

Cabinet – 9 September 2020

Corporate Financial Performance 2020/21 and Covid-19 update

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

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: Yes

1. Aim

- 1.1 To provide the budget monitoring position for 2020/21 including: an updated assessment of the impact of Covid-19 on the council's financial performance; Covid-19 Government funding to address cost pressures and income losses; and actions which may be required to address this position to ensure the council remains on a sound financial footing.

2. Summary

- 2.1 The Council continues to play an active role in the overall national response to Covid-19, including easing out of lockdown in a planned way and managing the ongoing impact. Government originally committed to fully compensating councils for the costs of authorities' responses to Covid-19 and has to date allocated £29.22m of funding (plus £54m of business grants) to help support those costs in Walsall, as detailed in table 2. A new scheme to help to reimburse some lost income during the pandemic was announced by the Government on 2 July 2020, the full details of which are expected by early September. As well as the initial costs of funding the council's response, the impact of Covid-19 includes significant loss of income following closure of services and facilities (to which the new scheme is expected to partly address), a significant impact on the council's collection fund and significant delays to the delivery of approved budget savings as the council has refocused its resources on its response to Covid-19.
- 2.2 This report provides a summary position on the financial impact of known pressures, including Covid-19, on the revenue position for 2020/21, based on best available data, including:
- (i) Actual costs / loss of income / delay in savings of £13.7m to July 2020 (4 months).
 - (ii) Non Covid-19 revenue pressures of c£1.8m, after use of reserves and assuming successful delivery of corrective action plans identified to date. Any on-going pressures identified and not addressed in year will need to be considered as part of the 2021/22 budget process.
 - (iii) Total pressures in 2020/21 ranging from c£27m to c£47m, which, after applying the unringfenced Covid-19 Government grant and (yet to be confirmed) grant for

loss of income, results in net pressures of between £4m to £23m, based on known information to date and modelling of risk scenarios.

- 2.3 In relation to the capital programme, the forecast for the council funded capital programme is currently expected to be a marginal overspend of £110k after rephasing of £1.79m into 2021/22, representing no change to the position previously reported to Cabinet on 15 July 2020.
- 2.4 There is considerable uncertainty at this point as to the impact on the national and local economy and on public finances following the easing of lockdown and it is expected that this will have implications into the medium term, impacting the council's reserves and budgets into 2021/22 and potentially beyond. This will require Government to review the now delayed Fair Funding proposals (originally expected to be consulted upon over the summer) and in particular the quantum of funds made available to council's to ensure their continued financial stability.
- 2.5 This reports sets out a number of actions for Cabinet's consideration and approval in order to ensure the Council outturns in line with budget in 2020/21 and to protect, as far as is possible, its general and earmarked reserves funds, which may be required to support the 2021/22 once the extent of any ongoing financial impact is known. The medium term financial outlook is currently being reviewed and will be reported to Cabinet in October 2020 with the first draft budget proposals.
- 2.6 In summary, the council is able to manage the financial impact in the short term and for 2020/21 providing Covid-19 cost pressures and income losses remain within the 'reasonable' case forecasting scenario as set out in this report, however should cost pressures and income losses substantially exceed this, then additional actions will need to be taken. These actions are set out within this report.
- 2.7 Regular updates are being reported to Cabinet on the financial implications for Walsall council, including any recommendations for additional actions to be taken to manage the evolving situation if further funding or other easements from Government are not forthcoming. A further report will be presented in October setting out an update to the 2020/21 financial position and the updated medium term financial outlook to 2023/24, including key assumptions underpinning those figures, an assessment of forecast ongoing pressures in relation to Covid-19 and risks in relation to that assessment.

3. Recommendations

That Cabinet:

- 3.1 Note the additional funding allocated to Walsall as set out in sections 4.5 and 4.6 of this report, and that this will be sufficient to cover the additional costs of supporting the council's Covid-19 response in the short term, based on the 'reasonable' case scenario and implementation of recommendation 3.7.
- 3.2 Note the conditions on the newly released Local Authority Emergency Assistance Grant, and that officers will seek to optimise use of this to release part of the 19 May Cabinet approved allocation for shielding / food parcel support, as outlined in 4.6 (iv).
- 3.3 Note the forecast impact of Covid-19 to July 2020 as set out in section 4.7 to 4.27, including:

- I. The loss of income as set out in sections 4.14 to 4.17.
 - II. The additional costs approved through Cabinet, Gold and Silver Control as set out at sections 4.18 to 4.23 and Appendix 1.
 - III. The estimated financial impact on the delivery of 2020/21 approved savings, as set out in sections 4.24 to 4.26.
- 3.4 Note a number of non Covid-19 related demand and other service pressures totalling c£1.8m as set out in 4.28 to 4.33, and actions being taken to address these.
- 3.5 Note, in summary, total pressures in 2020/21 ranging from c£27m to c£47m, which, after applying the unringfenced Covid-19 Government grant and subject to confirmation of the grant for loss of income being in line with estimates, results in net pressures of between £4m to £23m (subject to any further 'unknowns'). This is set out in sections 4.34 to 4.36.
- 3.6 Note and approve the following actions which, under the 'reasonable' case scenario will ensure a balanced budget for 2020/21 as set out within section 4.35 of the report:
- I. That continued action be taken by Executive Directors to address the remaining £1.8m of non Covid-19 service pressures;
 - II. Realignment of £2.4m of growth included within the 2020/21 budget which is no longer required;
- 3.7 Note that, given the unprecedented situation, and therefore uncertainty concerning future impact, that there is a risk that cost pressures/income losses are significantly above the 'reasonable' case scenario and, whilst it is unlikely that the 'worse case scenario' will arise in full, it is prudent to plan for this scale of impact. As such, Cabinet are asked to note and approve the following actions to plan for this:
- I. That officers make plans to accelerate delivery of Walsall Proud Programme (WPP) benefits wherever possible;
 - II. That the S151 officer review, revise and where appropriate centralise relevant budgets which may have been under-utilised during the lockdown period;
 - III. The S151 officer to review, revise and where appropriate, release a proportion of existing earmarked reserves, in consultation with the Leader of the Council (portfolio holder for finance), and in accordance with existing delegations;
 - IV. That the S151 officer review, revise and where appropriate utilise the council's approved Use of Flexible Capital Receipts Strategy, in consultation with the Leader of the Council, to capitalise the costs of transformation.
 - V. The S151 officer to allocate general fund reserves, in consultation with the Leader of the Council (portfolio holder for finance) and in accordance with existing delegations and the medium term financial strategy, noting that this may require replenishment of general fund reserves during the 2021/22 budget setting process.
- 3.8 Note that, by agreeing these actions now to address this shortfall, this will allow a greater focus on assessing the impact of Covid-19 on 2021/22 and identifying options to address that impact as 2021/22 is a much more challenging position.
- 3.9 Note the updated benefits range in relation to WPP and approve an amendment to the investment cost to benefit ratio from 1:3 to 1:2.5 as set out in 4.27.

4. Know – Context

- 4.1 Councils have been operating in an emergency response situation which is unprecedented. The lockdown and associated measures continue to have a significant impact on the services that the council provides to its residents and services users and how it provides them, and has required implementation of a number of new support measures. Whilst lockdown is now easing, there remains uncertainty as to the potential for a second spike in the 'R' Rate and therefore a reintroduction of some lockdown measures.
- 4.2 A national Covid-19 Response Fund, and further support package announced on 2 July 2020 in relation to grant support for lost income, has been made available, however there are still potentially substantial unknown / unconfirmed costs. Regular conversations are being held between Local Authority representative bodies and MHCLG officials to identify the issues facing council's and seeking continued Government support to fund the full cost of the current and any future response required.
- 4.3 In the meantime, the council is still legally required to operate within a balanced budget, to operate within financial controls and to deliver approved budget savings. Inevitably, in order to do this and if Government funding is not provided to fully cover Covid-19 shortfalls, then council's will need to consider other actions short of, and in some cases, including issuing of S114 notices. Whilst Walsall is not considered to be in S114 territory, it will need to take action to address funding shortfalls if further funding or other easements from Government are not forthcoming.

Revenue Forecast 2020/21 - Summary

- 4.4 As well as Covid-19 pressures, there are a number of service pressures in the system. **Table 1** below shows a summary of Covid-19 and non Covid-19 pressures, the current Government funding available to support Covid-19 pressures, and the resulting funding shortfall. The table shows a range, given the current uncertainty in forecasting impact. Further detail is provided within the report, including action required to address the funding shortfall should the Government provide no further funding or other easements. The 'reasonable' case scenario is considered to be manageable, however there are a number of potential cost pressures which are currently uncertain as to whether they will arise, and if they do so, the level of costs which may be incurred. As such, the 'worse case scenario' assumes a number of risks which are set out further in later sections of this report. Additionally there are likely to be 'unknowns' however the 'worse case scenario' is considered to be based on a prudent basis, using current intelligence, local and national guidance and horizon scanning for risk.

Table 1: Full Year 2020/21 Financial Summary	Reasonable Case £	Reasonable Worse Case £
<i>Total Covid-19 estimated pressures to date</i>	25,863,036	45,702,983
<i>Unringfenced Government allocation less 2019/20 Covid-19 costs of £268,942</i>	-20,152,311	-20,152,311
<i>Additional estimated grant for loss of income - See 4.6 (iii)</i>	-3,452,021	-4,629,472
<i>Net Unfunded Covid-19 Shortfall</i>	2,258,704	20,921,200
<i>Non Covid-19 Service Pressures</i>	1,859,246	1,859,246
<i>Total Unfunded Pressures to Manage</i>	4,117,950	22,780,446

This represents a net reduction of c£6.9m to the reasonable case reported to Cabinet on 15 July 2020, £7m relating to the treatment of collection fund (CF) pressures as referred to in 4.23, £2m relating to non Covid-19 pressures, which is then offset by an increase of £2m on Covid related pressures, mainly Adult Social Care and looked after children. The potential worse case has changed overall by c£0.2m, with a reduction in the £7m CF amount offset by further potential pressures in relation to protective equipment, looked after children, and income losses.

Government's financial response to Covid-19

- 4.5 At Budget March 2020 the Chancellor announced a Covid-19 response grant to fund local authority actions to support social care services and vulnerable people; alongside the need for the NHS to treat Coronavirus patients including maintaining staffing levels; and funding to ensure other public services are prepared and protected. A number of ringfenced and unringfenced grants have been announced since that date. The details of these were set out in the reports presented to Cabinet - [Cabinet 19 May 2020](#) and [Cabinet 15 July 2020](#).
- 4.6 This report provides further detail on those grants announced since the July Cabinet report and **table 2** provides a summary of all funding announced by the Government.

Table 2: Available Funding – as at 14/08/2020		
Funding source	National share £bn	Walsall share £
COVID-19 Response Fund – LA element (announced 19 March) confirmed and unringfenced	£1.6bn	9,609,338
COVID-19 Response Fund – LA element (announced 18 April) confirmed and unringfenced	£1.6bn	7,871,766
COVID-19 Support Package (announced 2 July) confirmed and unringfenced (See i below)	£0.494bn	2,940,149
COVID-19 Support Package (announced 2 July) for Asylum seeking children unconfirmed and unringfenced (See ii below)	£0.006bn	TBC
Scheme to cover council's lost income (announced 2 July) unconfirmed and unringfenced (See iii below)	TBC	TBC
COVID-19 Response Fund – NHS element (TBC)	£1.3bn	c7,500,000
Hardship Fund	£0.5bn	3,879,239
Local Authority Emergency Assistance for food & essential supplies (announced 10 June) confirmed and ringfenced (See iv below)	£0.063bn	420,523
Emergency fund for rough sleepers to self isolate (£3.2m)	£0.0032bn	4,501
Infection Control Fund – care home support (announced 15 May) confirmed and ringfenced	£0.6bn	2,288,564
Test and trace services (announced 22 May) confirmed and ringfenced	£0.3bn	1,650,559
Reopening High Streets Safely Fund (announced 24 May) confirmed and ringfenced	£0.05bn	253,601
New Burdens Funding (announced 29 May) confirmed and ringfenced (£0.45m)	£0.00045bn	2,152
Emergency Action Travel Fund (announced 29 May) confirmed and ringfenced	£0.2bn	255,000

Funding source	National share £bn	Walsall share £
Next Steps Accommodation Programme (interim accommodation & support) - Rough sleepers (announced 24 June) <i>unconfirmed and ringfenced (See v below)</i>	£0.1bn	TBC
Next Steps Accommodation Programme (long term accommodation) - Rough sleepers (announced May 20) <i>unconfirmed and ringfenced (See v below)</i>	£0.2bn	TBC
Home to school and other transport funding (announced 8 August) <i>unconfirmed and ringfenced (See vi below)</i>	£0.04bn	TBC
Wellbeing for Education funding (announced 12 August) <i>confirmed and unringfenced (See vii below)</i>	£0.008bn	40,416
<i>Total to date, of which:</i>		36,715,808
Walsall Council Funds		29,215,808
Grants to Businesses		53,554,000

- I. Covid-19 Support Package – On 2 July 2020, MHCLG announced a new £500m comprehensive package of support councils to address spending pressures in their local area. Walsall’s allocation of £2,940,149 was confirmed on 16 July.
- II. Covid-19 Support Package – Further guidance received on 17 July outlined that £6m of the £500m has been set aside to provide targeted support to a small number of councils in recognition of the acute cost pressures some are facing with regard to Unaccompanied Asylum Seeking Children. Walsall awaits further information as to whether we will receive any of this allocation.
- III. Grant for reimbursement of lost income - a new scheme announced on 2 July 2020 to reimburse lost income during the pandemic and boost cash flow. Where losses are more than 5% of a council’s planned income from sales, fees and charges, the government will cover 75p in every pound lost. Further guidance was published on 17 July outlining further principles of the scheme, and final guidance is expected to be finalised alongside the release of the first return for completion early September. Based on current assumptions, we anticipate between c£2.74m and £6.30m of current pressures on income are covered by this over 12 months, dependent on the period of loss, and that between c£1.83m and £4.60m would be recovered.
- IV. Hardship fund - additional funding for councils in England of £63m announced on 10 June. Grant letter received on 10 July, confirming the allocation of £420,523 for Walsall. This relates to the Local Authority Emergency Assistance Grant for Food and Essential Supplies, to help those who are struggling to afford food and other essentials due to Covid-19. The funding is a one-off contribution for the 2020/21 financial year. Spend should be completed within 12 weeks of receipt of the funds. Cabinet on 19 May approved £1.033m for shielding and support to voluntary sector hubs to support vulnerable people and families at risk of harm of Covid-19, to be funded from the unringfenced grant, and we are currently assessing whether some of this can be funded from the grant.
- V. Next Steps Accommodation Programme (rough sleepers support) - £105m announced by MHCLG on 24 June to ensure interim accommodation and support continues for those who need it and can be used to help people move into the

private rented sector, extend or secure alternative interim accommodation or where possible help people to reconnect with friends or family.

The programme also makes funding available for additional long term accommodation. In May, the Secretary of State announced £161 million for 2020/21 (as part of an overall £433 million for the lifetime of this parliament) to deliver 3,300 units of longer-term, move-on accommodation. The Fund is open to bids from local authorities by Thursday 20 August, and we await confirmation.

- VI. Home to school and other transport funding - On 8 August, the Department for Education and the Department for Transport announced £40m funding for transport authorities (West Midlands Combined Authority for Walsall) to provide new dedicated school and college transport in the Autumn term. This will provide an alternative to public transport, supporting the government's policy for children and young people to return to full time education in September whilst allowing for social distancing measures. Detailed guidance will follow to authorities, along with allocations made on the basis of numbers of children and young people in the area and how far they have to travel. Local authorities will also be asked to work with providers to support 16-19 year olds.
- VII. Wellbeing for Education funding - On 12 August, the Department for Education announced £8m of grant to support the Wellbeing for Education Return project which seeks to better equip education settings to support pupils and students' wellbeing and psychosocial recovery as they return to full-time education this autumn. Walsall's allocation is £40,416, based on the number of state-funded education settings in their local authority area.

The Department's anticipate that local authorities use the funding provided to:

- Adapt the Wellbeing for Education Return training package, which will be shared with local authorities in September, to include local context and information about local services.
- Make accessible, and deliver, the adapted Wellbeing for Education Return training package to all state-funded education settings in their area in the first half of autumn term 2020.
- Provide ongoing support to all state-funded settings in their area, on promoting and supporting mental health and wellbeing over the next 6 months.

Impact of Covid-19 on the Revenue Forecast 2020/21

- 4.7 Council on 27 February 2020 approved a balanced budget. This is predicated on a number of assumptions that Covid-19 has put at significant risk, including;
- Collection of £127.5m of council tax income, with a council tax base of 71,550 households, and collection of business rates income of £74.6m.
 - Receipt of £41.89m of fees and charges to directly offset the gross cost of services and reduce the cost of services to the council tax payer.
 - Delivery of £8.77m of savings through the Proud Programme.
 - A minimum level of reserves required of £13.55m.
- 4.8 **Table 3** summaries the actual financial impact of Covid-19 on the council to July 2020, plus approved / known costs committed but not yet incurred, prior to the allocation of known and estimated Government funding. This is considered the 'best case scenario'

for the council. However, current intelligence and horizon scanning suggests further impact is expected; this is set out as a range, with a 'reasonable' and 'worse' case scenario reported in the following sections.

Table 3: Covid-19 pressures to July 2020	Actual April – July £	Further commitments £	Best Case Total £
Loss of income due to service closures / changes	3,365,744	713,222	4,078,965
Cabinet, Gold and Silver approvals for additional cost pressures – <i>see Appendix 1</i>	1,804,090	1,722,172	3,526,262
Forecast additional costs - subject to Gold / Cabinet approval	508,891	0	508,891
Additional costs arising from Covid-19 delay in the achievement of 2020/21 approved savings	2,626,311	2,992,308	5,618,619
Total to date	8,305,036	5,427,702	13,732,738

4.9 The impact of Covid-19 beyond July 2020 is very uncertain. **Table 4** summarises the financial impact of continued income losses and additional Covid-19 costs for the rest of the financial year 2020/21, based on a number of assumptions, with a 'reasonable' case impact being in the region of c£26m and a worse case being c£46m, prior to receipt of the income loss grant.

Table 4: Covid-19 pressures - Full Year 2020/21	Best Case £	Reasonable Case £	Reasonable Worse Case £
Loss of income due to service closures / changes	4,078,965	7,840,384	9,425,892
Cabinet, Gold and Silver approvals for additional cost pressures – <i>see Appendix 1</i>	3,526,262	3,526,262	3,526,262
Forecast additional costs	508,891	7,720,654	24,150,372
Additional costs arising from Covid-19 delay in the achievement of 2020/21 approved savings – <i>see Appendix 2</i>	5,618,619	6,775,735	8,600,456
Total to date	13,732,738	25,863,036	45,702,983

4.10 **Table 5** summarises the forecast pressure by directorate for 2020/21.

Table 5: Covid-19 pressures - Full Year 2020/21 by directorate	Best Case £	Reasonable Case £	Reasonable Worse Case £
Adult Social Care	1,258,284	3,880,388	10,775,583
Children's Services	1,556,402	4,341,355	8,097,192
Economy, Environment & Communities	5,346,691	7,462,991	11,329,154
Resources & Transformation	1,932,982	2,917,390	7,126,556
Central including PPE	3,638,379	7,260,912	8,374,498
Total to date	13,732,738	25,863,036	45,702,983

4.11 The assumptions in relation to each scenario is set out below.

Best Case

Actual costs and loss of income to July and approved commitments to date, primarily relating to looked after children.

Reasonable Case Assumptions - this is considered the most likely outcome

Continued loss of fees and charges income on the basis that most fee based services resume fully from August, but that usage will not return back to normal pre Covid demand levels for some time (assumes up to 50% continued reduction). Further likely costs beyond July include the following:-

- Social Care – additional PPE costs above those funded from grant;
- Home to school transport;
- Children’s – increased number of looked after children and support costs;
- Continued increase in disposal costs for co-mingled waste;
- ICT costs to support home and agile working arrangements;
- Increased pressure on the Hardship Fund;
- Further delays in the achievement of 2020/21 approved savings above that reported in May/July, and the management thereof.

Worse Case – based on scenario above plus the following assumptions

Further costs / risks for the following: -

- Further loss of income / income base (additional 25%);
- Further support to the social care market - social worker resources to clear backlog of assessments / review of clients shielded; care home closures;
- Children’s - Increased LAC; further traded income loss; further extension of family safeguarding model;
- Money Home Job - loss of court income / overpayment income;
- E,E&C – loss of investment income and planning application income;
- Full £8.8m of approved savings delayed, resulting in savings being implemented and cashed in 2021/22 rather than 2020/21.

4.12 The Covid-19 response fund initial allocation, based on the ‘reasonable’ case set out in the table above, is expected to be sufficient to fund the impact of Covid-19 for the remainder of 2020/21 (should no other pressures arise), however beyond that the council will need to take action. In addition, the council would need to replenish any utilised general reserves in year or during the 2021/22 budget setting process, putting finances under even more strain. As such Covid-19 funding requires careful management to ensure the council is not put under financial strain, leading to uncertainty about future financial stability.

4.13 Further detail on the pressures is set out in the following sections, followed by a summary of actions required to manage the ‘reasonable’ case scenario and further suggested actions to manage a ‘worse case’ scenario.

Loss Of income

4.14 As reported previously to Cabinet, the council is facing significant reductions in sources of income, for example from currently closed services such as leisure and car parking and traded services income from schools. Given councils’ reliance on this income, the ability to balance the budget beyond the short term will be extremely challenging, as

whilst Government has made a commitment to funding some of the income losses, it is not covering all of them.

- 4.15 An initial 4 month impact is contained within this report of £4.1m to July 2020. It is proposed to increase cash limited budgets through the use of the Covid-19 response fund / loss of income scheme to manage these, once figures are finalised.
- 4.16 Additional income losses are expected beyond July 2020. Despite the easing of lockdown from 4 July and further phased releases, most facilities will take time to reach a 'new normality', as such the impact of income losses is expected to continue in these areas. Even once these are fully open to the public, it is not clear when or if demand and therefore income will return to pre-Covid-19 numbers.
- 4.17 The 'reasonable' case scenario models total income losses for the year of £7.8m, with a possible worse case of £9.4m, of which some will be recovered through the new income grant scheme recently announced, and we await final guidance on its use and conditions. There is a risk that the net income loss to the council will increase, as it is as yet uncertain what can and cannot be reclaimed. It is currently assumed that rental and investment income (shops, commercial investment, airport dividend losses) will not be recoverable through this scheme, however can be covered via the unringfenced S151 grant.

Additional Cost Pressures

- 4.18 On the expenditure side, most costs will remain. For example, the Government's Coronavirus Job Retention Scheme enabling employees to be furloughed, does not in the majority apply to council's as they receive "public funds" which are expected to be used to continue to pay staff. Indeed, there are significant additional costs associated with our Covid-19, including staffing, support to residents and council tax payers and businesses and support to the elderly and vulnerable particularly in relation to adult social care and children's.
- 4.19 Unbudgeted costs incurred or committed to date total £3.53m and are set out in Appendix 1, of which £1.8m has been spent to July 2020. A 'reasonable' cost assumption of a further £0.5m of costs has been forecast for the period up to July 2020, mainly for placement costs for looked after children.
- 4.20 The additional costs of discharging and keeping people out of hospital are not included within this figure as these costs are expected to be recharged to Walsall CCG and funded from their allocation of the £1.3bn fund to be provided by the Government. However, risks have been built into the 'worse case' scenario in relation to this.
- 4.21 Further to the above, additional costs are expected beyond July 2020. The anticipated costs are set out in **table 6** below, with a 'reasonable' case cost of £11.2m and a worse case of £27.7m, the latter assuming that a number of identified high risks turn into actual pressures.

Table 6: Covid-19 Additional Costs Full Year 2020/21	Reasonable Case £	Worse Case £
Cabinet, Gold and Silver approvals for additional cost pressures – <i>see Appendix 1</i>	3,526,262	3,526,262
Forecast additional costs / risks	7,720,654	24,150,372
Total forecast pressures to date	11,246,916	27,676,634

4.22 The following table summarises forecast additional costs.

Table 7: Covid-19 pressures - Full Year 2020/21 - summary of forecast additional costs	Reasonable Case £	Worse Case £
Personal Protective Equipment	1,876,946	1,876,946
Adult Social Care	1,622,104	7,893,223
Children's - Looked after Children	3,040,000	4,263,457
Children's - Home to school transport	223,000	223,000
Children's - Legal costs	200,000	200,000
Children's – further loss of income	0	532,380
Parking Services - agreed reduction in contracts	-103,917	-74,622
Money Home Job - court income, discretionary housing, housing benefit	0	2,000,000
Waste - contract for co-mingled waste	24,915	24,915
ICT to support home working	137,760	137,760
Reset - reopening of Civic Centre / social distancing / agile working	99,846	99,846
Support Services – further loss of income	0	4,208,751
Resources to manage impact of Proud delay	500,000	500,000
Loss of rental income	100,000	2,264,716
Total to date	7,720,654	24,150,372

4.23 In July, Government announced that amendments would be made to the regulations that govern how councils are required to account for the Collection Fund (a separate fund to the General Fund, where business rates and council tax is accounted for). This would allow the impact of Covid-19 in relation to reduced collection rates, any non-recovery, increases council tax reduction scheme claimants, etc to be smoothed over a 3 year period rather than being accounted for in the year of impact. As such, this has had an impact on both the 'reasonable' and 'worse case' assumptions, removing around £7m of pressures, and therefore reducing the funding gap significantly. Whilst this is welcome news, it does not remove the pressures, it allows them however to be recovered over three years. These pressures have therefore been removed and will be included within the revised MTFO to be reported to Cabinet in October. It should therefore be noted that the impact of this is expected to be an increased pressure on the 2021/22 to 2023/24 financial position.

Walsall Proud Programme (WPP) Savings

- 4.24 The 2020/21 budget is predicated on delivery of £8.77m from the Proud Programme to be delivered from adopting new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. Planned activities within the Walsall Proud Programme (WPP) have been reviewed in order to determine those activities which can continue and those which are likely to be delayed as the council responds to the Covid-19 situation.
- 4.25 As part of this review, an assessment of the financial impact has also been undertaken in relation to those work streams due to deliver savings in 2020/21. The overall impact reported in the May Cabinet report was, at minimum, a delay in delivering £2.15m of savings into 2021/22 rather than 2020/21, but with a risk of further impact. The current 'reasonable' case assessment is that up to £6.77m of savings will now be delivered in 2021/22, however action is currently in hand to prioritise those savings which may be able to be delivered earlier. Appendix 2 provides a summary position. The impact arises in the main from: a refocus of programme resource into managing the council's Covid-19 response: inability to generate fee and charge increases due to facility closures, and an inability to commence consultation on a number of organisational redesigns. In the 'worse case scenario', the full savings would be delivered in 2021/22. Given the potential scale of the 'worse case' scenario cost/income loss assumptions overall, Cabinet are recommended to request that officers take action to accelerate delivery of Proud savings in 2020/21.
- 4.26 Additionally, there are expected to be further one-off costs as parts of the programme are paused and then reset, particularly in relation to any specialist resource required to deliver aspects of the programme. A current estimate is up to £500k. Further to this, there is a high likelihood of a knock on impact to 2021/22, as resource, once the programme is reset, will be focussed on both delivery of 2020/21 savings and implementation planning in relation to the c£20m savings to set a balanced budget for 2021/22. This is currently being assessed and a further update will be included in the budget report to Cabinet in October 2020.

4.27 WPP Benefits

In December 2018, Cabinet agreed a range of benefits and a number of financial parameters in relation to the making of investment and delivery of benefits to the Programme. The original business case from November 2018 identified that by transforming ways of working, the council could achieve between £39.2m to £80.9m of recurring benefit over the life of the programme. As the programme has progressed, the benefits have been refined and a re-baselining exercise undertaken to reflect changes in structures, etc. As a result, the benefits have been refreshed. The high and low figures have subsequently been updated and presented to WPP Board, as £39.49m to £70.26 million.

A comparison of how the overall benefits have changed since the initial Cabinet approval is outlined below. The main change has been in relation to third party spend (TPS) as a result of reviewing the addressable spend which has resulted in spend on PFI's and schools being marked as out of scope.

	Original Benefit (High)	Revised Benefit (High)
FTE	£31.5m	£35.4m
Income	£16.6m	£15.5m
Third Party Spend	£32.8m	£19.4m

When the high level opportunities were £81m, then the total investment at £26.1m (note this includes the ICT investment, in house costs and our partner contract) would be a ratio of £1 invested gives an ongoing benefit 3 times the value of the investment i.e. 1:3 and this was agreed by Cabinet in December 2018. Applying this ratio to the refreshed benefits would provide one-off investment into the programme of £23.42m, however the totality of the level of investment required to support the delivery of the new ways of working, particularly in light of the Covid-19 impact on our Proud Programme, is expected to exceed £23.42m (at the high range of benefits).

Now that the opportunities have been further developed then Cabinet are asked to consider amending the parameters for delivery of the WPP to 1:2.5 (for every one-off £1 invested - inclusive of contract value and all other investment - this would deliver up to £2.50 recurring benefit which can be used to support the councils financial position or be reinvested into services). The contract with our partners would remain within the original contractual cap, but the change would acknowledge that other revenue and capital investment requirements are likely to be greater than was planned for, pre-Covid-19. This would set a cap of £28.1m, which is not anticipated to require a further call on resources, as the majority is already accommodated from a combination of existing transformation reserves, the approved capital programme, with the remainder funded within existing budgets. It is important to note that this one-off investment will generate recurring benefit of up to two and a half times that investment.

Revenue Forecast 2020/21 - Service Pressures

- 4.28 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures, however demand pressures in an authority of this size will always arise. The current council wide forecast of non – Covid-19 pressures shows a variance of c£1.8m to budget. Any on-going pressures identified and not addressed in year will need to be considered as part of the 2021/22 budget process. Work continues to address these areas of pressure by year-end.
- 4.29 The following sections provide more detail on these pressures and actions being taken to address these.

Adult Social Care - £0.06m of Pressures

- 4.30 The pressures arise from:
- £1m – Additional care package costs associated with impact of improved productivity and rate of assessments;
 - -£1m – One-off funding to offset increased care package costs;
 - £1.29m – total Procure to Pay saving carried forward from 2019/20. Work to identify mitigating actions including a review of existing provider payments is underway;
 - -£964k – Care package underspend as a result of one off income to support Covid related hospital discharges and additional Walsall CCG income;
 - -£89k – Under spend on net staffing costs due to revised start dates for recruitment to vacant posts and revised contracted dates for agency staff

partially offset by a shortfall in income for the Goscote centre as it is being used for a different purpose and additional recruitment costs for senior positions within ASC.

Children's Services - £1.07m of Pressure

4.31 The pressures arise from:

- £543k - home to school transport pressure, primarily resulting from an estimated increase in out of borough demand;
- £398k - due to an increase in the number/mix of young people placed in care;
- £50k - within the Regional Adoption Agency (RAA), due to a historic interagency fee invoice and an increase in contributions payable to the RAA;
- £56k increased demand for taxis for children in care
- £21k – other minor variances across the directorate

Economy, Environment and Communities - £0.56m of Pressures

4.32 The pressures arise from:

- £59k - agency staff costs within waste collection, grounds, trees & street cleansing ;
- £611k – transitional costs in relation to the revised management structure for which an action plan is being identified;
- £15k un-achievement of planning income (non Covid-19 related);
- £317k relating to delay in implementation of planning redesign;
- £30k - a pressure due to the cessation of shared emergency planning service with Sandwell MBC;
- Ongoing shortfall of £82k in active living income and £28k in libraries from previous year's savings, which have been exacerbated by closures due to Covid-19;
- £100k - Additional maintenance costs for the Active living Centres;
- The above is offset by underspends within Clean and Green, Programme Management, Bereavement Services, Directorate Support and the New Art gallery totalling (£640k);

Resources and Transformation - £0.13m of Pressures

4.33 The pressures arise from:

- £203k Soft IFM – pressures in relation to Cleaning, Caretaking and Catering as well as under recovery of income based on 2019/20 trends up until September 2020.
- -£12k Hard IFM – Vacant posts held within the service area to mitigate pressure above.
- -£88k ICT – Vacant posts not expected to be recruited to in 2020/21 and reduction in click charges in relation to the photocopier contract

Revenue Forecast 2020/21 – Action to Address

4.34 As set out in previous sections and **table 8** below, net of confirmed and estimated government grant, there still remains significant pressures of between £3m to £22m.

Table 8: Full Year 2020/21 Financial Summary	Reasonable Case £	Worse Case £
Total Covid-19 estimated pressures to date	25,863,036	45,702,983
Unringfenced Government allocation less 2019/20 Covid-19 costs of £268,942	-20,152,311	-20,152,311
Additional estimated grant for loss of income - See 4.6 (iii)	-3,452,021	-4,629,472
Net Unfunded Covid-19 Shortfall	2,258,704	20,921,200
Non Covid-19 Service Pressures	1,859,246	1,859,246
Total Unfunded Pressures to Manage	4,117,950	22,780,446

4.35 In order to manage the above, Cabinet are requested to note and endorse a number of actions which, under the 'reasonable' case scenario, will ensure a balanced budget for 2020/21. Additionally, given the unprecedented situation, and therefore uncertainty concerning future impact, there is a risk that cost pressures/income losses are significantly above the 'reasonable' case scenario and, whilst it is unlikely that the 'worse case scenario' will arise in full, it is prudent to plan for this scale of impact. As such Cabinet are asked to note and endorse further actions to plan for this:

- That continued action be taken by Executive Directors to address the remaining £1.8m of non Covid-19 service pressures;
- Realignment of £2.4m of growth included within the 2020/21 budget which is no longer required. This relates to £1.4m of growth in relation to adult social demand and £1m in relation to central pensions budgets, which after review of the three year valuation period, is no longer required. As such, both of these can be released to support the financial gap, should no further funding be received from Government.
- That officers be instructed to make plans to accelerate delivery of Walsall Proud Programme (WPP) benefits wherever possible;
- That the S151 officer review, revise and where appropriate, release a proportion of existing earmarked reserves, in consultation with the Leader of the Council (portfolio holder for finance), and in accordance with existing delegations;
- That the S151 officer review, revise and where appropriate centralise relevant budgets which may have been under-utilised during the lockdown period, and where these have not been used to offset service pressure as part of as corrective action plans e.g. printing, travel, etc.
- That the S151 officer review, revise and where appropriate utilise the council's approved Use of Flexible Capital Receipts Strategy, in consultation with the Leader of the Council, to capitalise the costs of transformation.
- That the S151 officer allocate general fund reserves, in consultation with the Leader of the Council (portfolio holder for finance) and in accordance with existing delegations and the medium term financial strategy, noting that this may require replenishment of general fund reserves during the 2021/22 budget setting process.

By agreeing these actions now to address this shortfall, this will allow a greater focus on assessing the impact of Covid-19 on 2021/22 and identifying options to address that impact as 2021/22 is a much more challenging position.

- 4.36 Current general reserves are in the region of £14m. The above actions will need to be prioritised to ensure only a minimum, if any call on general reserves, is required. The MTFs requires a minimum level of reserves is maintained at all times – this being set at £6m – as such, wherever possible, alternative actions should be taken to ensure that at least this level is maintained in year and where possible, general reserves are maintained at their current levels. This avoids having to take even further action to replenish reserves in year or as part of the 2021/22 budget setting process, putting further pressure on council services. Clearly in the ‘worst case’ scenario of a £23m shortfall, an increased number of actions will need to be taken, with an increased risk that in totality, this will not deliver a balanced budget, and therefore more significant actions may be required. A further report will be presented in October setting out actions proposed and requesting Cabinet approval of any further formal actions required.

Capital Programme 2020/21

- 4.37 The capital programme for 2020/21, following approved amendments agreed by Cabinet on 15 July 2020, totals £186.44m. There have been no further amendments to the programme, and we continue to forecast a marginal overspend of £110k within Economy, Environment and Communities on the Oak Park scheme, who have been requested to contain within existing resources.
- 4.38 **Table 9** summarises the 2020/21 capital programme and forecast outturn after the re-phasing of projects into 2021/22.

Directorate	Budget £m	Predicted year end forecast £m	Variance before Carry forward £m	Carry Forward £m	Variance Over / (Under) £m
Council funded	50.66	48.98	(1.68)	1.79	0.11
Externally funded	135.78	90.96	(44.82)	44.82	0
Total	186.44	139.94	(46.50)	46.61	0.11

- 4.39 The Council funded element of the capital programme currently shows predicted re-phasing of £1.79m from 2020/21 to 2021/22 as shown in **table 10**. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control as awaiting funding or Government approval, etc.

Project	£m
Essential Microsoft upgrades & foundation for Office 365	0.06
ICT-Safe and Secure Environment	0.73
ICT-Safe and Secure Environment Wyse	0.49
Proud – ICT	0.07
Telephony - Cloud Based System	0.44
Total	1.79

4.40 We continue to assess the potential implications of Covid-19 on the programme, and will bring further updates once we have fully assessed these, including the impact upon;

- Potential delays in regional and national funding decisions such as the Future High Streets Fund, where decisions on funding approvals have been put back until after the summer, which may result in risk to the authority in undertaking the required land acquisitions;
- Impacts on funding conditions for example for growth deal and ERF;
- Impact on planned school expansions;
- Contractual obligations impacting on the delivery of agreed programme of works e.g. for example payment of any contractual compensation claims, which may result in reduced funding to deliver programmes of work – some contractual compensation payments have been made but these have been limited and accommodated from existing budgets, the impact of which is being assessed in terms of programme of works.
- Revisions to the ICT programme to accommodate home working – cost assumptions are currently inbuilt into the Covid-19 reported position above;
- A potential impact on the delay in assessing statutory disabled facilities grants and aids and adaptations – including a potential reduction in requests, our ability to deliver requests, and risks around associated grant conditions.

4.41 In addition to the above, further impacts are likely to include:

- Borrowing implications, with interest rates reductions, the authority is reviewing its investment assumptions and corresponding borrowing decisions, which are also affected by cash flow requirements from supporting the Covid-19 response.
- Capital receipts - ability to bring assets to market and uncertainty around valuations.

Council Corporate Plan Priorities

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

Risk Management

4.43 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 Strategy. 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.

4.44 The council is, however, having to make decisions that have a significant financial impact without a guarantee that the costs will be fully compensated for by the Government. The most obvious financial risk is therefore that the council will, if it is not

fully reimbursed for all of its direct and indirect costs, overspend its 2020/21 budget, and deplete its general reserves.

- 4.45 The short term risk of this is being managed through close management and reporting of costs, loss of income, and indirect impacts such as the delay in delivery of approved budget savings through Cabinet/Gold/Silver Control meetings as appropriate and as reported to Cabinet in May and July.
- 4.46 The 2020/21 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves can only be set based on a set of realistically foreseeable or predicted parameters, and was judged to be sufficient for all but the most unusual of events. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues, which may have a local impact. A global pandemic was clearly not part of that assessment and therefore our reserves, should Government not fully recompense the council for all the direct and indirect costs of Covid-19, would be only just sufficient to provide a cushion to avoid an overspend situation in the 'worse case' scenario, however general reserves in this scenario would essentially be wiped out and would require replenishment during the 2021/22 budget setting process – putting additional significant pressure on an already challenging position.
- 4.47 As well as financial risk, the council maintains a register that highlights key themes of organisational risk (this is not risks to the community from Covid-19 or Reset) which is reported to Audit Committee as part of their annual work programme. The Strategic Risk Register (SRR) has been reviewed and amended to reflect the impact of Covid-19. The SRR has been reported to CMT and Audit Committee. Risks to the organisation and forecast were set out in the May Cabinet report in further detail.

Financial Implications

- 4.48 The financial implications are as set out in the main body of this report. The total final cost of Covid-19 is unknown at this stage, although a range has been identified and is contained within this report. It is expected that the majority of costs for 2020/21 may be accommodated within the initial Covid-19 Response Funds in the 'reasonable' scenario, however, should all of the identified risks arise then costs would greatly surpass these funds. The implications of that are set out in the main report and within the legal and risk implications section. Monthly returns are being provided to MHCLG of cost projections.
- 4.49 In addition to the implications for the 2020/21 budget, Covid-19 may significantly impact on the council's reserve levels, with knock-on implications on the council's ability to set budgets for 2021/22 and future years. This remains under review. A specific assurance on the Government's plans to compensate for such losses would be welcomed by council's to ease this burden.
- 4.50 Inevitably, if funding is not provided to fully cover shortfalls, then council's will need to consider other actions short of S114 notices, including identifying further alternative savings options as set out in the main text of this report, and potentially emergency budgets. This report sets out actions, which if delivered, will ensure the council outturns within budget.

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

Legal implications

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

Procurement Implications / Social Value

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

Property implications

- 4.57 Many council premises are currently either closed or open with restricted access to essential workers.

Health and wellbeing implications

4.58 This report is prepared with consideration of health and wellbeing implications.

Staffing Implications

4.59 There have been significant implications for staff and how they support delivery of services. Many are having to adapt to new ways of working, particularly home working. There are opportunities to review our future ways of working as part of 'reset'.

Reducing Inequalities

4.60 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.

Consultation

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

5. Decide

5.1 To approve the recommendations as set out in this report.

6. Respond

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

7. Review

7.1 Regular monitoring reports will be presented to Cabinet to inform them of the impact of Covid-19 and the forecast for 2020/21, including an update on risks and impact on the budget for 2021/22 and beyond.

7.2 Budget proposals will be presented to Cabinet, and implemented following approval of the budget by Full Council in February 2021.

Background papers: Various financial working papers.

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Signed:

Deborah Hindson
Interim Executive Director of Resources
and Transformation (S151 Officer)
2 September 2020

Signed:

Councillor M Bird
Leader of the Council
2 September 2020

Appendix 1: Cabinet, Gold and Silver Control Approvals

Date	Approval	Additional Costs Approved £	Spend to July £	Forecast spend £
Cabinet approvals				
19/05/20	Shielding and support to voluntary sector hubs to support vulnerable people and families at risk of harm of Covid-19. Total £1.033m approved, but £11k spent in 2019/20. Approved by Gold 11/05/20. £71k additional spend expected to be funded from the grant set aside for Emergency Assistance for food and essential supplies.	1,022,000	531,712	680,779
19/05/20	Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers.	318,900	308,860	318,900
04/06/20	Infection Control Fund – Urgent decision taken by Leader to delegate authority to the Interim Director of Adult Social Care for allocation of the full £2,288,564 – 75% (£1,715,930) to residential and nursing providers, and 25% (£572,634) to share across domiciliary care providers based on their number of packages at a given point, both in accordance with the relevant Grant conditions.	0	0	0
17/06/20	Emergency Personal Protective Equipment. There are currently 164 different Care Providers that the local Hub at Goscote is supporting - 58 of those are Residential/Nursing homes in Walsall, and 107 are providers delivering a selection of extra care, supported living and domiciliary care provision. In addition to this the hub supports volunteers requiring PPE, internal workforce delivering a range of personal care and front facing work with vulnerable people, direct payment recipients and carers who may require PPE to support people at home. Following approved by Gold 22/04/20, and Cabinet report approved by the Leader 23/4/20, a rolling monthly sum of no more than £660k over 3 months (£1.98m) was agreed – <i>permission has been given by NHS England to charge PPE costs to Walsall CCG - this is assumed to be net nil cost to the councils as at despatch date.</i> Cabinet approved for the continuous ordering of urgent local supplies of PPE via the Council's Adult Social Care Provider Hub, continuing to work with the Corporate Procurement team.	0	0	0
17/06/20	Walsall Local Outbreak Plan – Governance and Delivery Arrangements, established to provide political ownership and public-facing engagement and communications for outbreak response. It is proposed that the Health and Wellbeing Board (or subcommittee) act as the “Local Outbreak Engagement Board” and revised Health protection Forum act as the local operational oversight and is responsible for the production of the Outbreak Plan. Funding by way of the £1,650,559 ringfenced Test and Trace allocation with delegated authority to the Director of Public Health	0	0	0
15/07/20	ICT to enable business continuity - total cost £550,764 less £154,374 funded 2019/20, £184,975 approved by Gold on 22 April, £39,600 funded from track and trace grant, and £171,815 approved by Gold 3 July.	356,790	140,547	356,790

Date	Approval	Additional Costs Approved £	Spend to July £	Forecast spend £
15/07/20	Extension to community response by 3 months initiative to support shielded vulnerable residents who do not meet the criteria for support.	64,939	0	64,939
12/08/20	Adult Social Care provider payments, and additional supplier relief for contracted and non-contracted providers – further allocation to that approved by Cabinet on 19 May 2020.	500,000	0	500,000
Total Cabinet approvals to date		2,262,629	981,119	1,921,408
Gold Control approvals >£50k				
06/04/20	Use of Computerised Tomography (CT) equipment for digital autopsies – to be reviewed after initial 6 month period (April–Sept)	95,200	6,902	95,200
17/04/20	Provision of a temporary site to accommodate people from Gypsy, Roma and Travelling communities (20 April–17 May)	30,000	30,000	30,000
24/04/20	Temporary mortuary at Birmingham Airport.	1,200,000	401,277	566,838
04/05/20	Support for rough sleepers, victims of domestic abuse and complex young people requiring rehousing (13 weeks)	136,485	25,596	136,485
22/05/20	Extension of Family Safeguarding delay in implementation of the Social Care locality model to 31 August (further to Silver approval on 20/04/20 below)	61,619	33,636	61,619
29/05/20	Delay in FDAC programme grant – funding of 6 months of contract April – September 2020.	77,119	51,413	77,119
23/06/20	Co-mingled waste – additional costs to landfill following restrictions on number of caseloads that can be delivered from May 2020 – May only (further requests may be required from June onwards)	87,073	17,345	87,073
17/07/20	Delayed closure of Birchills Children’s Centre by 4 months (Sept – Dec 2020). Further to the approval by Silver on 15/05/20. Cabinet on 15 July approved the closure by end of December 2020.	12,000	0	12,000
24/07/20	Co-mingled waste – additional costs to landfill following restrictions on number of caseloads that can be delivered from May 2020 – Revised allocation of £293,486 - £87,073 approved by Gold on 23/06/20 above	206,413	97,828	206,413
Total Gold approvals to date		1,905,909	663,997	1,272,747
Silver Control approvals <£50k				
15/04/20	Cemeteries – increase in burial standby payments, additional diggers and call out payments – April to June 2020 (13 weeks)	27,143	14,861	14,861
20/04/20	Family Safeguarding – delay in the implementation of the Social Care locality model over 2 months (04/05/20 – 01/07/20)	30,150	30,150	30,150
15/05/20	Delayed closure of Birchills Children’s Centre by 4 months (Sept – Dec 2020). Further £53k funded from Children’s action plan.	42,667	0	42,667
20/05/20	Garden waste – resources required for first 2 weeks of resuming collections (15-26 June)	12,283	12,283	12,283
22/05/20	Increased take up of free school meals as more meet low income eligibility criteria. Based on 100 eligible children for 10 wks from 18 May to 21 July.	15,000	0	15,000
22/05/20	One Source Programme Management Support to support implementation as a result of home working – Sept-Dec ‘20	36,900	0	36,900

Date	Approval	Additional Costs Approved £	Spend to July £	Forecast spend £
29/05/20	Foster care – one off £200 to 189 fostering households for additional expenses for the period April – September 2020.	37,800	37,800	37,800
03/06/20	Mental Health first aid training and support to 130 schools and 10 providers for the period 15 June – 31 August 2020	21,000	0	21,000
19/06/20	Interpreter costs in Children's Services to engage with vulnerable families – April to September 2020.	20,000	13,333	20,000
24/06/20	Legal - One off costs for the provision of external legal support (specifically on safe reopening of schools including health and safety, risk assessments, liability – both civil and criminal, PPE requirements, business closure regulations and advice generally on the Covid Act 2020) March-June '20	8,875	8,875	8,875
10/07/20	Environmental Depot – reset and service continuity in order to continue to provide key front line services, staff safety and welfare – April 2020 to March 2021.	30,400	15,000	30,400
10/07/20	Opening of Walsall play areas and outdoor gyms – 2 agency staff for each of three sites operating 10am-6pm Monday to Sunday for 6 weeks of summer holiday.	26,500	0	26,500
07/08/20	One off costs for the elongation of the implementation period for the council's early payment scheme for council suppliers (entered into in January 2020) due to Cabinet Office PPN02/20 & PPN04/20 requirements.	12,000	3,000	12,000
07/08/20	Support to Shop Happy Programme for Walsall Town (£12,000), and staff details and costs associated with supporting the Business Rates Grant Programme in assessing and processing the individual payments associated with applications (£11,673) – April / May 2020.	23,673	23,673	23,673
Total Silver approvals to date		344,391	158,975	332,109
Total Cabinet / Gold / Silver approval for additional cost pressures		4,512,929	1,804,091	3,526,264

Appendix 2 – Proud Savings Update

Benefit Work Stream / Activity	Approved Saving 2020/21 £	Covid-19 Impact Delay in Delivery	Potential Impact / Delay £	Comments
Adult Social Care				
Income Generation / Cost Recovery – Fee Collection & Debt Recovery	998,522	4.5 months Benefits maximisation pilot implemented August 2020	374,446	Current focus is on immediate Covid-19 response as opposed to debt recovery, however ensuring we have proper records in place so that when we do start to refocus on collection and recovery arrangements, we are able to do so, is a priority.
Children's Services				
Customer Access Management (CAM) – Contact Centre	711,000	Saving to be delayed to 2021/22 due to consultation delay	711,000	Consultation arrangements have been delayed whilst a plan to re-engage with a primarily working from home workforce is put in place.
Economy and Environment				
Service redesign - Planning	476,000	Saving to be delayed to 2021/22 due to consultation delay	476,000	as CAM
Income Generation / Cost Recovery – review of existing fees and charges directorate wide (annual planned uplift)	249,040	8 months	166,027	This arises from closure of facilities and that a decision to increase charges is not taken on immediate opening of these. Review underway on timing of increases in fees and charges in consideration of impact of Covid-19 on users ability to pay
Income Generation – New Fee – Registrars change of name deed	10,890	8 months	7,260	As above.
Third Party Spend – Waste treatment and disposal	161,017	Assumed None	-	Delivered
Enabling Support Services (Administration)	1,100,000	Saving to be delayed to 2021/22 due to consultation delay	1,000,000	Consultation arrangements have been delayed whilst a plan to re-engage with a primarily working from home workforce is put in place.

Benefit Work Stream / Activity	Approved Saving 2020/21 £	Covid-19 Impact Delay in Delivery	Potential Impact / Delay £	Comments
Resources and Transformation				
Income Generation / Cost Recovery – review of existing fees and charges	1,244	8 months	829	As Income above.
Central				
Outcomes, Service Levels and Delivery Models – Service Transformation and linked to Customer Access Management Contact Centre, Rapid Process Improvement and Web work; and Resilient Communities	1,713,000	Saving expected to be delayed to 2021/22	1,713,000	Resources have been refocused on the response to Covid-19 in the community. Additionally, consultation arrangements have been delayed whilst a plan to re-engage with a primarily working from home workforce is put in place.
Third Party Spend – Procurement and Contract Control	3,340,760	4 months	2,227,173	Resources have been refocused on the response to Covid-19 in the community. Supplier relief national guidance has delayed opening of negotiations. Additionally, work is underway on timing of start of any renegotiation of contracts in consideration of impact of Covid-19 on suppliers financial viability
Total Benefits / Savings	8,761,473		6,777,735	