274,760)	310,313	Relates to grant funding for Public Health projects – Better Mental Health, Adult Weight Management and Universal Drug / Crime
IFRS	(304,026)	247,345	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	(39,006)	0	To support back log of Best Interest Assessors / Deprivation of Liberty safeguard assessments.
Social care demand / contingency	(558,000)	0	To fund increase in demand / costs
Proud - Adult Social Care	(3,068,926)	0	To fund investment and resources to deliver Proud workstream activity.
Total Adult Social Care, Public Health and Hub	**(5,972,023)**	**3,504,345**	
Children's Services			
IFRS	(1,400,044)	79,049	Relates to grant funding for School Improvements, Safeguarding Families, Protecting Children, Regional Recovery, Rough sleepers, Personal Advisors.
Dedicated schools grant	(20,731)	0	To fund specific projects as agreed via schools forum
Children in care complex cases	(256,148)	0	To fund pressures, including social workers and placement costs, of complex cases relating to young people in care.
Children's external partner contributions	(300,049)	0	Use of Safeguarding Partnership and Regional Adoption Agency contributions.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Social care demand / contingency	(2,059,424)	0	To fund the additional costs of Childrens placement moves previously identified as risk which has now materialised.
Truancy fine income	(93,139)	167,000	Used to fund an attendance officer post.
Redundancy / Pension	(58,752)	0	To fund redundancy / pension costs.
Total Children's Services	**(4,188,287)**	**246,049**	
Children's - Customer Engagement			
Houses in multiple occupation (HMO) licences	(48,825)	0	To fund staff support costs relating to HMO licences .
IFRS	(814,411)	677,899	Grant funding for Housing First scheme, homelessness, citizens advice bureau, refugee costs and other smaller projects. Transfer to reserve relates to Asylum Seekers grant
Crisis support	(378,162)	0	To fund costs related to the Crisis Support Scheme.
Housing Domestic Retrofit Programme	(106,000)	0	To fund costs of the programme.
Housing IT System Implementation	(112,170)	0	Surplus income in year expected to be c/f to fund costs in 2023/24.
Total Children's - Customer Engagement	**(1,459,568)**	**677,899**	
Economy, Environment & Communities			
Covid-19 – Community Champions	(148,377)	0	Costs of supporting residents who are most at risk of Covid-19.
Building control fees	(49,976)	0	Statutory account. Required to breakeven over a 3 year period which is reviewed annually.
Bus lane enforcement ring fenced income	(143,314)	0	Funding key projects in line with the legislation. - District signage - Rolling programme to refresh street name plates; - Road lines; - Introduction of Moving Traffic Enforcement legislation.
Street Lighting PFI	(2,353,998)	0	Grant funding to be utilised over the life of the project. This is being utilised to fund the increase in energy costs for 2023/24.
Shannon's Mill (commuted sum)	(3,000)	0	To cover the ongoing maintenance with a set proportion released each year.
King's Coronation	(20,000)	0	To fund community activities and involvement for Coronation celebrations across Walsall.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
On Street Car Parking income (ringfenced)	(745,636)	0	To fund key projects in line with the legislation.
Economic growth programme (EGP)	0	271,250	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
IFRS	(1,091,810)	280,774	Primarily relates to grants / contributions carried forward where spend was delayed or spend spans more than 1 year.
Phoenix 10	(112,196)	0	To fund professional fees.
Willenhall Master Plan	(216,653)	0	Costs associated with the Willenhall Master Plan redevelopment
Feasibility / Options appraisals	(173,904)	0	To cover costs which cannot be coded to capital and abortive costs of schemes.
Redundancy / Pension	(4,022)		To fund redundancy / pension costs.
Planning	(464,562)	0	To fund one off costs of agency to clear back log of applications.
Mediation reserve	(50,000)	0	To fund cost for unauthorised encampments activity.
Total Economy, Environment & Communities	**(5,577,448)**	**552,024**	
Resources & Transformation			
Audit and inspection	(90,372)	0	Contingency set aside to cover additional internal audit contract costs.
Corporate Landlord	(41,834)		Cover costs which cannot be coded to capital, abortive costs of schemes, demolitions and redundant buildings.
Economic growth programme	(20,170)	73,830	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
Enterprise Zones	(1,683,599)	2,053,505	Generated from surplus business rates from across the Black Country to fund the costs of future capital schemes.
Growing Places Fund	(122,806)	27,314	Funding received to support the Growing Places LEP programme management costs.
Growth Deal Programme	(25,736)	120,000	Funding received to support the Growing Places LEP programme management costs.
IFRS	(20,118)	0	Primarily relates to grants / contributions carried forward where spend was delayed spans more than 1 year.
Improvement projects	(1,037,928)	0	To fund costs associated with One Source and Cloud/Azure licencing costs.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Mediation reserve	(2,600)	0	To cover one off exceptional legal fees
Proud Resource Plan	(2,668,734)	0	To fund investment and resources to deliver Proud workstream activity.
Redundancy	(129,372)		To fund redundancy costs.
Total Resources and Transformation	**(5,843,269)**	**2,274,649**	
Capital Financing			
Borrowing re-scheduling / CCLA	0	6,460,851	To fund borrowing re-scheduling costs dependent on market conditions and to manage risk / pressures for changes in interest rates and on-going impact of airport dividend shortfalls due to impact of changes in the business plan. CCLA - £30m investment - Statutory override till end March 2025 - once this runs out we will have to put any gains and losses on the investment in year into the accounts and this will smooth these changes.
Buy not lease	(94,469)	0	To be used to purchase vehicles / equipment when the costs are calculated to be cheaper than leasing.
Minimum revenue provision (MRP)	(577,000)	0	To smooth minimum MRP costs as per approved MRP policy.
Pensions – upfront payment borrowing costs	(9,205)	0	To fund borrowing costs of funding pension payments upfront for 3 years to release savings.
Total Capital Financing	**(680,674)**	**6,460,851**	
Centrally Held			
Proud	(564,000)	0	Funding of one-off investment in relation to Proud programme.
Audit and inspection	(179,012)		To cover the additional external audit contract costs for 2023/24.
Borrowing rescheduling	(496,226)	0	Planned one off use of reserve to fund WMVC UKSPF Fee.
Enterprise Zones – part of section 31 grant	0	18,338	Transfer of business rates income relating to the Enterprise Zone.
Environmental Levy	(550,400)	0	Planned use of reserve no longer required to support one off expenditure included in the 2023/24 budget.
Business rates retention scheme	(725,476)	5,264,000	Planned transfer to fund volatility of business rates income due to the pandemic and any appeals. Also to smooth future changes to the scheme.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Impower	(165,015)	0	Consultancy work to review current cost, demand and outcome of Adult Social Care and Children's Services
Risk	(7,320,000)	2,325,000	Mitigating action to cover RED savings not forecast to be achieved in year with not alterative actions. Replenishment to cover further pressures not yet realised.
Social care demand / contingency	(3,710,000)	2,500,000	Mitigating action – to cover unforeseen increased costs within Adult Social care and Childrens Services. Replenishment to cover any further pressures not yet realised,
Cost of Living	(2,054,281)	600,000	Mitigating action – Housing 21 inflation increases. Energy budget transferred to replenish reserve.
Mediation reserve	(100,000)	0	Mitigating action - to cover additional legal fees within Childrens Services
Total Centrally Held	**(15,864,410)**	**5,282,338**	
TOTAL RESERVES	**(39,585,679)**	**24,423,155**	

*****_There are a number of use of reserves which are in part being used as part of the mitigating actions as detailed in Appendix 3._

Appendix 4: Mitigation actions included within the report

Directorate	Detail of mitigating actions	£m
Adult Social Care, Public Health & Hubs	Over achievement and full year impact of the 2022/23 savings predominantly relating to review of existing client placements.	0.90
	Release of one-off grant relating to the streamline of Adult Social Care assessments.	0.14
	Use of remaining Housing 21 reserve to partially mitigate the contractual inflation pressure.	0.48
	One off use of reserves to cover Public Health savings relating to the review of existing transformation fund.	0.26
	Red STP's covered by service underspends.	0.16
Total Mitigation included for Adult Social Care, Public Health and Hubs		**1.94**
Children's Services - Children's and Education	One off reallocation of funding and reserves to support Children's pressures.	0.40
Total Mitigation included for Children's Services and Education		**0.40**
Economy, Environment & Communities	Use of legacy section 106 income held in reserve.	0.22
	Holding of vacant head of service post.	0.07
	Economic Growth Programme funding held in reserves.	0.46
	Use of corporate reserve to support planning.	0.25
	Use of parking reserve.	0.03
	Use of legacy commuted sums.	0.03
	Capitalisation of Velocity Patcher.	0.20
	Capitalisation of book fund.	0.15
	Reduction of non-essential operational costs across Directorate	0.22
Total Mitigation included for Economy, Environment & Communities		**1.63**
Central	Use of Risk Reserve.	7.32
	Use of Cost of Living Reserve.	2.05
	Use of Mediation Reserve.	0.10
	Use of Social Care Demand / contingency reserve.	3.71
	Release of central budgets	5.18
Total Mitigation included for Central		**18.36**
Total Mitigation included in forecast outturn		**22.33**

Mitigating actions included in report	£m
Service mitigating actions	3.97
Corporate mitigating actions	18.36
Total	**22.33**

Appendix 5: Benefits 2023/24 currently identified as 'Red' due to risk of delayed delivery

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Adult Social Care, Public Health & Hub	OP11 – (Shared Lives) – foster care provision	116,277	77,598	77,598	Delay in transferring clients from current care setting to shared lives.	Mitigated by underspends within service in 2023/24.
Adult Social Care, Public Health & Hub	OP13 - Learning disability joint funding tool – cohort 3	954,000	455,000	455,000	Awaiting detailed delivery plans - ICB discussions on JF tool.	Mitigated from Risk reserve for 2023/24.
Adult Social Care, Public Health & Hub	2022/23 - Efficiencies attributed to the implementation of Bettercare Finance System	770,905	756,676	756,676	Delay due to futureproofing and integration with other systems.	Mitigated from overachievement of 2022/23 savings.
Adult Social Care, Public Health & Hub	Section 75 Grant - Income Generation Review of Grants	59,780	59,780	59,780	Further discussions to be held with ICB to understand how saving can be delivered.	Mitigated by underspends within service in 2023/24.
Adult Social Care, Public Health & Hub	2022/23 - Staffing impact following the implementation of Bettercare Finance System	94,079	58,308	58,308	Delay due to futureproofing and integration with other systems.	Mitigated from overachievement of 2022/23 savings.
Adult Social Care, Public Health & Hub	2022/23 - Review for Learning Disabilities joint funding tool	1,757,270	1,757,270	1,757,270	Awaiting detailed delivery plans - ongoing ICB discussions on JF tool.	Partly mitigated from overachievement of 2022/23 savings. Remainder mitigated by use of risk reserve for 2023/24.
Adult Social Care, Public Health & Hub	2022/23 - Increased income from Print & Design service to external bodies	30,000	30,000	30,000	Awaiting detailed delivery plans.	Mitigated in 2023/24 through staffing vacancies and underspends in supplies and services.
Adult Social Care, Public Health & Hub	2022/23 - Review of the usage of the Public Health transformation fund	300,000	255,000	255,000	Review of current transformation funding in process of being finalised.	Corporately funded one-off for 2023/24.
Total Adult Social Care, Public Health & Hub		**4,082,311**	**3,449,632**	**3,449,632**		

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Children's Services	OP2 – Home to school transport review of contracts and route optimisation	300,000	131,958	131,958	Increase in expected demand for 2023/24.	Mitigated from risk reserve for 2023/24
Children's Services	OP6 - Review of current establishment and reduction in the use of agency staff, following recruitment of permanent staff	634,406	178,000	178,000	Recruitment and retention benefit will not be achievable based on current forecast.	Mitigated from risk reserve for 2023/24
Children's Services	OP45/51 - Recruitment and retention of internal foster carers	630,000	211,348	211,348	National recruitment pressures of foster carers.	Mitigated from risk reserve for 2023/24
Children's Services	OP46/52 – Specialist foster placements	392,000	213,250	213,250	Increased inflow of young people.	Mitigated from risk reserve for 2023/24
Children's Services	OP47 – Sibling groups of 4+	200,000	75,402	75,402	Increased inflow of young people.	Mitigated from risk reserve for 2023/24
Total Children's Services		**2,156,406**	**809,958**	**809,958**		
Customer Engagement	Part OP26 - Council wide efficiencies relating to Customer Access Management	1,540,000	1,540,000	1,540,000	Delay in implementation of Customer Experience Centre changes.	£1.29m mitigated from risk reserve for 2023/24 remainder mitigated by service.
Total Customer Engagement		**1,540,000**	**1,540,000**	**1,540,000**		
Economy, Environment & Communities	P3a – Outsource outdoor pursuits service to a community group	12,878	12,878	12,878	Implementation delayed.	Currently mitigated by underspends in service.
Economy, Environment & Communities	P4 - Increase in bulky waste charges	136,000	136,000	136,000	Delay in new price on the web page due to Core Technology Platform work.	Currently being mitigated by general underspends within Clean and Green.
Economy, Environment & Communities	P6 - Rewilding of all urban grassed areas	352,348	352,348	352,348	Plans being reviewed and alternative saving proposals considered.	Currently being mitigated by general underspends within Clean and Green.

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Economy, Environment & Communities	P12 - Parking dispensation charging of £15 per vehicle per day	19,500	14,625	14,625	Delay on technology to allow payments to be taken.	Mitigated by use of parking reserve.
Economy, Environment & Communities	P13 - Reintroduce staff parking charges	18,000	18,000	18,000	Delayed due to equality impact.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP1 - Review of fees and charges - increase planning development charges by 5%	1,385	1,385	1,385	Fee increase has resulted in under recovery.	Mitigated by use of reserve.
Economy, Environment & Communities	OP4 - Regeneration & Economy team review	260,193	260,193	260,193	Restructure plans still not confirmed due to sickness absence.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP16 - Enhancement of Darlaston Pool	15,000	15,000	15,000	Delay due to release of capital funds.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP17 - Development of Oak Park office space	50,000	37,500	37,500	Delay due to release of capital funds.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP18 - Improvement to direct debit collection process	10,000	10,000	10,000	Completion of project has been delayed.	Currently mitigated by underspends in service.
Economy, Environment & Communities	OP21 - Increase rental income from Park Lodges	5,000	4,034	4,034	Charges increase has not led to increased income as expected.	Mitigated by other venue hire income.
Economy, Environment & Communities	OP23 - Review of fees and charges - increase bereavement charges by 5%, registrars and interment fees by 3%	187,292	177,292	177,292	Charges increased but saving not achieved due to reduced demand.	Mitigated by additional income in other areas of Environment, Leisure and Commercial.

Directorate	Benefit	Original Full Benefit £	Value of benefit identified as at high risk of non-delivery £	Value to be Mitigated In Year £	Reason	Mitigating Actions
Economy, Environment & Communities	OP54 - Charge developers for travel plans	30,000	30,000	30,000	Recruitment - no suitably skilled staff available to implement.	Mitigated by commuted sums reserve.
Economy, Environment & Communities	2022/23 - Offer residential gardening service	30,000	30,000	30,000	Business case has highlighted this benefit cannot be achieved. No delivery plan in place.	Mitigation by general underspends within Clean and Green.
Economy, Environment & Communities	OP56 - Increase recycling rates and reduce contamination	382,523	382,523	382,523	Service currently has no plan on how to achieve this saving.	Currently being part mitigated by general underspends within Clean and Green £167k remainder mitigated by use of Risk reserve for 2023/24.
Economy, Environment & Communities	2022/23 - Review of Libraries Management	60,679	60,679	60,679	Head of Community Building role will move this forward when in post.	Underspends from salaries in service will be used to mitigate.
Total Economy, Environment & Communities		**1,570,798**	**1,542,457**	**1,542,457**		
Resources & Transformation	OP34 - Platinum Secure Storage	13,000	13,000	13,000	Contract currently under retendering.	Mitigated by overall Directorate underspend.
Resources & Transformation	NEW – Solar panels on our buildings	23,000	16,000	16,000	Work will not be completed within scheduled timescales.	Mitigated by overall Directorate underspend.
Resources & Transformation	OP36 - Promotion of One Source system to Schools for sickness absence data entry	30,000	30,000	30,000	Currently unable to roll out OneSource system to schools.	Mitigated by overall Directorate underspend.
Total Resources & Transformation		**66,000**	**59,000**	**59,000**		
Central	Part OP26 - Council wide efficiencies relating to Customer Access Management	2,930,000	2,930,000	2,930,000	Actions on how this will be achieved are still being finalised.	Mitigated from Risk reserve for 2023/24.
Total Central		**2,930,000**	**2,930,000**	**2,930,000**		
Total		**12,345,515**	**10,331,047**	**10,331,047**		

Appendix 6 - Re-phasing of capital funded schemes 2023/24 to 2024/25

Project	£m
Council Funded	
Capital investment earmarked reserve	0.47
Capital contingency	0.63
Children in care out of borough placements	0.15
Council house smoke & heat detection fire alarm	0.30
Operation repair & maintenance of council buildings	0.08
Walsall council house-modern secure reception	0.03
Council house internal decoration	0.03
Council house plumbing	0.07
Council house windows	1.23
Council house roof repairs	1.43
Computer aided facilities management system	0.28
Saddlers centre shopping centre	0.27
New homes bonus	0.08
Regenerating Walsall	0.22
Enterprise zones	2.58
Willenhall masterplan	2.55
St peter church repairs to surrounding walls	0.03
Middlemore lane household waste recycling centre	5.84
Barr beacon security & infrastructure works	0.04
Play areas and outdoor gym improvements	0.47
Promotion of community health & safety	0.12
Walsall town centre public realm improvements	0.10
Single library management system	0.01
Darlaston library integration	0.06
Replacement PC's	0.03
Radio frequency identification – self issue (libraries)	0.01
MyCMIS – asset management tracking system	0.02
ICT – safe and secure environment	1.43
Proud – ICT	0.02
Enabling technology	4.57
Maintaining a safe and secure environment	0.30
Telephony cloud based system	0.46
Proud card payments digital website	0.83
Ways of working	0.25
Expansion of park hall	0.58
Konica multi-functional device re-tender	0.05
Archiving systems moving to customer access management retired	0.06
Digital & technology service (DaTS) staffing capitalisation	0.12
Changing places toilets	0.13
Development team capitalisation of posts	0.33
Walsall gateway	0.02
Brown jug compulsory purchase order	0.03

Project	£m
External Funded	
Basic need	0.33
High needs provision capital allocation	0.30
Bloxwich town deal	0.53
Walsall town deal	0.40
Land and property investment fund	1.01
Growing places fund	0.66
Future high street fund	1.02
Barr beacon security & infrastructure works	0.06
Local transport plan – York's bridge	0.01
West midlands strategic transport plan 'movement for growth'	0.43
Purchase of dispersed temporary accommodation	0.08
Limestone surveys	0.11
Family hub life programme	0.01
Civic / council house decarbonisation	0.20
One palfrey big local park improvement project	0.15
LA housing fund 2	0.20
Total	**31.78**

Appendix 7 – Capital 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	Total £m
Budget - Original Allocation		**28.00**	**0.00**	**22.00**	**10.00**	**10.00**	**0.00**	**70.00**
Additional allocation		**0.00**	**0.00**	**1.76**	**24.82**	**0.45**	**2.44**	**29.47**
Budget per Council February 2023		**28.00**	**0.00**	**23.76**	**34.82**	**10.45**	**2.44**	**99.47**
Movement of Free School into Development Pool / other changes		**0.00**	**0.00**	**1.31**	**-0.31**	**0.00**	**0.00**	**1.00**
Rephasing as approved by Cabinet 19 July 2023		**0.00**	**0.00**	**-19.02**	**-1.92**	**16.09**	**4.85**	**0.00**
Adjusted Budget		**28.00**	**0.00**	**6.05**	**32.59**	**26.54**	**7.29**	**100.47**
Balance c/f		0.00	26.05	15.01	0.73	19.68	39.57	
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	0.00	0.00	0.00	(4.04)	(1.07)	
Reedswood Land (risk)	Cabinet 16 June 2021	0.00	0.00	0.00	0.00	0.00	0.00	
Street Lighting	Cabinet 16 June 2021	(0.22)	(6.97)	(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	Cabinet 20 October 2021	(0.33)	0.00	0.00	0.00	0.00	0.00	
Streetly Cemetery improvements	Cabinet 15 December 2021	(0.43)	0.00	0.00	0.00	0.00	0.00	
Willenhall Masterplan	Cabinet 9 February 2022	0.00	(2.68)	(2.10)	0.00	0.00	0.00	
Darlaston Boilers/baths	Cabinet 18 October 2022	0.00	(0.04)	0.00	0.00	0.00	0.00	
Children in care / Foster Care refurbishment programme	Cabinet 9 February 2022	0.00	(0.15)	(0.15)	(0.15)	0.00	0.00	
Fly Tipping project for CCTV	Cabinet 14 December 2022	0.00	(0.13)	0.00	0.00	0.00	0.00	
Nottingham Car Park	Cabinet 21 June 2023	0.00	(0.24)	0.06	0.00	0.00	0.00	
Cremator repair	Cabinet 21 June 2023	0.00	(0.05)	0.00	0.00	0.00	0.00	
Mosaic system	Cabinet 21 June 2023	0.00	(0.03)	0.00	0.00	0.00	0.00	
HWRC station - Middlemore Lane	Cabinet 18 October 2022	0.00	0.00	(7.60)	(9.77)	0.00	0.00	
Active Public Spaces	Cabinet 18 October 2022	0.00	0.00	0.00	(1.00)	(0.74)	0.00	
Highways maintenance increased provision	Cabinet 18 October 2023	0.00	0.00	(0.70)	0.00	0.00	0.00	
Oak Park Active Living Centre conversion of small office space for commercial reasons	Cabinet 18 October 2023	0.00	0.00	(0.35)	0.00	0.00	0.00	
Old Square Public Realm	Cabinet 18 October 2023	0.00	0.00	(0.22)	0.00	0.00	0.00	
Enabling Tech	Cabinet 13 December 2023	0.00	0.00	(2.89)	0.00	0.00	0.00	
Regeneration Feasibility Costs	Cabinet 13 December 2023	0.00	0.00	(0.25)	0.00	0.00	0.00	
Temporary Accommodation	Cabinet 13 December 2023	0.00	0.00	(0.75)	(1.87)	(1.87)	(1.93)	

Scheme	Approval	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
New Internal residential home	Cabinet 13 December 2023	0.00	0.00	0.00	(0.85)	0.00	0.00
Bereavement Maintenance	Cabinet 13 December 2023	0.00	0.00	(0.17)	0.00	0.00	0.00
Total Allocated / Forecast to be allocated		**(1.95)**	**(11.04)**	**(20.33)**	**(13.64)**	**(6.65)**	**(3.00)**
Unallocated Balance c/f		**26.05**	**15.01**	**0.73**	**19.68**	**39.57**	**43.86**

**The budget report to Council in February 2023 also includes an allocation of £500k per annum to be set aside for minor capital works / capital contingency, subject to approval for its use on individual schemes.*

Appendix 8 Financial Health Indicators at December 2023

Treasury Management	2022/23 Actual	2023/24 Target	2023/24 Actual
Average Interest Rate (Borrowing) - Excluding other local authorities - Including other local authorities	3.82% 3.87%	4.21% 4.33%	4.11% 4.16%
Gearing Effect on Capital Financing Estimates	3.81%	5.00%	4.20%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	7.21%	12.50%	2.65%
Capital Financing Requirement (£m)	390.19	433.114	433.114
Authorised limit for external Debt (£m)	474.38	465.410	465.410
Investment Rate Average (excl Property fund)	1.81%	3.48%	4.44%

Balance Sheet Ratios	2018/19	2019/20	2020/21	2021/22	2022/23
Current Assets: Current Liabilities	1.68	2.39	2.01	1.96	1.74
Useable Reserves: General Revenue Expenditure	0.72	0.73	1.02	1.07	0.77
Long Term Borrowing: Tax Revenue (Using both council tax and NNDR for tax revenue)	1.36	1.43	1.83	1.49	1.19
Long Term Assets: Long Term Borrowing	2.05	1.86	1.83	2.14	2.73
Total School Reserves: Dedicated School Grant	0.06	0.05	0.08	0.08	0.06

Revenues Performance **% collected for financial year**	**2021/22 Actual Collected in total as at 31.12.23**	**2022/23 Actual Collected in total as at 31.12.23**	**2023/24**	
			Profiled 2023/24	**Actual 2023/24**
Council tax %	95.8%	95.1%	74.8%	74.6%
Total Council Tax collected	£146,757,368	£151,204,311	£123,920,000	£123,680,685
National Non Domestic Rate (NNDR) %	97.9%	97.4%	77.4%	79.9%
Total NNDR collected	£59,595,515	£69,955,793	£54,600,000	£56,406,133

Debtors and Creditors Performance	**2022/23 Actual**	**2023/24**	
		Target	**Actual**
Sundry Debtors Collection – Average number of days to collect debt	25 days	24 days	26 days
Average number of days to process creditor payments*	6.5 days	8 days	4 days

Management of Resources	**2023/24**		
Service Analysis	**Target**	**Actual**	**Variance**
Adult Social Care, Public Health and Hub	73,335,243	86,110,810	12,775,567
Children's Services			
- Children's and Education	75,495,408	80,093,403	4,597,995
- Customer Engagement	3,167,142	4,357,031	1,189,889
Economy and Environment	35,664,037	35,876,510	212,473
Resources and Transformation	37,463,931	37,356,687	(107,244)
Council Wide	36,582,834	17,852,399	(18,730,435)
NNDR/Top Up	(117,545,553)	(117,545,553)	0
Total Net Revenue Expenditure	**144,163,042**	**144,101,286**	**(61,756)**
General Reserves	**Minimum £7.2m Maximum £18.0m**	**N/A**	**N/A**
Council Funded Capital Expenditure	61,353,582	34,600,385	(26,753,197)
External Funded Capital Expenditure	75,403,516	69,898,126	(5,505,390)
Total Capital Expenditure	**136,757,098**	**104,498,512**	**(32,258,586)**
Capital Receipts	2,925,000	2,925,000	0.00

Management of Resources	2022/23		
Service Analysis	**Target**	**Actual**	**Variance**
Adult Social Care, Public Health and Hub	68,746,416	73,746,671	5,000,255
Children's Services			
- Children's and Education	81,911,515	91,219,606	9,308,091
- Customer Engagement	18,295,852	17,176,773	(1,119,079)
Economy and Environment	59,961,295	56,599,832	(3,361,463)
Resources and Transformation	31,681,780	30,302,297	(1,379,483)
Capital Financing	(14,636,398)	(20,935,898)	(6,299,500)
Central budgets	(107,535,211)	(110,036,285)	(2,501,074)
Total Net Revenue Expenditure	**138,425,249**	**138,072,997**	**(352,253)**
General Reserves	N/A	18,702,473	N/A
Council Funded Capital Expenditure	95,655,174	33,746,210	(61,908,964)
External Funded Capital Expenditure	138,982,534	61,696,354	(77,286,180)
Total Capital Expenditure	**234,637,708**	**95,442,564**	**(139,195,144)**
Capital Receipts	2,500,000	2,174,164	(325,836)

What this tells us

Treasury Management	
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.

Balance Sheet Ratios	
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 school’s reserves are at an appropriate level.

Revenues Performance	
% Collected for Financial Year 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.

Management of Resources	
Service Analysis	
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 9 - Prudential Indicators as at 31st December 2023

Prudential Indicator		Actual 2022/23 £m	Target 2023/24 £m	Actual Position at 31.03.24 £m	Variance to target	
					Numerical Variance	% Variance
Prl 1	**Capital Expenditure**	96.314	136.750	**104.500**	-33.070	-24%
This indicator is required to inform the council of capital spending plans, it is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure. Capital expenditure may be funded by grant, capital receipts and borrowing.						
Prl 2	**Ratio of financing costs to net revenue stream**	**4.05%**	8.86%	**5.09 %**	-3.77	-43%
Financing costs - Divided by (Interest charged on loans Less Interest earned on investments)		**Budget requirement** (Revenue Support Grant + NNDR +Council Tax)		**The ratio of financing costs to net revenue stream (General Fund)** as a %		
Prl 3	**Estimates of the incremental impact of new capital investment decisions on Council Tax**	**£43.02**	£89.66	**£89.66**	0.00	0%
This is a notional amount indicating the amount of council tax band D that is affected by the capital programme in the budget report compared to existing approved commitments and current plans.						
Prl 4	**Capital Financing Requirement**	**390.185**	433.114	**433.114**	0.00	0%
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. It is updated at end of the financial year.						
Prl 5	**Authorised Limit for external debt**	**474.380**	465.410	**465.410**	0.00	0%
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movements and borrowing in advance of future need.						
Prl 6	**Operational Limit for external debt**	**431.250**	423.100	**423.100**	0.00	0%
This has been set at the level of the capital financing requirement less the CFR items relating to PFI and finance leases.						
Prl 7	**Gross Borrowing exceeds capital financing requirement**	**No**	**No**	**No**		
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.						
Prl 8	**Authority has adopted CIPFA Code of Practice for Treasury Management**	**Yes**	**Yes**	**Yes**		
To ensure that treasury management activity is carried out within best professional practice**.**						
Prl 9	**Total principle sums invested for longer than 364 days must not exceed**	**5.0**	**25.0**	**5.0**		
The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.						

Prudential Indicator continued		Upper Limit	Lower Limit	Actual 2022/23	Actual Position at 31.03.2024
PrI 10	Fixed Interest Rate Exposure	95.00%	40.00%	**98.14%**	**87.41%**
PrI 11	Variable Interest Rate Exposure	45.00%	0.00%	**1.86%**	**12.59%**
PrI 12	***Maturity Structure of Borrowing***				
	Under 12 months	25.00%	0.00%	**12.84%**	**12.35%**
	12 months and within 24 months	25.00%	0.00%	**12.24%**	**6.42%**
	24 months and within 5 years	40.00%	0.00%	**20.25%**	**19.68%**
	5 years and within 10 years	50.00%	5.00%	**0.00%**	**0.00%**
	10 years and above	85.00%	30.00%	**54.67%**	**61.55%**

Local Indicators as at 31st December 2023

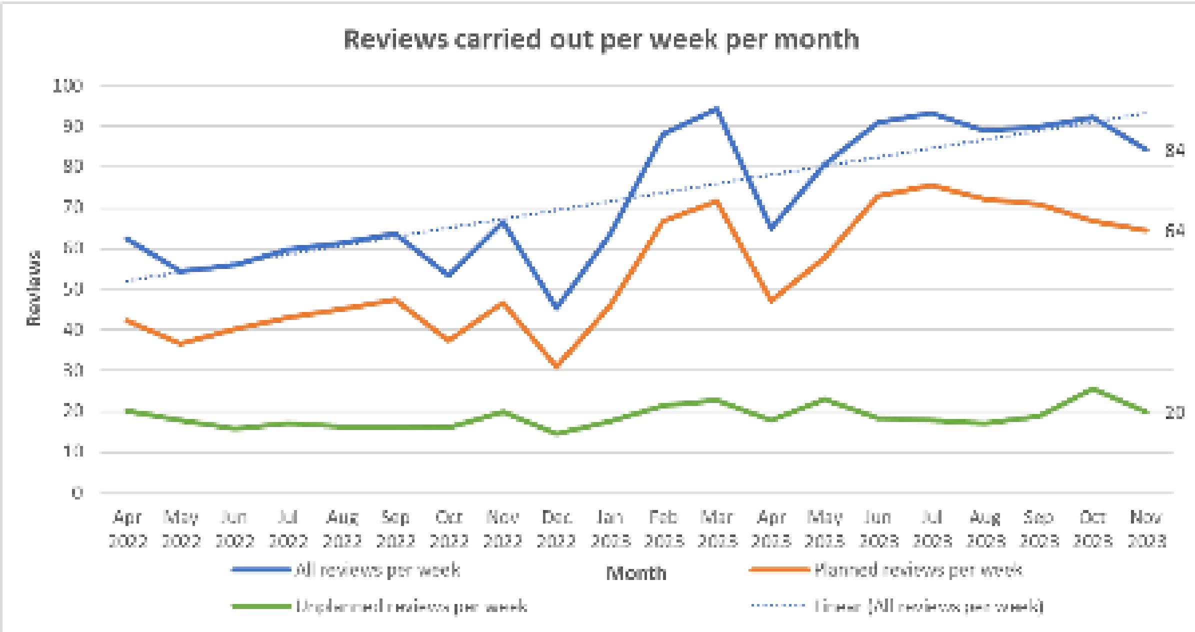
Local Indicators		Actual 2022/23	Target 2023/24	Actual Position as at 31-March-2024	Variance to target		Met
					Numerical Variance	% Variance	
L1	**Full compliance with prudential code**	**Yes**	Yes	**Yes**	-	-	Y
L2	**Average length of debt**	**17.13**	Lower Limit 15 years, Upper limit 25 years	**18.61**	-	-	Y
This is a maturity measure and ideally should relate to the average lifespan of assets.							
L3a	**Financing costs as a % of council tax requirement**	**10.64%**	20.00%	**2.35%**	-17.65	-88.24%	Y
L3b	**Financing costs as a % of tax revenues**	**7.21%**	12.50%	**1.57%**	-10.93	-87.42%	Y
These are a variation to PrI 3 excluding investment income and including MRP (amount set aside to repay debt costs). The target figure of 12.5% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favorable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.							
L4	**Net actual debt vs. operational debt**	**61.42%**	85.00%	**55.51%**	-29.49	-34.70%	Y
This assists the monitoring of the authority's debt position.							
L5	**Average interest rate of external debt outstanding excluding OLA**	**3.82%**	4.21%	**4.11%**	0.10	2.45%	Y
L6	**Average interest rate of external debt outstanding including OLA**	**3.87%**	4.33%	**4.16%**	0.17	3.82%	Y
The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council.							

L7	**Gearing effect of 1% increase in interest rate**	**3.81%**	5.00%	**4.20%**	**0.04%** **This would increase the average interest rate payable from 4.16% shown in L6 to 4.20%**		Y
This relates risk management principles to the monitoring of the TM strategy. It measures the effect of a change in interest rates and the effect it may have on the capital financing costs.							
L8	**Average interest rate received on STI vs. At Call rate**	**-11.22%**	35.00%	**3.14%**	-31.86	-91.02%	N
L9a	**AT call investments**	**2.05%**	2.50%	**4.77%**	2.27	90.80%	Y
L9b	**Short Term Investments**	**1.82%**	3.75%	**4.92%**	1.17	31.20%	Y
L9c	**Long Term Investments**	**0.83%**	4.00%	**5.02%**	1.02	25.50%	Y
L9d	**Property Fund Investments**	**3.89%**	3.56%	**4.35%**	0.79	22.19%	Y
L10	**Average interest rate on all ST investments (ST and AT call)**	**1.89%**	3.39%	**4.83%**	1.44	42.61%	Y
L11a	**Average rate on all investments (ex. Property fund)**	**1.81%**	3.48%	**4.84%**	1.36	39.16%	Y
L11b	**Average rate on all investments (inc. property fund)**	**2.11%**	4.54%	**4.73%**	0.19	4.27%	Y
L12	**% daily bank balances within target range**	**99%**	99%	**99%**	0.00	0.00%	Y
This measures how good our daily cash flow prediction is. A figure of 98% and above indicates a high level of accuracy.							

Appendix 10 – Performance data relating to demand within Adult Social Care

Reviews

Service users should receive a minimum of one planned review in a 12-month period, additionally unplanned reviews take place for several reasons. The number of reviews carried out each has increased from an average of 67 per week in November 2022 to an average of 84 per week in November 2023. The rate of reviews dipped at the end of the calendar year but have been consistently higher than average since February 2023 as shown in the graph below.



For further information, in November 2022 70.2% of reviews were planned and in November 2023 76.5% were planned.

A piece of work is currently underway to assess the impact of reviews in the current year. Previously reported figures were based on data held within a performance dashboard but there is some doubt about the validity of that information. There is work underway to revise that dashboard, in the meantime, finance are working to evaluate the impact through a manual data analysis exercise.

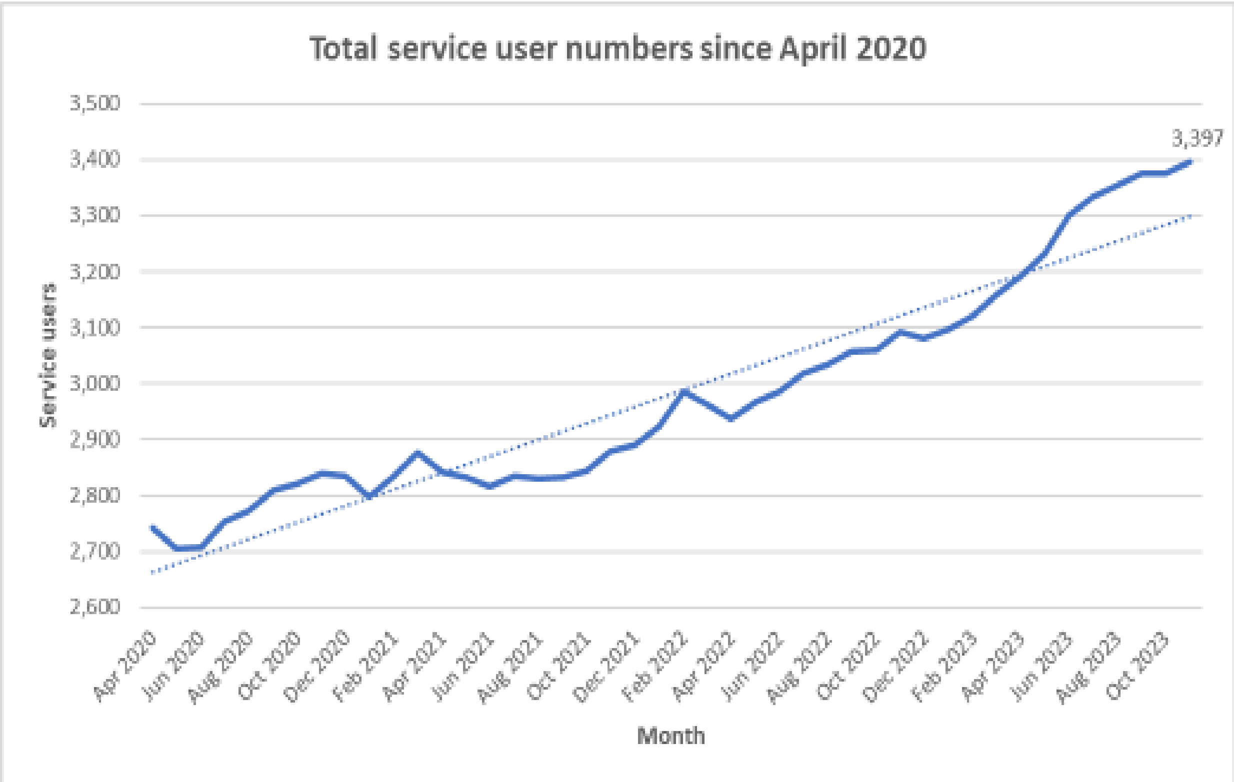
Service User Numbers

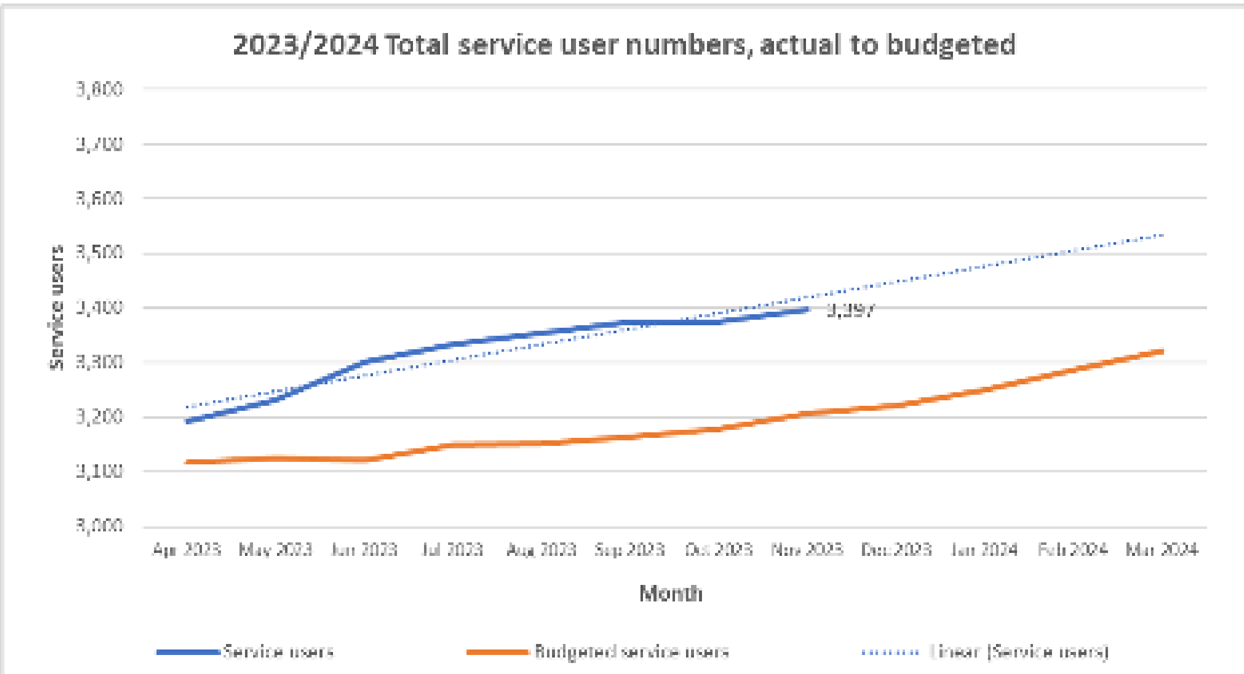
<u>Attrition rate (current year effect)</u>

	Budgeted (Apr to Nov)			**Actual (Apr to Nov)**			**Variance (Apr to Nov)**		
	Number	**Value £**	**Average £**	**Number**	**Value £**	**Average £**	**Number**	**Value £**	**Average £**
New service users	1,052	19,150,703	18,204	1,224	24,194,740	19,767	172	5,044,037	
Deceased service users	(480)	(8,238,067)	17,163	(384)	(7,606,271)	19,808	96	631,796	
Ended service users	(506)	(9,542,366)	18,858	(569)	(8,099,398)	14,234	(63)	1,442,968	
TOTALS	**66**	**1,370,270**		**271**	**8,489,070**		**205**	**7,118,801**	

The table above shows that the number of new service users on 30th November 2023 is 172 higher than had been budgeted, based on historical trends. For deceased service users the figures are much lower than budgeted which is resulting in there currently being 205 more service users in receipt of care than budgeted.

Some work has been carried out to identify the factors behind these lower numbers and part of the reasons include fewer deaths occurring in Walsall for the same period this year when compared to last year, fewer service users transferring to 100% health funding (S117) and fewer service users becoming self-funding.





Note that service user numbers have now dipped below the trend line in both October and November.

Average costs

The last graph shows the average, full year costs for each care setting for the most recent 12-month period. The averages for 2022/23 have been increased by the 2023/24 uplift percentages to allow for a true comparison between the two years.

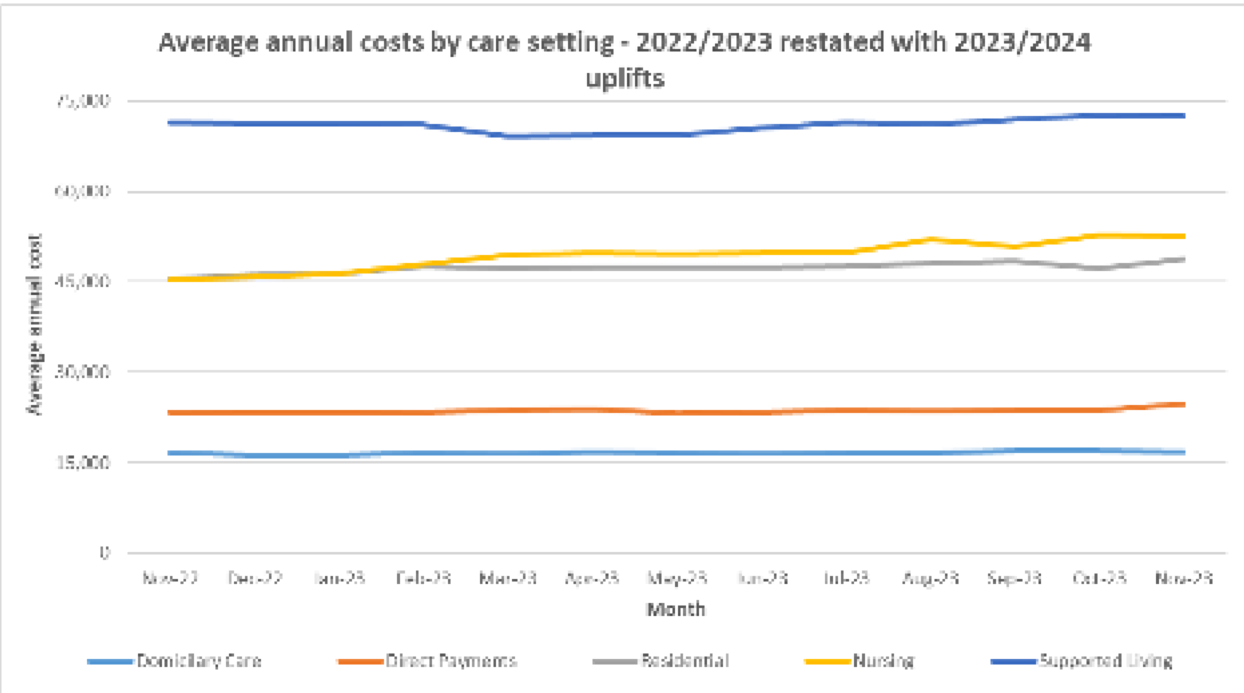
The two lower cost settings are domiciliary care and direct payments, and these are the two reporting the most stable average costs with a 1.24% and 5.83% increase, respectively.

Conversely, the higher cost settings are residential and nursing care (shown as separate lines) and supported living. Residential and nursing care show the largest increase in average costs at 7.35% and 16.22% respectively. While the overall year-on-year increase for supported living (all ages) is only 1.41%, average costs for over-65s in supported living care are now 13.62% higher than a year ago.

The largest increase has been seen in nursing care; additional work is required to understand the cohort that is contributing to this increase.

These increases are likely due to several factors:

- The effect of increases following review;
- Prices pressures from new residential and nursing placements;
- Possible increase due to fewer service users leaving care, these are generally the higher cost packages and placements due to increased length of care, complexity and cost, with fewer of these there is the likelihood that they are part of the reason for increasing average costs.



Care setting	Nov 2022	Nov 2023	Change £	Change %
Domiciliary Care	16,649	16,856	206	1.24%
Direct Payments	23,409	24,775	1,365	5.83%
Residential	45,488	48,833	3,345	7.35%
Nursing	45,295	52,642	7,347	16.22%
Supported Living	71,496	72,504	1,008	1.41%

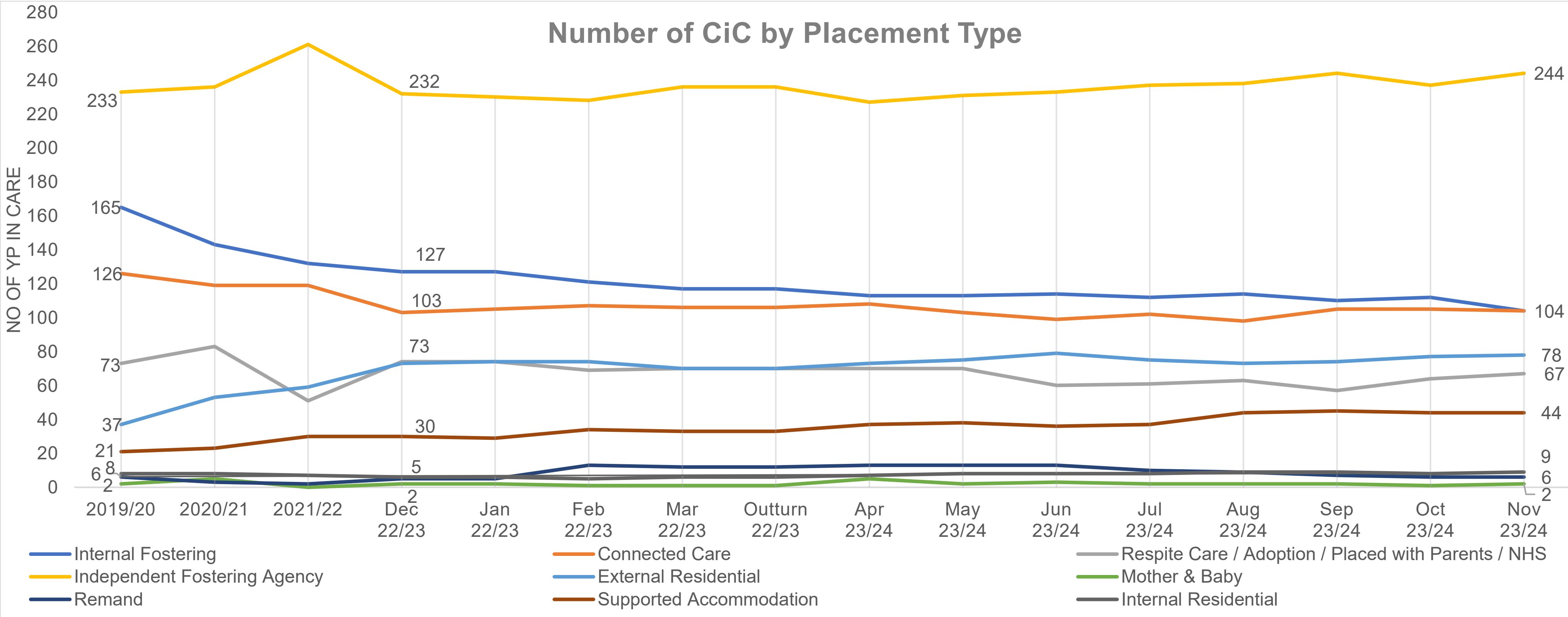
Appendix 11 – Performance data relating to demand within Children's Services

Number of Children in Care by Placement Type

Year	2019/ 20	2020/ 21	2021/ 22	Dec 22/23	Jan 22/23	Feb 22/23	Mar 22/23	Apr 23/24	May 23/24	Jun 23/24	Jul 23/24	Aug 23/24	Sep 23/24	Oct 23/24	Nov 23/24
Total CiC	671	673	661	652	652	652	651	653	653	645	644	650	653	654	658

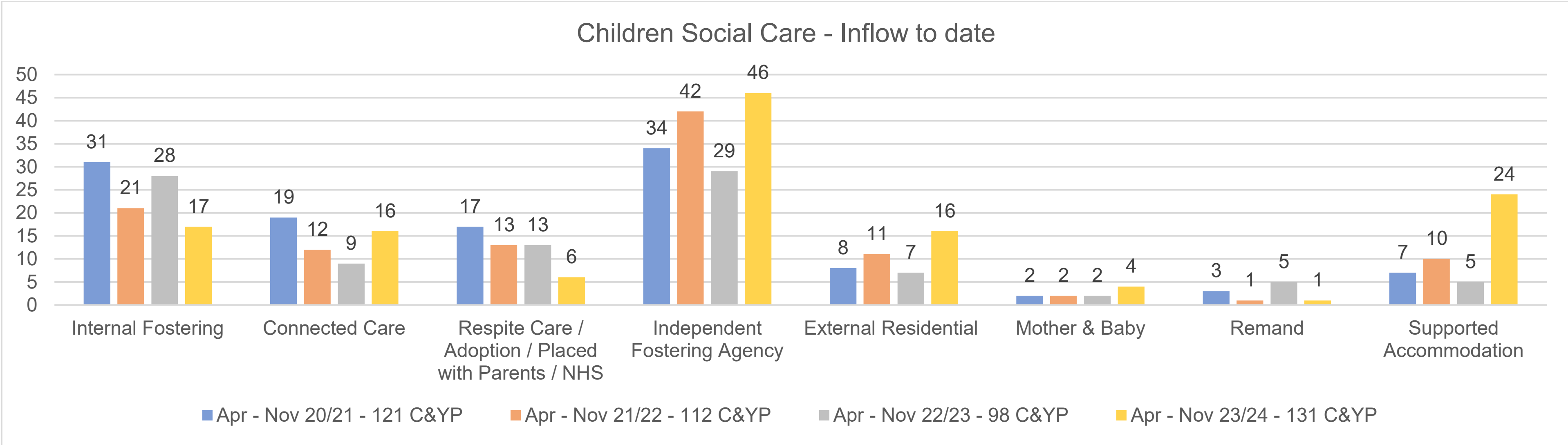
As at the end of November 2023, there were 658 children in care in Walsall, an increase of 7 children and young people since March 2023. In addition to this increase, there are continuing placement sufficiency pressures which has resulted in a change in the mix of placement types.

The introduction of new legislation for non-Ofsted registered placements; a rising number of large sibling groups; an increasing number of complex children; together with a higher proportion of children in care over the age of 15 are all factors which have contributed to the increased demand within the market.



The graph above shows how the reliance on higher cost placements has increased over the 12 month and 4-year period, with the number of independent fostering agencies (IFA) placements increasing from 232 in December 2022 to 244 in November 2023, and the number of external residential / mother and baby placements increasing from 73 to 78 over the same period. In comparison reliance on lower cost placements has reduced, with the number of IFA placements decreasing from 127 to 104.

This increased reliance on these placement types is also seen within the net inflow/ outflow figures for this financial year. The table below illustrates the net children in care inflow/ outflow to date for 2023/24 and the prior three-year inflow trends:



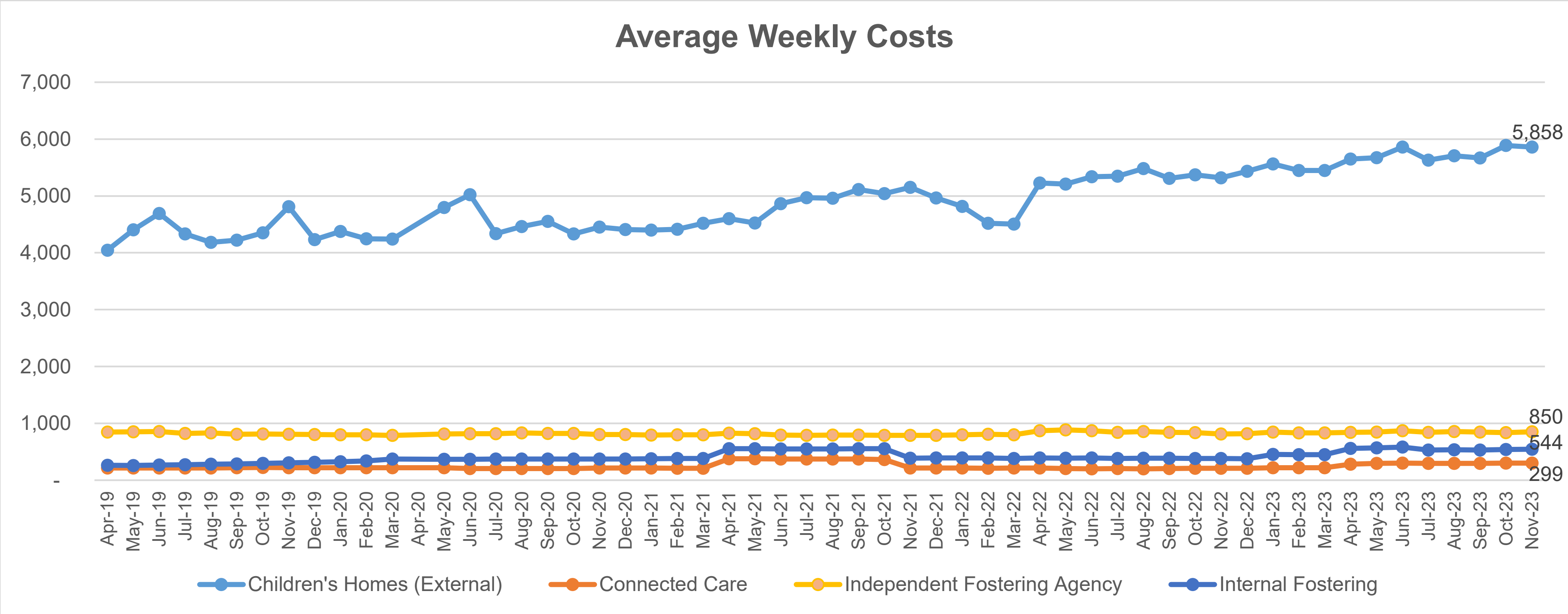
As the chart demonstrates above, the net number of children and young people entering and leaving care up to this point in the year, is higher than prior 3 years at 131, in comparison to 98 in 2022/23, 112 in 2021/22 and 121 in 2020/21. It also demonstrates how there is an increased reliance for IFA, external children's homes and mother and baby units placements this financial year in comparison to previous years. To note, the growth in supported accommodation placements primarily relates to the increased intake of unaccompanied asylum seeking children (USAC), however this pressure has been offset by additional UASC income.

This has been further impacted by a reduced number of children leaving care compared to the prior three financial years. As at the end of November, there have been 67 children in care leave care, in comparison to 81 in 2022/23, 84 in 2021/22 and 71 in 2020/21. To note, this excludes those that have turned 18 as the financial impact of these have been considered within the forecast and budget.

This increased net inflow / outflow and change in reliance of placement types is over and above the trends that have been seen in prior years, and the allocated inflow / outflow budget, and has therefore created a net pressure to date of £2.08m. The position as at Period 9, assumes these trends will continue for the remainder of the financial year creating a further pressure of £460k. This pressure has been fully offset by corporate reserves. The increased inflow pressure has also been impacted through continued increases to the average weekly cost.

Children's services have undertaken remedial action to understand and analyse the increases seen and to embed new ways or working across early help and children's social care seeking to strengthen support provided at an earlier opportunity. There will be continued focus on understanding and pre-empting the needs of children requiring support, so these children can be targeted and needs can be met at the earliest opportunity.

The chart below shows the average weekly cost of the four most utilised placement types for Walsall's children in care. The average weekly cost for an external residential placement has significantly increased from £4k to £5.9k (45%) over the last 4 financial years, and from £5.4k 12 months ago. This is significantly higher than the average weekly cost of an internal fostering placement of £544 p/w and connected care placement of £299 p/w.



In recognition of the financial impacts above, the service has focussed on stepping children and young people down to lower cost placements where possible. To date there have been 95 placement step downs with further step downs planned for the remainder of the financial year. These cost reductions have reduced the impact of the placement breakdowns and step ups seen to date, which have been financially heightened due to the placement sufficiency issues described above.