Agenda item No

Cabinet – 17 July 2024

Corporate Financial Performance 2024/25 and approach to Budget Setting for 2025/26

Portfolio:	Councillor M Statham – Deputy Leader - Finance (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 2024/25, based on emerging pressures as at June 2024, and actions being taken to address this to ensure the council outturns on budget.

1.2 To set out our approach and timeline for the 2025/26 budget process.

1.3 To seek approval for changes to the Medium-Term Financial Framework (MTFF).

2. Summary

2.1 This report provides a summary position on the draft forecast revenue outturn for 2024/25 including cost pressures, particularly within Adult Social Care and Children's Services resulting in a potential spend above budget of £14.47m prior to existing mitigation actions identified to date of £5.42m, reducing this figure to £9.05m. Work is in hand to identify further actions to bring the position in line with budget and ensure a balanced outturn is delivered by 31 March 2025.

2.2 In relation to the capital programme, the report includes a number of proposed amendments for approval as set out in section 4.21 of the report, including known reprofiling of spend across the programme. The forecast, after these amendments is predicted to be on budget.

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;
- The process and timeline for the 2025/26 budget process;
- Work underway to update the medium term financial outlook (MTFO);

- An updated Medium Term Financial Framework, the framework within which the council's financial planning and management is undertaken, and minor changes to the Tax strategy. It is good practice to regularly review and update key strategic documents and obtain formal Cabinet approval.

3. Recommendations

That Cabinet:

3.1 Note potential forecast revenue spend above budget of £9.05m, noting that further actions are being taken to address this potential position. A detailed plan will be reported to Cabinet in October, outlining actions to be taken.

3.2 Note that there are additionally high risks of £11.24m to the revenue forecast identified within services as set out in Table 2. These risks are actively being monitored and action is being taken to reduce / eliminate them where possible.

3.3 Note the progress on savings approved for 2024/25 as detailed in section 4.13 and 4.14.

3.4 Note the Dedicated Schools Grant (DSG) action plan position as detailed in sections 4.15 to 4.19.

3.5 Approve amendments to the capital programme as set out in section 4.21, including the rephasing of capital programme to 2025/26 at Appendix 6.

3.6 Note that the forecast for the capital programme is predicted on budget.

3.7 Approve the release of £875k from the development pool for the highways maintenance capital programme and detailed in sections 4.25 to 4.26.

3.8 Approve the release of £1.73m from the development pool to support the construction of a new road bridge over the Wyrley and Essington canal as detailed in sections 4.27 to 4.30.

3.9 Approve the release of £860k from the development pool to fund additional costs of enabling support services / one source programme as detailed in sections 4.31 to 4.32.

3.10 Note financial health indicator performance as set out in sections 4.33 to 4.38 and Appendix 8.

3.11 Note the prudential indicators as set out in section 4.39 to 4.41 and Appendix 9.

3.12 Approve the write off of debt as detailed in section 4.42.

3.13 Note the work underway to update to the medium term financial outlook and approve the approach for setting the 2025/26 budget, as set out in sections 4.43 to 4.52, aligned to the Council Plan, Budget Framework and Proud Promises.

3.14 Approve the updated Medium Term Financial Framework as set out in section 4.53.

4. Know – Context

4.1 The council is legally required to operate within a balanced budget, to operate within financial controls and to deliver approved budget savings. The cost-of-living impact is also causing pressures, particularly in relation to the council's costs in relation to energy and supplies and contract uplifts especially within adult social care and children's services.

Revenue Forecast 2024/25 - Service Pressures

4.2 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures. The council is experiencing ongoing pressures in relation to the cost of living impact, on contracts/third party spend in particular, and where known and quantifiable, the financial impact of this is included within the forecast position. As a result of the pressures, mitigating actions are being instigated, including services taking action to address them, use of appropriate earmarked reserves, etc. All action will therefore be reported alongside impact to ensure a balanced budget at outturn.

4.3 The current council wide forecast shows a number of pressures which, if not managed, could lead to a potential overspend of c£9.05m against budget, as summarised by directorate in Table 1. This includes mitigating actions identified to date of £5.42m. Further work is on-going to identify further actions to ensure a balanced budget for 2024/25.

4.4 The year-end forecast includes the use of earmarked reserves of £37.97m and transfers to earmarked reserves of £9.15m, as detailed at Appendix 2. Transfer from/use of earmarked reserves are created for specified 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. This results in projected closing earmarked reserves of £146.00m as shown in Table 3.

4.5 This reported position follows a full detailed monitoring review of forecast expenditure and income, alongside review of delivery of budgeted efficiencies and additional risks not currently included in the financial position. The key highlights are as follows:

- Demand in Adult Care above the budgeted level and increases in existing placement costs have created a pressure of £2.79m.
- Home to School Transport budget pressures as a result of increased demand and costs from providers total £2.51m.
- Forecast delayed delivery of budget savings and efficiencies have created a pressure of £5.90m. In addition to this, c£10m of savings are classified as amber and therefore at risk of non-delivery in 2024/25.
- There are additional high risks around user flow and user costs in Adult Social Care and children in care (as per Table 2). Close monitoring of this will continue and be reported accordingly.

Table 1: Forecast revenue analysis 2024/25 by Directorate – June 2024								
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**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Adult Social Care and Public Health	91.67	102.03	10.36	(3.73)	0.19	6.82	(0.81)	**6.01**
Children's Services & Education	89.30	95.33	6.03	(1.93)	0.24	4.33	(0.80)	**3.53**
Economy, Environment & Communities	41.34	46.86	5.51	(2.82)	0.28	2.97	(0.33)	**2.64**
Resources & Transformation	44.34	54.69	10.36	(13.93)	3.08	(0.49)	0.00	**(0.49)**
Capital Financing	27.91	22.78	(5.12)	(0.21)	5.33	0.00	(2.64)	**(2.64)**
Services Position	**294.56**	**321.69**	**27.13**	**(22.62)**	**9.13**	**13.63**	**(4.58)**	**9.05**
Central budgets	(142.52)	(126.35)	16.17	(15.35)	0.02	0.84	(0.84)	**0.00**
Total council tax requirement	**152.03**	**195.33**	**43.30**	**(37.97)**	**9.15**	**14.47**	**(5.42)**	**9.05**

Table 2: Summary of High Risks	
Details of Risk	**Potential Cost of Risk £m**
Adult Social Care & Public Health	
Increased demand for care services if client in/ outflow trends seen in 2024/25 are different to budgeted assumptions	2.76
Increased changes to existing service user costs if trends seen in 2024/2025 to date continue for the remainder of the year	1.86
Community reablement – awaiting confirmation of benefit realisation post implementation. The assumption remains that the service will commence in November 2024.	0.42
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	0.20
Total Adult Social Care & Public Health	**5.24**
Children's & Education	
Increased inflow/ outflow pressures – The financial impact of children entering and leaving care in 2023/24 was significantly higher than that of previous years, if these rates were to continue there could be an additional pressure in year.	1.23
Home to School transport increase in demand - In 2023/24, demand on the service increased by 28% compared to expected growth of 14%. This is linked to the increase in EHCPs seen in this year. The current forecast expects demand for EHCP growth to reduce compared to last year given the implementation of the DSG management plan however, if growth did replicate levels seen in 2023/24 costs could increase.	0.58
Placement moves – The financial impact of placement moves in 2023/24 was significantly higher than that of previous years, if these rates were to continue there could be 1.54a further pressure in year.	0.97
Increase in placement costs / level of support – During 23/24, there was a continuing number of cases whose level in support increased creating a pressure in year. If this were to materalise again in 24/25, there could be a further pressure	1.54
Home to School transport increase in average cost - The current forecast assumes inflation increases for 24/25 of circa 5% based on average inflation rates and evidence of the market stabilising going forward	0.42
Increased legal fees in line with prior years. It is expected that the DFJ pilot and FFC pathfinder legal fees can be reduced.	0.10
Total Children's & Education	**4.84**
Economy, Environment and Communities	
Additional property maintenance costs	1.00
Total Economy, Environment and Communities	**1.00**
Resources and Transformation	
Increased demand in Bed and Breakfast services	0.16
Total Resources and Transformation	**0.16**
TOTAL HIGH RISKS	**11.24**

Table 3: Earmarked Reserves				
	Opening Balance 01/04/24	**Transfers from Reserves**	**Transfers to Reserves**	**Closing Balance 31/03/25**
	£m	**£m**	**£m**	**£m**
Treasury Reserves	34.44	(1.97)	5.33	37.81
Grant / Contributions received in advance	17.33	(6.40)	0.34	11.28
Improvement projects	24.57	(11.08)	3.35	16.84
Cost Pressures	20.11	(9.56)	0.00	10.55
Council Liabilities	45.24	(7.25)	0.00	37.98
Covid-19 grants	0.68	(0.22)	0.00	0.46
Public Finance Initiatives	16.02	(0.51)	0.00	15.51
Risk	10.00	(0.28)	0.00	9.72
Other	6.43	(0.69)	0.12	5.86
Total	**174.83**	**(37.97)**	**9.15**	**146.00**

Reserves are categorised for the purposes of reporting as follows:

- **Treasury reserves**. These reserves are to minimise the impact of interest rate changes and finance early redemption of loans to reduce the council's future interest exposure**;**
- **Grants / contributions received in advance.** This is where the council has received money in advance of the next accounting period or covers more than one accounting period. These amounts will be spent in line with the grant conditions;
- **Improvement projects**. These reserves are to finance service modernisation; specific projects such as pilot street cleansing initiatives, Cloud services, Oracle development, economic growth programme; and costs in relation to the council's transformation programme;
- **Cost pressures**. To include review of working practices including blended working, fluctuations in service demand such as in adult social care, crisis support and children in care;
- **Council liabilities**. These reserves cover expenditure where the council has a legal obligation to pay costs, such as equal pay claims and redundancies. In addition to these there are reserves for business rate appeals, pensions and insurance claims;
- **Covid-19 grants**. The carry forward of specific government grants to cover Covid pressures, including expanded retail relief for businesses;
- **Public Finance Initiatives**. Liabilities for our PFI's with Street Lighting and St Thomas More;
- **Risk**. To cover unforeseen risks in 2024/25 at the time the budget was set;
- **Other**. These reserves are to support a wide range of future costs such as partnership working with other external bodies.

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

4.6 *Adults Social Care - £6.82m after use of reserves (prior to mitigating actions).*

The main reasons for the increase in overspend are:

- £4.23m relating to possible non delivery of approved savings as detailed at Appendix 3.
- £1.62m – Inflow/attrition/backdating - Increase due to net inflow of new, deceased and ended clients. This increase is a combined impact of new clients above budgeted levels combined with being placed at a higher average cost than originally budgeted and the number of expected deaths being significantly lower than the budgeted trends.
- £1.17m – Changes in existing placement costs - Net increase due to the impact of changes to existing client packages undertaken during from April to May 2024.
- (£0.47m) - Reduction in s117 expenditure forecast and an increase in health income.
- £0.16m - Shortfall in income associated with learning disabilities joint funding arrangements when compared to Section 75 arrangement with Walsall Integrated Care Board (ICB)
- £0.11m **–** Due to increasing demand for equipment within the integrated equipment store service.

Risks
There are also high risks of £5.24m which could impact the forecast position should they materialise, detailed in Table 2 above.

Performance data on adult social care demand is attached at Appendix 5.

4.7 *Public Health*

The service is forecast to be on budget after the net use of transfer to reserves.

4.8 *Children's Services and Education £4.33m after use of and transfers to reserves (prior to mitigating actions)*

The main reason the overspend is:

- £0.62m - Children's social care demand, further splits as follows:
  - £0.14m – increase in support / placement costs for two young people.
  - £0.28m – in year impact of Independent Fostering Agency (IFA) retender for those placements below the proposed price cap and entering the next age bracket during 24/25.
  - (£0.30m) – net reduction in inflow/ outflow for May compared to budget (£654k) following the realisation of savings.
  - £0.18m – net impact of placement moves during May – primarily linked to three step ups to external residential from placed with parents / internal residential.
  - £0.31m – increase in the future placement moves forecast following an increase in month and rise in average costs.

- £0.40m – Children’s social care core, further split as follows:
    - £0.11m - section 17 costs linked to reliance on Kinver Care & Prospero. This is assumed until September 2024 when the implementation of the Pathfinder Programme should mitigate the need to continue to use these providers for this function and alternative provision identified.
    - £0.14m – Staffing pressures across the directorate including the use of agency staff to backfill temporary management arrangements and increased staffing costs linked to the increased sibling groups and demand on the services.
    - £0.07m - costs linked to occupational therapy equipment.
    - £0.09m – Regional adoption agency contract increase for 2024/25 and increased costs on the translations fees service.

- £2.51m (Access and Inclusion) - due to the impact of increased demand for home to school transport in 2023/24 over and above budget (28% increase vs 14% budgeted) and increase in average costs linked to market pressures.

- £0.41m (Early Help) - short breaks costs of which £284k relates to children in care demand cost avoidance and the remaining £124k is increased demand and complexity of children using the placements. The service are continuing to work to ensure service provided is appropriate and health contributions are agreed and received where possible.

Risks
There are also high risks totalling £4.84m which are detailed in Table 2 above, which could impact the forecast position should they materialise.

Performance data on children in care is attached at Appendix 4.

4.9 *Economy, Environment and Communities - £2.97m overspend after use of and transfers to reserves (prior to mitigating actions)*

The forecast position is a potential overspend of £2.97m after planned transfers to and from reserves. Mitigating actions have been identified of £330k reducing the overspend to £2.64m.

The main reasons for overspend are:

- £0.82m - due to under recovery of cremation income due to competitor and reduction in demand
- £0.18m - overspend on water bills for council buildings
- £0.79m - overspend on co-mingled waste costs
- £0.70m - overspend on internal cleaning and caretaking services
- £1.23m - relating to possible non delivery of approved savings as detailed at Appendix 3
- £0.15m – due to under recovery of market income
- (£0.15m) – over recovery of commercial shops and premises income
- (£0.83m) – over recovery on W2R energy from waste income and trade waste income

Also included in the forecast position is £1.71m income shortfall linked to the saddlers centre (£1.11m is linked to the connected gateway programme and £0.60m linked to loss of income due to vacant shops). This has been funded from corporate reserves.

Risks
There are also high risks of £1.00m which are detailed in Table 2 above.

4.10 <u>*Resources and Transformation - (£459k) underspend after use of and transfers to reserves.*</u>

The main reasons for the underspend are:

- (£0.15m) - Digital & technology services – underspend on salaries due to vacant posts
- (£0.09m) – Finance salary underspend partially offset with agency costs, training fees and recruitment expenses
- (£0.22m) – Salary underspends across the directorate including democratic services, electoral services, hubs, ABS, Human resources, corporate management team and the proud team.

Risks
There are also high risks of £0.16m which are detailed in Table 2 above.

4.11 <u>*Capital Financing on budget after use of and transfer to reserves (prior to mitigating actions)*</u>

Prior to any transfer to reserves the position is an underspend of £7.97m. The underspend is due to a reduction in borrowing costs and higher investment returns than expected. Of the total underspend £3.70m is to be transferred to the capital financing smoothing reserve to smooth known increases in borrowing costs from 2025/26 onwards and a further £1.64m transferred to the MRP equalisation reserve.

The remaining underspend of £2.64m is being used as mitigating action to support council wide pressures as set out in Appendix 2.

There is also use of the leasing reserve of £212k to cover forecast additional costs of the leasing programme.

4.12 <u>*Central £840k overspend after use of and transfer to reserves (prior to mitigating actions).*</u>

The overspend relates to forecast energy costs above budget which includes £200k saving which will not be achieved in year. This is fully mitigated from the use of the cost of living reserve.

Approved savings in 2024/25

4.13 The 2024/25 budget approved by Council on 22 February 2024 includes £20.1m of benefits realisation (savings) against Proud activity plus a further £5.17m of 2023/24 benefits approved to be carried forward for delivery in 2024/25, giving a total benefit figure of £25.27m to be achieved. Directors are required to ensure that service delivery plans are robustly implemented to fully deliver these in year.

4.14 There are currently £5.90m (23%) of benefits assessed as Red for delivery (at high risk of non-delivery), as shown in Appendix 3 along with the reason and identified mitigating actions to date totalling £1.12m of which £482k is ongoing. Savings assessed as Red are currently included within the forecast overspend for 2024/25, therefore successful actions to deliver these Red savings will reduce the pressure on this year's budget.

Dedicated Schools Grant (DSG) Action Plan

4.15 Nationally, a significant number of authorities are experiencing difficulties managing the increasing demand for high needs support against the funding that is available within the High Needs block of DSG. Whilst Walsall has also seen an increase in demand for these services, it has, up until recently, been able to effectively manage those increases within the totality of High Needs funding that has been available. As at the end of 2022/23, Walsall's DSG reported deficit provision was £0.53m increasing to a deficit of £7.40m in 2023/24. Therefore, there is now a requirement for Walsall to identify and embed an effective DSG Management plan.

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

4.17 Guidelines require the preparation of both an unmitigated (given the assumptions set out above what would the financial position each year be without any further action) and a mitigated (which identifies a number of potential areas of action and summarises the revised financial position if those actions are implemented) DSG management plan.

4.18 As shown in tables 4 and 5, the unmitigated DSG management plan shows a DSG deficit of £61.70m by 2027/28 reducing to a deficit of £29.56m in the mitigated plan. To note this includes the forecast deficit carried forward from 2023/24 of circa £7.40m.

4.19 There is currently a statutory override in place set by Central Government allowing local authorities to exclude DSG deficits from the council's wider financial position. This was due to end from 2023/24 financial year but was then extended for a further three years until 31 March 2026 with the intention that Local Authorities should be in a position to manage high needs costs within budget by the end of the three-year period.

Table 4: DSG Management Plan Unmitigated Position

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Unmitigated Costs	83.75	96.06	105.71	116.74
Other Costs	7.81	7.86	7.99	8.05
Income	(58.06)	(59.57)	(61.15)	(63.09)
Deficit	**33.50**	**44.35**	**52.55**	**61.70**

Table 5: DSG Management Plan Mitigated Position				
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Mitigated Costs	75.79	82.64	86.87	90.55
Other Costs	7.81	7.86	7.98	8.05
Other mitigating actions	(0.96)	(4.07)	(4.61)	(5.95)
Income	(58.06)	(59.57)	(61.15)	(63.09)
Deficit	**24.58**	**26.86**	**29.09**	**29.56**

General Reserves

4.20 Opening unallocated general reserves for 2024/25 are £19.56m. The medium-term financial framework (MTFF) requires that a prudent level of reserves is maintained. This was set at no less than £18.39m for 2024/25. The MTFF also sets a minimum level of reserves beyond which any use must be reported to Council. This is currently set at £7.77m. The potential variance against budget of £9.05m within this report would reduce available reserves to £10.51m requiring replenishment in year. However, action is being taken to ensure this does not occur and officers are confident that the council will outturn close to budget.

Capital Programme 2024/25

4.21 The capital programme for 2024/25, as approved by Council on 22 February 2024 was £166.57m. Table 6 summarises amendments made to date, resulting in a revised programme of £198.65m.

Table 6: Amendments to Capital Programme 2024/25	
Project	**£m**
Capital Programme 2024/25 per Council 22 February 2024	**166.57**
Removal of estimated carried forwards (as 2024/25 budget was set prior to 2023/24 position being final)	(31.78)
Capital Programme prior to carry forwards from 2023/24	**134.79**
Council Funded Resources	
Carry forwards from 2023/24 – subject to Cabinet approval 17.07.2024	33.85
Reduction to budgets b/f into 2023/24	
Capitalisation of wheeled bin stock	(0.04)
Council house general heating	(0.60)
Aids & adaptations	(0.10)
Standard addressing implementation	0.16
Oak park photovoltaics installation (match funding)	0.04
Highways maintenance (subject to Cabinet approval)	0.88
New computers in libraries	0.25
Mobile bus hub	0.03
Health contribution Mosaic fusion build	0.01
Pipeline funding	(1.37)
Externally Funded	
Carry forwards from 2023/24 – subject to Cabinet approval 17.07.2024	19.69
Budget realignments	
Willenhall masterplan transport levelling up fund	(1.08)
Urban tree challenge	(0.02)

Project	£m
Local transport plan – Yorks bridge	(0.20)
Capital maintenance	0.65
Civic/council house decarbonisation	(1.94)
Purchase of dispersed temporary accommodation	(0.41)
Disabled facilities grant	(0.13)
Walsall town deal budget alignment	3.69
M6 Junction 10	0.95
High needs provisional fund	3.89
S106 monies for temporary accommodation	0.01
New grant funding	
Food waste collection capital grant	1.84
Oak park photovoltaics solar installation	0.50
Dft traffic signal obsolescence grant	0.50
A41/A4038 Moxley-Walsall town centre - walk, cycle, bus corridor	0.45
UK shared prosperity fund	1.36
Walsall urban tree challenge	0.05
Library improvement fund	0.18
Network north	0.38
Disabled facilities grant	0.38
Revised capital programme 2024/25	**198.66**

4.22 A full review of forecast capital carry forwards into 2025/26 has been undertaken resulting in rephasing of the capital programme provision of £62.05m being recommended, summarised by scheme at Appendix 6. Rephasing 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.

4.23 Table 7 summaries the 2024/25 capital programme which is forecast to be on budget after the re-phasing of £62.05m into 2025/26 (detailed at Appendix 6).

Table 7: Forecast capital analysis 2024/25					
Funding Source	**Budget £m**	**Predicted year end forecast £m**	**Variance before Carry forward £m**	**Carry Forward £m**	**Variance Over / (Under) £m**
Council funded	102.59	74.48	(28.11)	28.11	0.00
Externally funded	96.07	62.13	(33.94)	33.94	0.00
Total	**198.66**	**136.61**	**(62.05)**	**62.05**	**0.00**

Development Investment

4.24 Since 2021/22 £109.10m has been set aside for council development investment opportunities, including emerging regeneration schemes and major capital projects. This funding is to support those schemes in development stages including schemes where funding or match funding is required (subject to external funding bidding processes) and major capital projects. The current proposed use (and as yet unallocated amount) is set out in Appendix 7.

Highways Maintenance

4.25 As Highway Authority, the Council has a statutory duty to maintain its highway network in a safe condition for road users. At a meeting of the council's Strategic Investment Board on 15th May 2024, a decision was taken, subject to approval from Cabinet, to increase capital investment for the maintenance of Walsall's highway network by £875,000.

4.26 For 2024/25 Walsall Council has allocated £2.8m of capital funding to maintain its highway network of 525 miles. The £2.8m annual budget has remained unchanged since 2017, whereas in contrast, the construction indices for inflation over this period have increased by 28.5%. This correlates closely with the published Bank of England inflation figure of 29.1% for the same period. On that basis the Council would need to increase spend on highway maintenance by £875k to £3.67m during 2024/25 to resurface the same amount of its highway network that it was treating in 2017. Cabinet are asked to approve the release of £875k from the development pool.

Yorks Bridge project

4.27 The Yorks Bridge project involves the construction of a new road bridge over the Wyrley and Essington Canal next to the existing York's Bridge (owned by the Canal and River Trust) along with the realignment of Norton Road, it also includes a new parking area for Pelsall North Common and wetland area (adjacent to public footpath Ald149). The proposed scheme results from a requirement to improve safety at the existing York's Bridge, Norton Road, Pelsall.

4.28 The existing bridge was built in the mid-19th century and as such was never designed with modern traffic in mind. The bridge was assessed for structural integrity in 1995 and it reconfirmed that the bridge was only capable of carrying vehicles below 10-tonne weight, with the deteriorated of the bridge the current weight limit was further reduced to 7.5-tonne. York's Bridge is owned by the Canal and River Trust (formerly British Waterways Board) and spans the Wyrley and Essington Canal along Norton Road, adjacent to the Fingerpost Public House.

4.29 The proposed bridge is to be 40m long and will carry two-way traffic on a 7.3m wide carriageway with a 2m wide footway on the west side. There will be 2m minimum headroom between the bridge and towpath and 3.1m minimum height between the bridge and canal. The length of the new section of highway road and bridge to be introduced is 540m, with a total site area of approximately 2.29Ha, including the proposed embankments, areas for landscaping, drainage proposals and construction working areas.

4.30 As confirmed in the Cabinet report of 9th December 2020, there was £1.9m funding allocated to this scheme from Local Transport Plan and Maintenance Block funding allocations for bridge maintenance and a further £1.5m allocated from the Council's budget, which was thought sufficient to deliver the scheme. However, due to increases to construction indices for inflation, these budgets were no longer sufficient to complete the scheme and at a meeting of the council's Strategic Finance Board on 15th January 2024, approval for £1.73m of additional funding to existing budgets was granted subject to approval from Cabinet, to complete the scheme and to maintain the existing structure with limited access and to construct a new bridge with 7.3m two-way carriageway and 2.0m footpath, compliant to allow 44 tonne vehicles to use safely.

Cabinet are asked to approve the release of £1.73m from the development pool which will be required in 2025/26.

Enabling Support Services / One Source Programme

4.31 Following an Oracle health check review in February 2023 this programme was created and approved to focus on the delivery of a number of critical enhancements including the replacement of Taleo with Oracle Recruitment Cloud, the replacement of customised absence solution with standard functionality to support a more stable and controlled live environment and to make the appropriate changes needed to comply with the new Monthly Collection report needed for the Teachers Pension Scheme and the up and coming 24C patch release from Oracle and a budget of £1.22m allocated.

4.32 Since this review there have been legislative and further system changes identified that need to be implemented to continue to keep the council compliant and in line with standardised could solution. A business case for the additional works costing £860,411 was approved at Proud board 29 November 2023. Cabinet are now asked to approved the release of £860,411 from the development pool to fund the additional works.

Financial Health Indicators

4.33 Appendix 8 contains financial health indicator performance as at 30 June 2024 for revenue and capital forecast as referred to in this report. 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

4.34 The indicators show the actual borrowing and investment rates for 2023/24 and the forecast for 2024/25 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 2024/25.

Balance Sheet

4.35 These details ratios for the last 4 financial years 2019/20, 2020/21, 2021/22, 2022/23 and pre-audit figures for 2023/24 which show the liquidity of the authority.

Revenue performance

4.36 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 2024/25. Sundry debt collection is on target with performance in relation to the processing of creditor payments better by 3 days. Both Council tax and NNDR collection rates are currently slightly below target when compared to the profiled targets.

Management of Resources

4.37 This section details the outturn position for 2023/24 (pre audit) and 2024/25 year-end forecast for revenue and capital, which is based on the financial position as at 30 June 2024. The revenue forecast for 2024/25 shown is a potential overspend of £9.05m after use of and transfer to reserves and mitigating actions of £5.42m, before any further action is taken.

4.38 The capital forecast as at the end of June is a forecast to be on budget after the rephasing of £62.05m carry forward into 2025/26. 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

4.39 Appendix 9 contains the prudential indicators as at 30th June 2024. 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

4.40 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 2023/24 and are forecast to be met in 2024/25.

The targets that these prudential indicators are monitored against have been taken from the Treasury Management and Investment Strategy for 2024/25 onwards.

Local Indicators

4.41 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 18.34 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 5.23%, 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 3.50%, 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 – Bank of England have continually increased the base rate over the 22/23 period, currently showing a base rate of 4.50%. This has shown corresponding affect relation to Investment Yields. All investments are outperforming the 2022/23 target rate.

All the above indicators were met in 2023/24 and are forecast to be met in 2024/25 except the following:

- L8. Our investment rates for Short Term interest and At-Call rates are very similar this year as we are placing Short Term investments on average for around a month at a time, so there is therefore little difference between these two types of returns for the council. The budget was based on an at call rate of 2.50% and Short Term rate of 3.39%, but with continual rate rises now in this financial year the At-Call rate is responding very quickly and becoming more in line with our Short Term investments which may have been placed a month or two earlier.
- L11b. Average Interest Received on STI vs At Call rate. Short Term Interest showing at 4.20% is 0.10% higher than the at-call rate which shows as 4.10%. However, the target rate for STI vs Call Rate shows at 35.00%. At the time of these targets were set short term interest rates was significantly higher than call rate. Also as the call rate is increasing there are still active short-term investments placed over the past 12 months which are providing a much lower yield in comparison to current Short Term yields. Once these investments have matured (and potentially re-invested), we should see a significant increase in short term interest rate.

Write off of debt

4.42 The following write off (as it is over £10,000) requires the approval of Cabinet;

- £10,582.92 relating to residential care charges for the period 2018 to 2020. The debt is recommended for write off as the client has a terminal disease and has no funds or assets to pay.
- £11,580.22 relating to community based and residential care charges for the period 2018 to 2020. The debt is recommended for write off as the client has passed away and has no funds or assets to pay.

The Medium Term Financial Outlook (MTFO)

4.43 Council on 22 February 2024 approved the 2024/25 budget, which included the draft plan for the period 2024/25 to 2027/28. Savings of £44.30m were published, including £20.10m for 2024/25 and £9.37m for 2025/26. Whilst a balanced budget was presented for 2024/25, there remain savings of £43.46m to be identified to ensure a balanced budget is presented over the period to 2027/28.

	2024/25 £m	**2025/26 £m**	**2026/27 £m**	**2027/28 £m**	**Total £m**
Savings required per Council February 2024	20.10	32.56	22.08	13.02	87.76
Savings published *	(20.10)	(9.37)	(8.11)	(6.72)	(44.30)
Savings to be identified	**0.00**	**(23.19)**	**(13.97)**	**(6.30)**	**(43.46)**

** Excludes carry forwards from 2023/24.*

Following receipt of the final settlement, a supplementary note was forwarded to Cabinet to confirm that the impact on use of reserves had reduced the saving level to be identified for 2025/26 to £19.77m, subsequent years were unaffected.

4.44 Further work is in hand to refresh the MTFO, including adding a rolling year to include 2028/29. The updated MTFO will be reported back to Cabinet in October 2024 along with options to address any gaps, including:

- A review of investment currently assumed each year, in particular demand growth in Adult and Children's Social Care;
- Review of pay and pension assumptions;
- Review of cost-of-living assumptions including inflation and energy;
- Review of contractual inflation assumptions;
- Fees and charges review;
- Business rates and council tax collection rates, council tax reduction scheme claimants, and provision for bad and doubtful debts;
- Review of core funding assumptions in light of the delayed Spending Review, review of Relative Needs and Resources (formerly the Fair Funding Review) and Business Rates reforms;
- Changes to the risk profile of the council.

Budget Approach

4.45 Resources are allocated, and budgets set within a framework of protocols and guidelines, in particular the Council Plan and Medium-Term Financial Framework (MTFF). Decisions will need to be made about how to achieve a balanced budget, in the context of the needs of the Borough and to ensure that we continue to care for the most vulnerable in our communities. Whilst it is recognised that Full Council will only set the council tax bands for 2025/26 in February 2025, the budget will continue to take a four year view (current year plus three), allowing for a more strategic focus to service re-design and savings aligning the finances more directly to the objectives, outcomes, and markers of success of the council and maintaining/improving performance against these where prioritised.

4.46 The council is committed to adopting a holistic and collaborative approach, and there is strong consensus that this approach will produce better results than taking a traditional perspective on the financial challenges facing the council. Using the knowledge and understanding of our communities and evidence about the impact of service delivery, proposals will be developed that will be designed to make best use of all of our resources and to make the optimum impact that we can for the residents and businesses of Walsall through the achievement of the council's objectives and outcomes.

4.47 The Budget approach is intended to:

- Provide a framework to ensure successful delivery of the council's corporate vision and priorities and ensure value for money in the delivery of outcomes;
- Maintain a financially sustainable position over the 4-year planning period and set a legally balanced 2025/26 budget;
- Allocate limited and reducing resources to those activities that contribute most to improved customer and staff outcomes;
- Continue the focus on the need to deliver ongoing efficiency savings.

4.48 In considering resource allocation, funding for the development of services will need to be met from the redirection of existing resources and the identification of new or revised income sources. The process needs to consider:

- The council's priorities and outcomes (strategy lead) – why are we incurring spend and what are we achieving from this, could we do this differently / more efficiently and could we reprioritise to achieve overall better outcomes for the council by working smarter within the funding envelope, linking to the direction of travel of how the council is performing against the key priorities and outcomes;
- The methods of service delivery that will deliver value for money (commissioning led e.g., in-house, partnerships, outsourcing);
- The organisational structure and capacity that is needed to support the above.
- The level of council tax increases (subject to Government direction and referendum levels) and what this means for the council's overall budget;
- Income that can be generated (through the charging policy, increased charges, new charges, new grants, etc) and applying a more commercial approach across the council;
- The levels of reserves and contingencies required for financial prudence and to proactively manage the council's risks (set out by the S151 Officer);
- The use of un-ringfenced grant – it is assumed that all un-ringfenced grant will be pooled to support the corporate good, unless Cabinet approves otherwise during the budget process;
- Stakeholder consultation and lobbying.

4.49 Our approach to resource allocation will:

I. Be first and foremost focussed on aim, objectives, and outcomes – delivery of the Council Plan 2022-25 (and subsequent updated version when available) and Proud Promises. This will drive how services are delivered linking to the direction of travel of the council against its ambitions, and evidencing how resource allocation will impact the council's performance against the outcomes and how overall optimum delivery can be achieved.
II. Follow a minimum four-year (current year plus three) approach.
III. Fit the financial envelope available and allow for a strategic focus to cross organisational as well as service redesigns, reviewing how the council will change the way it delivers its services in the future as part of an integrated approach to planning. This will involve redirection of existing resources through the implementation and rollout of organisational and service transformations; identification of third party spend reductions and efficiencies; and the identification of new or revised income sources.
IV. Provide a clear value for money focus, with a clear understanding of our costs, where we spend our money, what on and **WHY**, and how we optimise this to ensure we are making best use of our money, and wider resources, to fulfil our Council Plan aim and outcomes.
V. Include early and effective engagement, consultation and impact assessment, with our staff, partners, and stakeholders, where required.
VI. Seek to use knowledge and understanding of our communities and evidence about the impact of service delivery and revisions to that delivery.
VII. Make best use of all of our resources (including partner resources) and to make the optimum impact that we can for the residents and businesses of Walsall.
VIII. Be aware of and take account of external drivers and be flexible enough to adapt to changes in these.
IX. Identify further opportunities as part of the Walsall Proud Ways of Working and ensure this is adequately resourced and supported by the council's workforce strategy and appropriate performance systems.

4.50 The budget process continues to build on the blended working principles established in 2021 that capitalises on the progress made using technology and digital working, it enables the continuation of opportunities introduced over previous years, and aligns to the tangible delivery of the 3 Proud Promises, which aim to:

- ***Improve outcomes and customer experience***
  - To minimise the need for physical interactions with citizens through the use of digital / virtual technologies leading to more inclusive and flexible service access (i.e. 24 hour self-service).
  - To consider the closure of services that don't contribute well to delivering outcomes or reducing inequality.
  - Use of technology and digitalisation to streamline processes and reduce costs.

- ***Improve employee satisfaction and engagement***
  - To maintain the health and wellbeing of employees.
  - To enable employees to work in the most flexible ways e.g., use new technologies, acknowledge presenteeism as an old way of working, review policies and procedures where needed.
  - Support equalities and diversity and the employee survey action plan.

- ***Improve service efficiency and performance***
  - To enable new ways of working to minimise our estate footprint.
  - To focus on achieving financial sustainability for the organisation through cost reduction and income generation.
  - To promote an outcome focussed culture.

4.51 Our approach to budget setting for 2025/26, has been built on the experience gained over recent years. It has focused on ensuring the process is an iterative one, driven by delivery of Council Plan outcomes, where ownership is the responsibility of all officers and members. This aims to provide real choice and options, to support the desire to transform services and to be driven by strategy, data, and intelligence.

The process started in March 2024, earlier than in previous years, and Directors were tasked to develop Directorate Plans focussing on three key financials scenarios:

1. Model delivering services within current as is resources (including delivery of existing 2024/25 savings);
2. Model with 20% efficiency savings;
3. Model with investment to transform and save.

This initial idea generating step has now progressed to the identification and development of detailed savings opportunities and investment requirements, including opportunities to transform services through invest to save options. These will form the basis of options for Cabinet to consider as part of the budget setting process for 2025/26 and future years.

4.52 The process and key dates to come include:

- ELT development of options during July 2024;
- Cabinet/ ELT discussion on budget setting position, 24 July 2024;
- Further development of delivery options during August 2024;
- Review of the draft capital programme;

- Medium Term Financial Outlook update to Cabinet/ CMT 11, 18 and 25 September 2024;
- Draft Budget proposals to Cabinet by 16 October 2024;
- Scrutiny of the draft budget proposals, by Overview and Scrutiny Committees in October / November 2024, and feedback to Cabinet on 11 December 2024;
- Budget briefings for political groups, independent members, trades unions, key stakeholders through the year;
- Consultation with the public on proposals for future service delivery, and formal employee and trade union consultation;
- Receipt of the draft 2025/26 settlement estimated to be in December 2024, and the final in late January / early February 2025;
- Recommendation of the revenue budget and council tax bands, capital programme and Treasury Management Strategy by Cabinet on 12 February 2025 for consideration by Council on 27 February 2025.

Medium Term Financial Framework, and Tax Strategy and governance arrangements

4.53 It is best practice to regularly review and update financial strategies to take into account the changing environment in which we work.

The Medium Term Financial Framework (MTFF) has been updated to reflect the following:

- Reference to updated key documents e.g. Council Plan, Governance Statement and Risk Management Strategy;
- Updates to the national policy, financial context and process, and the medium term financial outlook, following approval of the 2024/25 budget by Council on 22 February 2024.

The revised MTFF is included on the Council's Committee Management Information System webpage (underneath the electronic link to this report) should members of the public and elected members wish to refer to the full document.

Only minor changes have been made to the Tax Strategy and governance arrangements to reflect internal position changes within the Council. The detail of the strategy remains unchanged.

Council Plan Priorities

4.54 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 and will align to future iterations of the Council Plan.

Risk Management

4.55 The 2024/25 budget and level of operating reserves were set following a robust financial risk assessment. The level of reserves can only be set based on a set of realistically foreseeable or predicted parameters. Due regard is made to the strategic and operational risks facing the council. Some of these relate to the current economic condition, others to potential regulatory or national issues, which may have a local impact. Best professional judgement and estimates were applied in terms of the ongoing impact of the global pandemic and rising cost of living pressures.

4.56 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.

4.57 There are also a number of increased risks in 2024/25 as set out within this report. Financial forecasts have been included where known or are estimated. Actions have been taken to address these risks and reduce the forecasted overspend caused by these pressures. Mitigating actions are set out within this report.

4.58 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, which will receive a number of reports during 2024/25.

Financial Implications

4.59 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 potential forecast revenue variance, prior to mitigating actions being implemented, is significant and requires strong and robust management to ensure the council outturns within budget by year end. Actions are being taken to address this and progress will continue to be reported throughout 2024/25 to Cabinet.

4.60 Opening unallocated general reserves for 2024/25 were £19.56m. The medium-term financial framework (MTFF) requires that a prudent level of reserves is maintained. This was set at no less than £18.39m for 2024/25. The potential overspend of £9.05m within this report would reduce available reserves and action is being taken to address this to ensure we outturn with an appropriate level of reserves.

Legal implications

4.61 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. 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.

4.62 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

4.63 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 has been created to support and challenge services through the gateways of the commissioning and procurement process, with the aim of achieving best value for money.

Property Implications

4.64 The impact of Covid-19 has meant that many council premises were required to close or remain open with restricted access to essential workers during the early stages of 2021/22. Following the easing of restrictions, the council has reviewed its ways of working approach, emphasised on 'it's the work that we do, not where we do it'.

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

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

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

Staffing Implications

4.66 There are no direct implications arising from this report.

Reducing Inequalities

4.67 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

4.68 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

4.69 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 2024/25, including an update on risks and impact on the budget for 2025/26 and beyond.

7.2 Budget proposals will be presented to Cabinet and implemented following approval of the budget by Full Council in February 2025.

Background papers: Various financial working papers.

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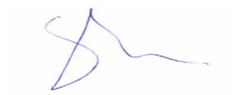


Judith Greenhalgh
Director – Resources and Transformation
June 2024

Shaun Darcy
S151 Officer, and Director of Finance, Corporate Landlord and Assurance
09 July 2024

Councillor M. Statham
Deputy Leader Finance
09 July 2024

Appendix 1 – Details of (use of) / transfer to reserves

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Adult Social Care & Public Health			
Covid-19 – Omicron	(218,676)	0	Costs associated with the plan to strengthen the Carers strategy across the borough following Covid-19
National Development Team for Inclusion Project	(115,333)	0	Use of grant funding carried forward from 2023/24.
Public Health	(1,659,155)	70,812	Relates to grant funding for Public Health projects – Better Mental Health, Adult Weight Management and Universal Drug / Crime
Housing 21 – Affordability Model	0	122,109	To fund the Housing 21 affordability model
IFRS	(674,513)	0	Grant funding for social work apprenticeships and accelerating reforms fund.
Proud - Adult Social Care	(421,744)	0	To fund investment and resources to deliver Proud workstream activity.
Total Adult Social Care & Public Health	**(3,089,421)**	**192,921**	
Children's & Education			
IFRS	(697,460)	40,407	Relates to grant funding for Safeguarding Families and Protecting Children.
Children's external partner contributions	(184,996)	14,607	External partner contributions including Youth Justice Board and Safeguarding board
St Thomas Moore PFI	(66,148)	0	PFI – expected to be utilised in future years of the contract
Truancy fine income	(180,089)	180,089	Ringfenced income generated from attendance fines.
Total Children's & Education	**(1,128,693)**	**235,103**	
Economy, Environment & Communities			
IFRS	(272,880)	36,036	Primarily relates to grants spanning more than financial year and section 106 income,
Economic Growth Programme	0	296,794	Funding Economic Growth Projects as funded by cabinet.
Phoenix 10	(110,051)	0	To fund professional fees.
Bus Lane Enforcement	(89,281)	0	Ringfenced income – to support with running costs of bus lane and other parking services
Willenhall Master Plan	(91,000)	0	Costs associated with the Willenhall Master Plan redevelopment
Planning Services	(130,000)	0	To cover one-off costs to reduce back log of applications

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
On street parking Income	(136,898)	0	Ringfenced income as per traffic management act 2004 to offset parking income shortfalls or maintenance costs
Total Economy, Environment & Communities	**(830,110)**	**332,830**	
Resources & Transformation			
Enterprise Zones	(8,583,471)	3,050,840	Generated from surplus business rates from across the Black Country to fund the costs of future capital schemes.
External partner contributions	(57,813)	0	ERDF technical assistance contributions & Crowdfund Walsall
Growing Places Fund	(600)	0	Funding received to support the Growing Places LEP programme management costs.
IFRS	(1,829,547)	0	Primarily relates to grants spanning more than financial year and section 106 income.
Business rates retention scheme	(3,045,892)	0	Ringfenced business rates income recovered through the enterprise zone shortfall for Walsall when project disolves end of 2024/25. Repaid back over the following 3 years.
Total Resources and Transformation	**(13,517,323)**	**3,050,840**	
Capital Financing			
Capital Financing Smoothing	0	3,693,368	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.
Buy not lease	(212,000)	0	To be used to purchase vehicles / equipment when the costs are calculated to be cheaper than leasing. Also cover expected pressures on leasing programme due to cost of replacement vehicles.
Minimum revenue provision (MRP)	0	1,640,000	To smooth minimum MRP costs as per approved MRP policy.
Total Capital Financing	**(212,000)**	**5,333,368**	
Centrally Held			
Proud	(1,775,389)	0	Funding of one-off investment in relation to Proud programme including costs of Impower and centre of excellence.
Audit and inspection	(481,592)	0	To fund one off costs in relation to the adult social care CQC inspection planned to be funded from reserves in 2024/25 & 2025/26.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Capital Financing Smoothing	(1,970,650)	0	To cover service investment planned to be funded one-off from reserves for 2024/25.
Children in care complex cases	(181,000)	0	To fund pressures, including social workers and placement costs, of complex cases relating to young people in care planned to be funded from reserves in 2024/25.
Business rates retention scheme	(2,392,575)	0	A revaluation of the new Art Gallery has caused a deficit on collection fund for 2024/25 which was planned to be funded by reserves one-off in 2024/25.
Street Lighting PFI	(450,000)	0	Surplus reserves planned to be used to support the budget for 2024/25 to 2026/27.
Social care demand / contingency	(6,786,537)	0	To cover costs within children's services and adult social care planned to be funded from reserves for 2024/25.
Risk	(280,000)	0	To support council wide pressures including STPs
Delivery of Connected Gateway	(1,710,000)	0	To covers costs related to the saddlers centre linked to the delivery of the connected gateway
Cost of Living	(2,200,000)	0	To cover rising costs of energy of which £1.36m planned to be funded from reserves one-off as part for 2024/25.
Council Tax Support Grant	(500,000)	0	To fund cost of crisis support as budgeted for in the 2024/25 budget.
Mediation Reserve	(104,082)	0	Relating to legal costs and legal claims
Project Reserve	(100,000)	0	To fund one off costs of the HR Odyssey training programme planned to be funded from reserves for 2024/25.
Public Health Investment	(258,719)	0	To fund Public Health pressures above grant allocations planned to be funded from reserves for 2024/25.
Total Centrally Held	**(19,190,454)**	**0**	
TOTAL RESERVES	**(37,968,091)**	**9,145,062**	

There are a number of use of reserves which are in part being used as part of the mitigating actions as detailed in Appendix 2.

Appendix 2: Mitigation actions included within the report

Directorate	Detail of mitigating actions	£m
Adult Social Care & Public Health	Use of unallocated Better Care Fund inflation	0.21
	Decreases through post ICS discharges reviews reported in April (mitigating action for market management of learning disability and mental health provider saving)	0.07
	Use of corporate reserve to fund demand led services pressures	0.50
	One-off staffing underspend to offset delay in achieving Section 75 Income	0.03
Total Mitigation included for Adult Social Care, Public Health and Hubs		**0.81**
Children's Services	Use of corporate reserve to fund demand led services pressures	0.80
Total Mitigation included for Adult Social Care, Public Health and Hubs		**0.80**
Economy, Environment & Communities	Economic Growth Programme funding held in reserves.	0.26
	Overachievement of fuel STP c/f from 2023/24	0.07
Total Mitigation included for Economy, Environment & Communities		**0.33**
Central	Use of cost of living reserve.	0.84
Total Mitigation included for Central		**0.84**
Capital Financing	Reduction in borrowing costs and higher investment returns	2.64
Total Mitigation included for Capital Financing		**2.64**
Total Mitigation included in forecast outturn		**5.42**

Appendix 3: Benefits 2024/25 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	OP16 – Community Reablement Service	1,147,248	720,000	0	Awaiting revised business – expecting to go live November 2024.	No mitigation currently identified.
Adult Social Care	OP17 - Market management of Learning Disability/Mental Health provider	574,282	574,282	66,560	Awaiting revised business case so financial modelling can be updated to inform delivery.	Decreased post Integrated Care System discharges reviews reported in April.
Adult Social Care	OP15 - Shared Lives – Foster Care Provision	142,812	142,812	0	Clients and suitable placements yet to be identified.	No mitigation currently identified.
Adult Social Care	2023/24 - Shared Lives – Foster Care Provision	116,277	24,411	0	Clients and suitable placements yet to be identified.	No mitigation currently identified.
Adult Social Care	2023/24 - Review for Learning Disabilities joint funding tool	2,212,270	2,212,270	0	Due diligence on tools in progress which will inform 2024/25 discussions with ICB.	No mitigation currently identified.
Adult Social Care	2023/24 – Section 75 Grant Income	59,780	59,780	30,124	Discussions outstanding with ICB.	Partially offset by one off staffing underspend within service.
Adult Social Care	2023/24 - Efficiencies attributed to the implementation of improved charging policies	794,720	494,456	0	Delayed delivery of the income generation project.	No mitigation currently identified.
Total Adult Social Care & Public Health		**5,047,389**	**4,228,011**	**103,344**		
Children's Services	OP56 - Reduction in Home to School transport investment	145,000	145,000	0	Increased costs and demand over and above expected levels in 2023/24 have added pressure to 2024/25 budget, meaning savings are not achievable within current budget envelope.	No mitigation currently identified.

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	2023/24 - Home to School Transport review of contracts and route optimisation	300,000	300,000	0	Increased costs and demand over and above expected levels in 2023/24 have added pressure to 2024/25 budget, meaning prior year savings are not achievable within current budget envelope.	No mitigation currently identified.
Total Children's & Education		**445,000**	**445,000**	**0**		
Economy, Environment & Communities	OP49 - One public estate – income from partners	250,000	225,000	151,000	Rental of space in Civic Centre is dependent on HVAC works being completed before commencement of leases.	Partially offset by additional commercial and shop income for 2024/25.
Economy, Environment & Communities	OP51 - Council House / Town Hall events	40,000	40,000	0	Unachievable based on 2023/24 achievement against existing budget and current projection of future events.	No mitigation currently identified.
Economy, Environment & Communities	OP53 - Energy reductions	200,000	200,000	200,000	Estimated energy forecast predict an overspend of at least £2m therefore this saving will not be delivered.	Mitigated one off through use of corporate reserve and reported centrally not within EE&C.
Economy, Environment & Communities	OP28 - Bereavement services, new memorial garden at North Walsall Cemetery	55,000	55,000	55,000	Capital approval expected June 2024 – estimated completion date 6 months from then (December 2024)	Mitigated by additional income in other areas of Environment, Leisure & Commercial.
Economy, Environment & Communities	P5 - Seek sponsorship for festive lights	40,000	40,000	0	Plan to seek sponsorship funding, but currently no agreement.	No mitigation currently identified.
Economy, Environment & Communities	P2 - Registrars – Change of name deeds	3,000	1,000	1,000	Delay in implementing.	Expected to be achieved by other registrar income.
Economy, Environment & Communities	2023/24 – Outsource Outdoor Pursuits service to a community service	12,878	6,439	6,439	Expected to be delivered from September 24 – 6 month delay.	One-off staffing underspends within service.

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	P6 - Closure of Fryers Road and Merchants Way Household Waste Recycling Centres for 1 day (7 to 6) – saving on contract spend	150,000	150,000	150,000	Plan for delivery currently being reviewed.	Mitigated by trade waste surplus income.
Economy, Environment & Communities	OP4 - Increase on-street parking charges	20,000	5,000	0	Requires traffic regulation order, not expected till end of June.	No mitigation currently identified.
Economy, Environment & Communities	2023/24 – Increase rental income from Park Lodges	4,034	4,034	4,034	Due to partial increase in rent.	Offset by rent of clock tower.
Economy, Environment & Communities	OP5 - Increase off-street parking charges	55,000	13,750	0	Requires traffic regulation order, not expected till end of June.	No mitigation currently identified.
Economy, Environment & Communities	OP29 – Leisure, personal training	8,400	4,800	4,800	Inability to charge same rate across all leisure facilities has reduced forecast of achievable income.	Mitigated by overachievement of income across leisure services.
Economy, Environment & Communities	2023/24 - Increase in bulky waste charges from £10 to £30 for up to 3 items, £50 for 4-6 items & £70 for 7-9 items	136,000	34,000	34,000	Reduction in demand when introduced in February 2024.	Mitigated by trade waste surplus income.
Economy, Environment & Communities	2023/24 – Rewilding of all urban grassed areas	50,000	50,000	50,000	No rewilding currently planned to take place.	Mitigated by removal of vacant post (ongoing).
Economy, Environment & Communities	2023/24 - Parking dispensation charging of £15 per vehicle per day	14,625	3,656	0	Expected 3 to 4 month delay.	No mitigation currently identified.
Economy, Environment & Communities	2023/24 - Regeneration and Economy Team review	260,193	260,193	260,193	Restructure plans still under review.	Currently mitigated by EGP reserve.

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	2023/24 - Improvement to DD collection processes	10,000	10,000	10,000	Delay in installing the new system.	Mitigated by overachievement of income across leisure services.
Economy, Environment & Communities	2023/24 - Income generation review of fees and charges – increase bereavement charges by 5%, registrars and interment fees by 3%	93,646	93,646	93,646	Charges increased but savings not achieved due to reduced demand due to competitor from September 2023.	Fee structure changes and offers.
Economy, Environment & Communities	2023/24 - Review of Libraries Management	60,679	30,340	0	Delay in implementing structure change – expected September 24.	No mitigation currently identified.
Total Economy, Environment & Communities		**1,463,455**	**1,226,858**	**1,020,112**		
Total		**6,955,844**	**5,899,869**	**1,123,456**		

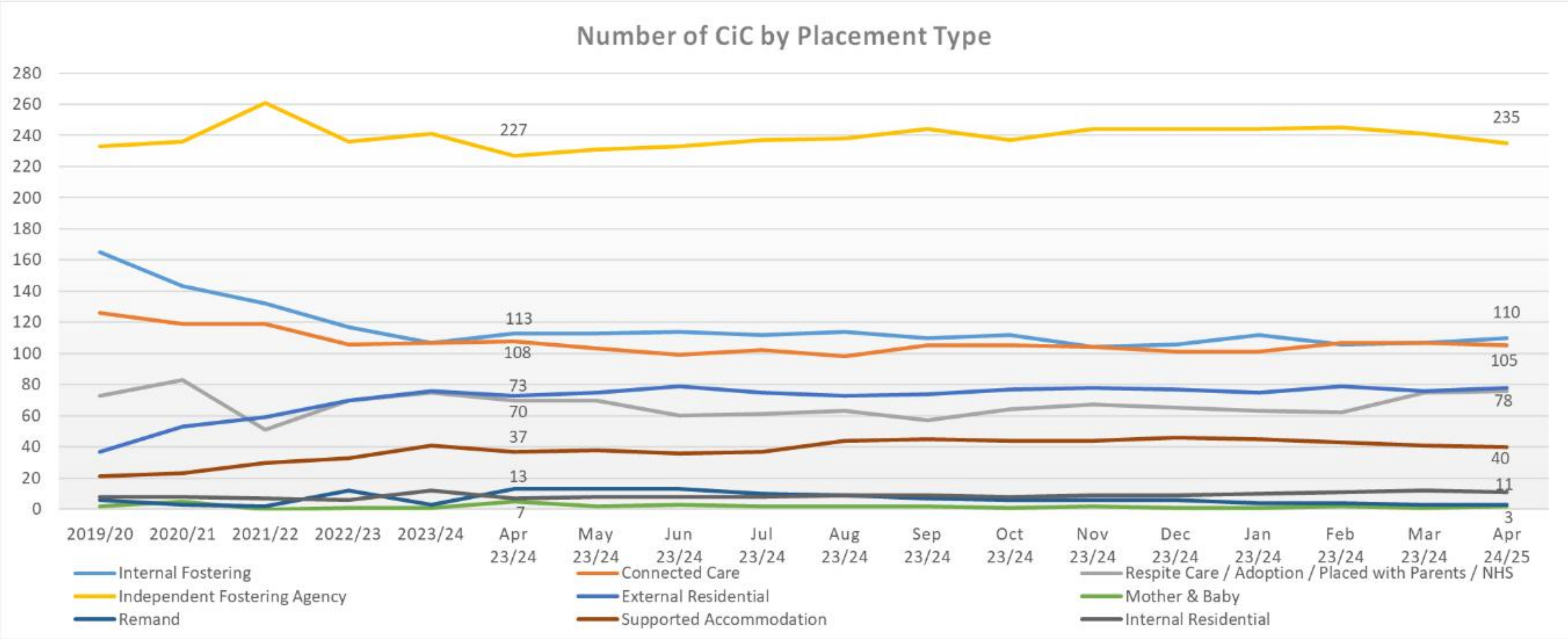
Appendix 4 – Performance data relating to demand within Children's Services

Number of Children in Care by Placement Type

Year	2019/ 20	2020/ 21	2021/ 22	2022/23	Apr 23/24	May 23/24	Jun 23/24	Jul 23/24	Aug 23/24	Sep 23/24	Oct 23/24	Nov 23/24	Dec 23/24	Jan 23/24	Feb 23/24	Mar 23/24	Apr 24/25
Total CiC	671	673	661	651	653	653	645	644	650	653	654	658	655	655	659	663	660

As at April 2024 there was 660 children in care in Walsall, an increase of 7 children and young people (C&YP) since April 2023.

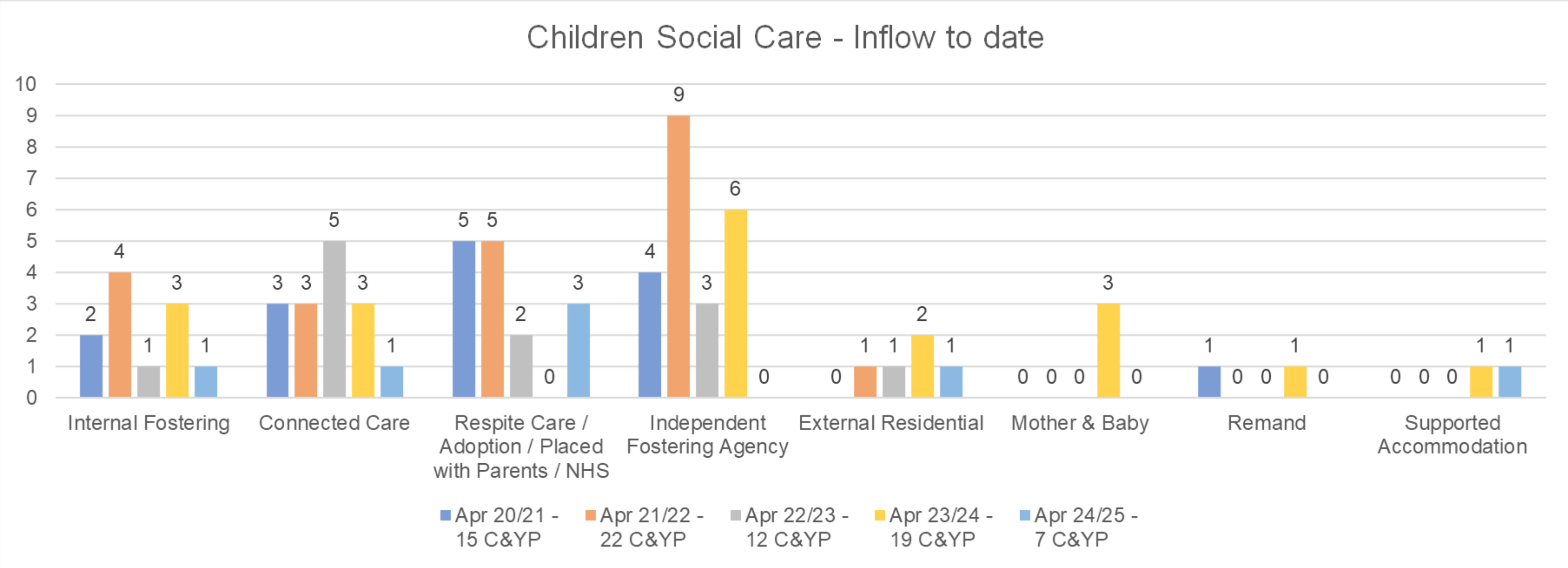
The graph below shows these C&YP by placement type and demonstrates the continuing placement sufficiency pressures, which has resulted in a change in the mix of placement types.



The graph shows how the reliance on higher cost placements has increased over the 12 month and 5-year period, with the number of IFA placements increasing from 227 in April 23 to 235 in April 24, and the number of External Residential placements increasing from 73 to 78 over the same period. In contrast, the number of children in lower cost placements such as Connected Care and Internal Fostering has reduced over the same period.

Number of children entering and leaving care

The graph below illustrates the number of children entering care to date for 2024/25 and the prior four-year inflow trends by placement type:



As the chart demonstrates, the number of C&YP entering care during April in 2024/25 is lower than that of the prior four years with a total of 7 C&YP (as at 29/04/24).

During 2023/24, 200 C&YP entered care, an increase of 20% on the prior year. In addition to the increased numbers, there was an additional reliance on independent fostering agencies (IFA's) and external residential placements. This extraordinary growth and increased reliance on higher cost placements has created a pressure in 2024/25 over and above the budgeted investment.

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.

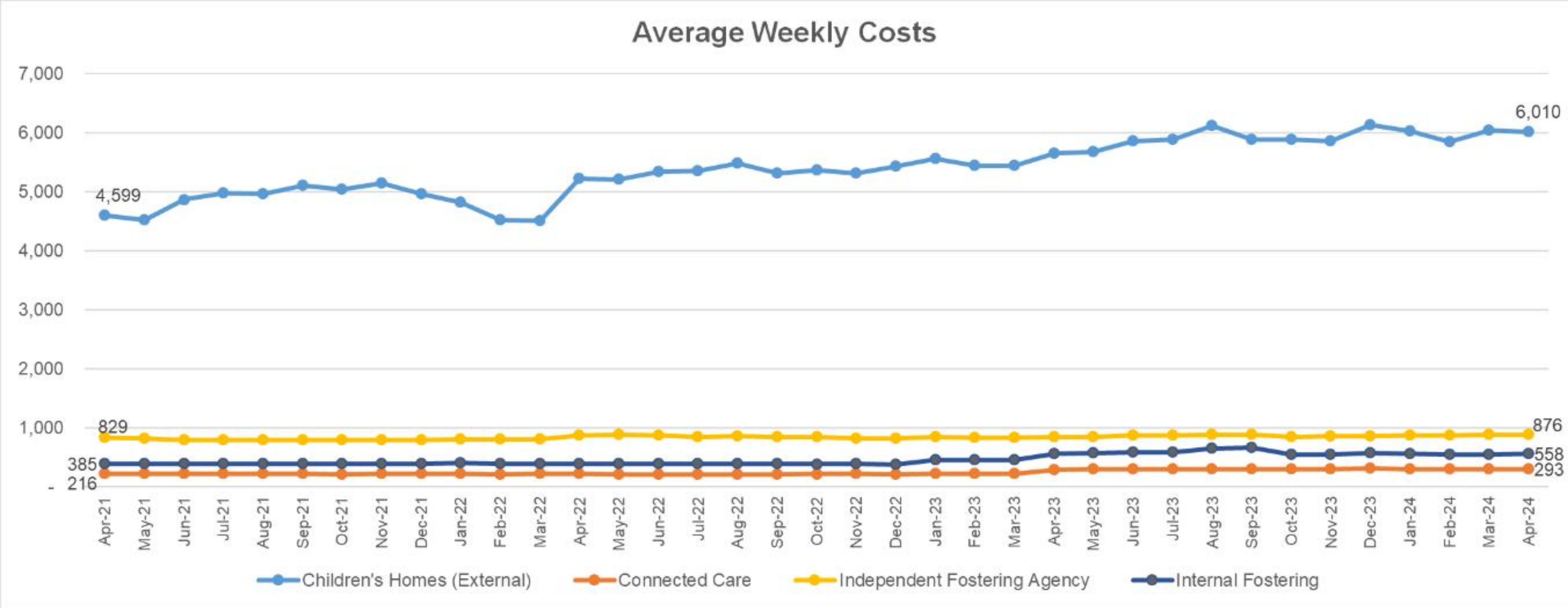
The table below shows the number of C&YP leaving care to date for 2024/25 and the prior four-year outflow trends. To note, this excludes those that have turned 18 as the financial impact of these have been considered within the forecast and budget.

	Apr 2020/21	Apr 2021/22	Apr 2022/23	Apr 2023/24	Apr 2024/25
Number of C&YP leaving care	-11	-8	-10	-8	-6

During April 2024, there was 6 C&YP who left care. This is lower than the prior four financial years, however due to a reduction in the number of C&YP entering care this has not impacted May’s position.

Average weekly costs of placements

The next chart 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 £4.6k to £6k (31%) over the last 3 financial years, and from £5.6k 12 months ago. This is significantly higher than the average weekly cost of an internal fostering placement of £558 p/w and connected care placement of £293 p/w.



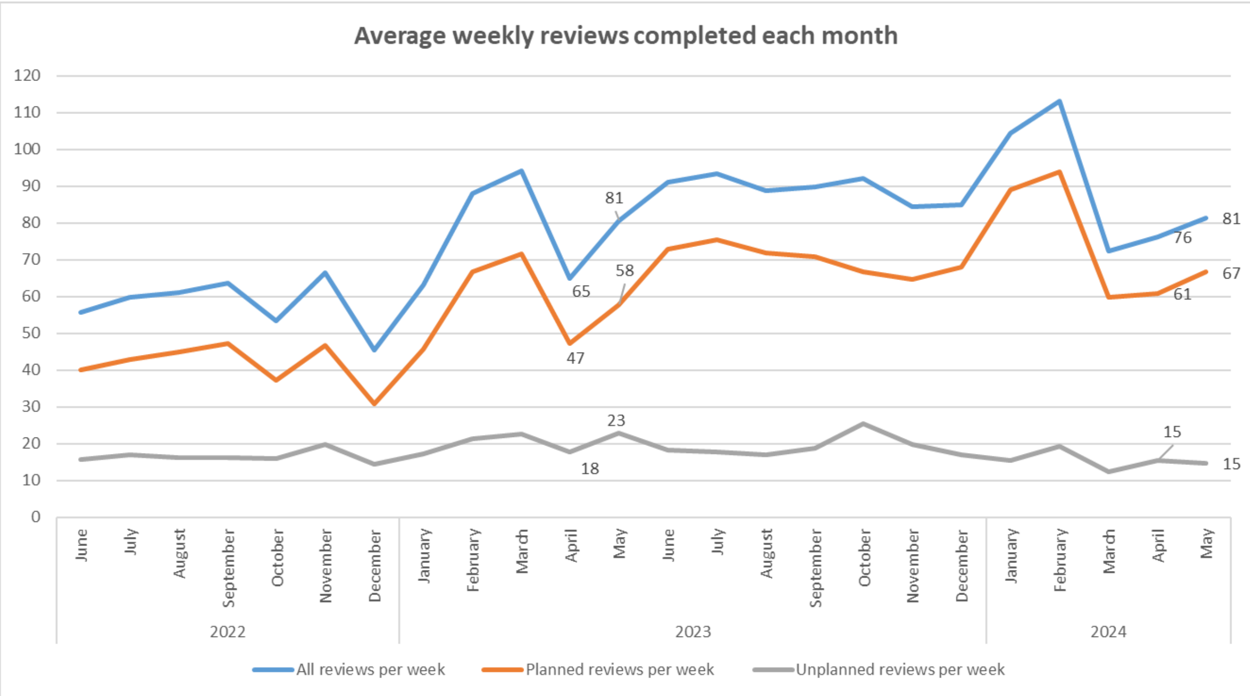
In recognition of the financial impacts above, the service will continue to focus on stepping C&YP down to lower cost placements where possible during 2024/25.

Appendix 5 – Performance data relating to demand within Adult Social Care (P3 June 2024, utilising data to 31st May 2024)

Please note that P3 reports on two months' movements since the previous P11 report, as this update includes data for both February and March 2024.

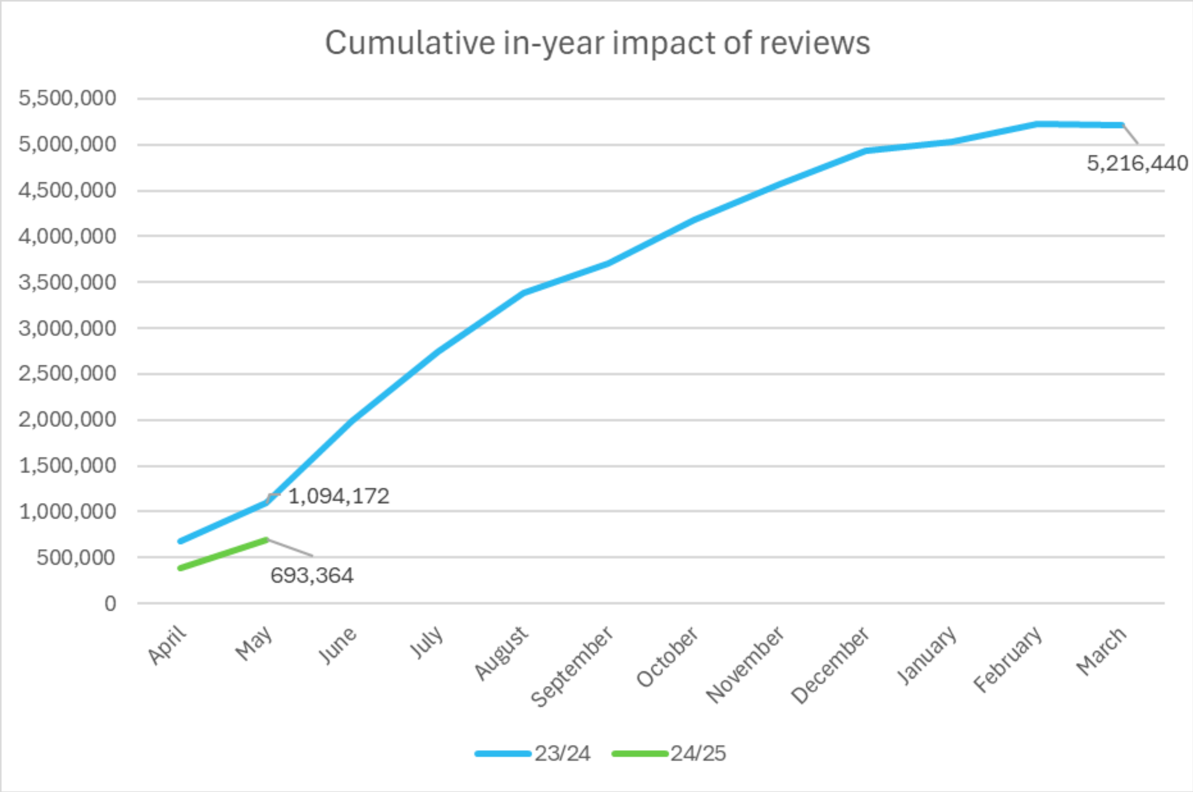
Reviews

Service users should receive a minimum of one planned review in a 12-month period, additionally unplanned reviews take place for several reasons. The rate of average weekly reviews in April 2024 was 76, which is 11 higher than in April 2023. The rate of average weekly reviews in May 2024 was 81, equal to the rate in May 2023, but with fewer unplanned reviews.



For further information, in April-May 2023 71.9% of reviews were planned and in April-May 2024 81.5%% were planned. Not all reviews result in a new service plan.

The graph below, using data from the Spend Overview Dashboard, shows that the total in-year impact of reviews resulting in a new service plan for 2023/24 was £5.2m. So far this year, the financial impact of reviews is lower than the previous year, especially for April.



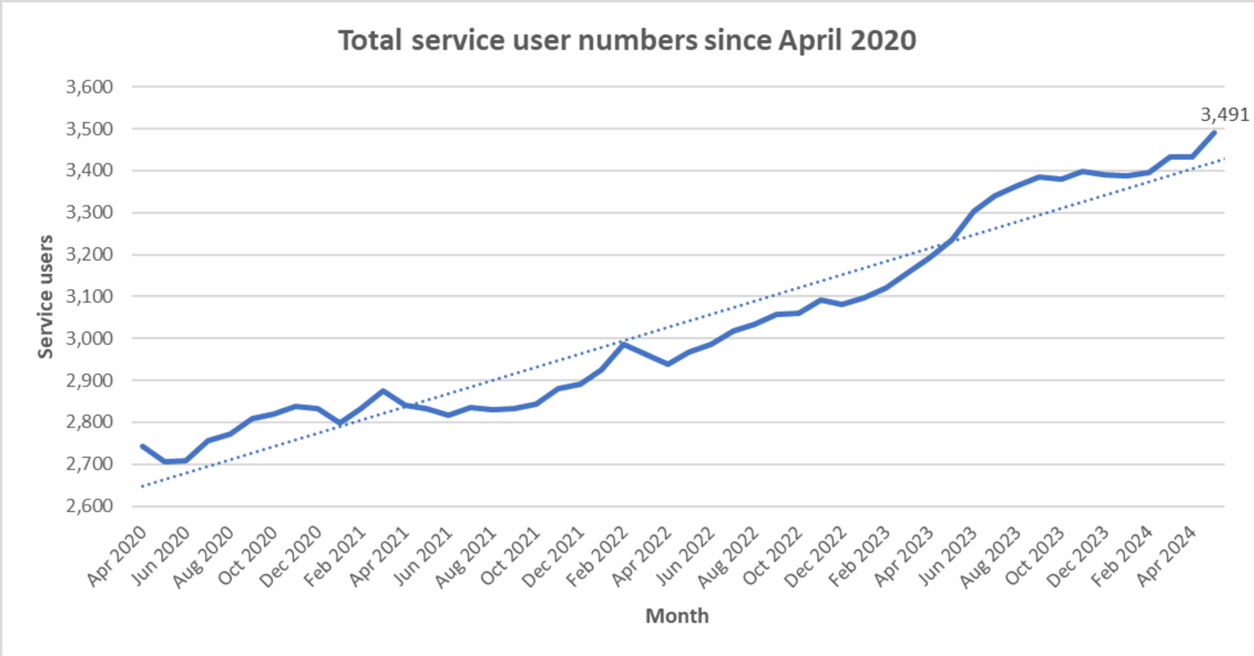
Service User Numbers

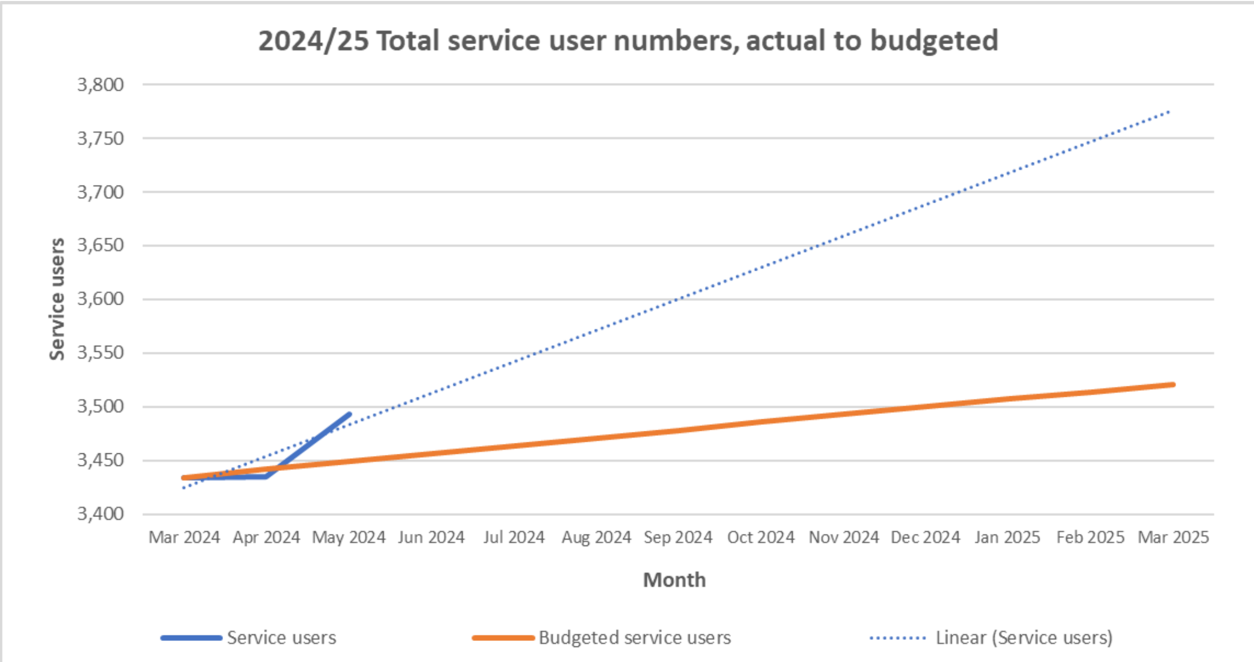
Attrition rate (current year effect)

	Budgeted (Apr to May)			Actual (Apr to May)			Variance (Apr to May)		
	Number	TOTAL	Average cost	Number	TOTAL	Average cost	Number	TOTAL	Average
New service users	331	7,181,114	21,695	329	8,637,311	26,253	(2)	1,456,197	
Deceased service users	(113)	(2,444,715)	23,511	(125)	(3,928,852)	31,431	(12)	(1,484,136)	
Ended service users	(203)	(4,758,607)	25,266	(145)	(2,718,110)	18,746	58	2,040,496	
TOTALS	**15**	**(22,208)**		**59**	**1,990,350**		**44**	**2,012,558**	

The table above shows that the number of new service users on 31st May 2024 is 2 less than had been budgeted. There were also 12 more client deaths than budgeted, though there were 58 less ended care packages than budgeted. Overall, there are 44 more service users in receipt of care than budgeted. Average new user costs have been higher than budgeted, whilst average ended user savings have been lower than budgeted.

The graph below shows that user numbers have continues to increase since summer 2020, reaching 3,493 service users at the end of May 2024.

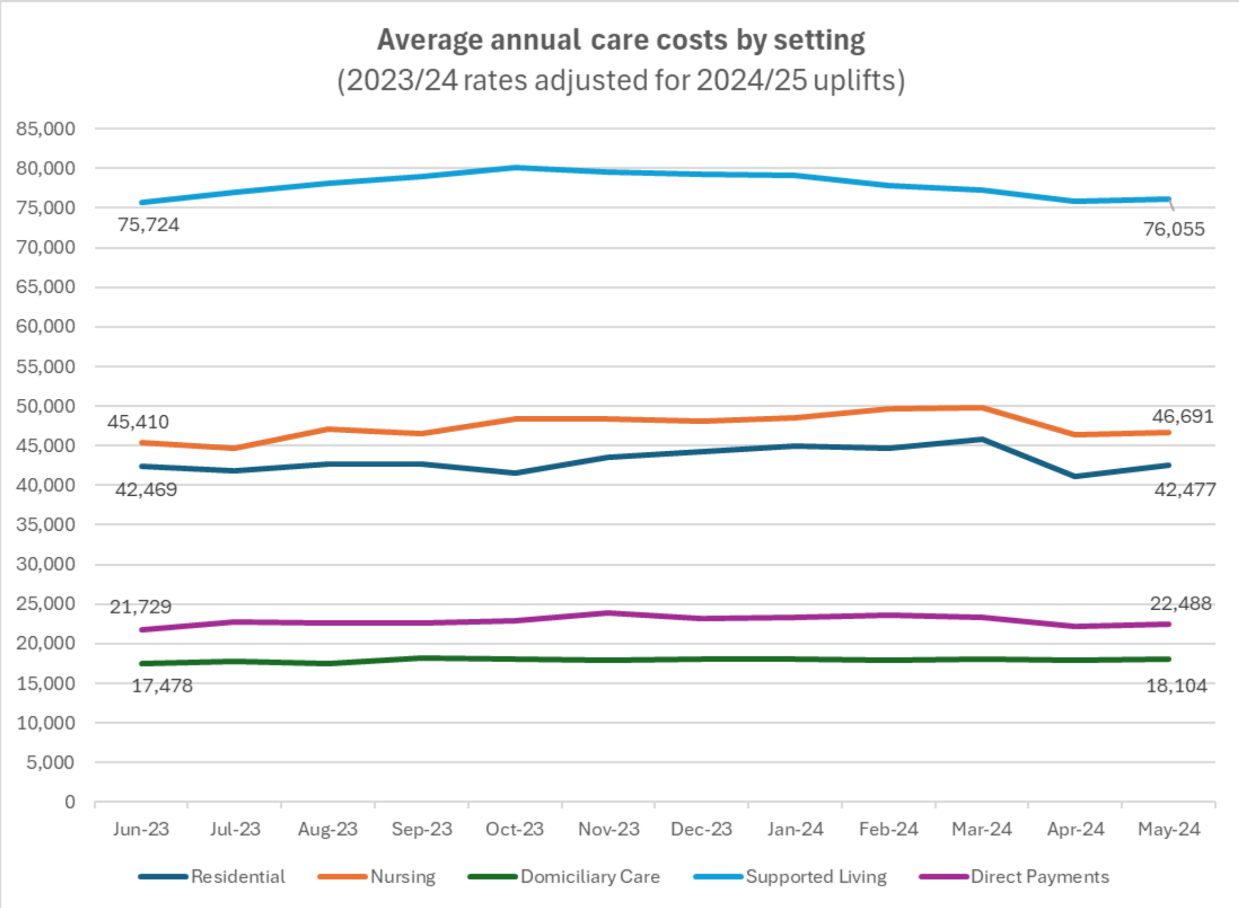




The above graph shows that April 2024 servicer user numbers were slightly below budget, but went 51 users above budget in May 2024.

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 2023/24 have been increased by the 2024/25 uplift percentages to allow for a true comparison between the two years. Please note that while the graph shows reduced averages for April and May 2024, not all 2024/25 uplifts have been processed yet, so we are likely to see higher average rates in future months.



Care Setting	May-23	May-24	Change £	Change %
Residential	41,876	42,477	600	1.43%
Nursing	44,351	46,691	2,341	5.28%
Domiciliary Care	17,777	18,104	328	1.84%
Supported Living	74,397	76,055	1,658	2.23%
Direct Payments	21,954	22,488	534	2.43%

Appendix 6 – Predicted re-phasing of capital funded schemes 2024/25 to 2025/26

Project	£m
Council Funded	
Capital contingency	1.09
Equity investment	9.36
Children in care out of borough placements	0.16
Civic centre heating	0.70
Council house smoke & heat detection fire alarm	0.24
Council house general heating	1.17
Council house windows	0.95
New homes bonus	0.08
Regenerating Walsall	0.22
Future high street fund	5.16
Willenhall Masterplan	2.54
Hatherton Road car park	0.21
Replacement PC'S	0.03
Safe & secure environment	0.50
Enabling technology	3.35
Proud card payments digital website	0.40
Smartphones	0.40
Archiving systems moving to customer access	0.10
Digital & technology service - staffing capitalisation	0.32
Development team – staffing capitalisation	0.50
Homelessness temporary accommodation	0.52
Standard addressing implementation	0.11
External Funded	
Basic need	7.40
High needs provision capital allocation	0.50
Bloxwich town deal	5.14
Walsall town deal	0.77
Land & property investment fund	2.99
Growing places fund	0.59
Willenhall Masterplan transport levelling up fund	2.20
Willenhall Masterplan	14.06
Department for transport traffic signal obsolescence grant	0.29
Total	**62.05**

Appendix 7 – Capital Pipeline Investment 2022/23 to 2027/28 – planned allocations

Scheme	Approval	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Balance c/f		**26.05**	**15.01**	**0.69**	**13.88**	**29.73**	**30.55**
Additional budget allocation		**0.00**	**6.05**	**33.59**	**27.81**	**13.17**	**0.49**
Completed projects or funding fully transferred to schemes	Completed and approved	(10.89)	(11.13)	0.00	0.00	0.00	0.00
Future High Street Fund – match funding	Cabinet 21.04.2021	0.00	0.00	0.00	(4.04)	(1.07)	0.00
Children in care / foster care refurbishment programme	Cabinet 09.02.2022	(0.15)	(0.15)	(0.15)	0.00	0.00	0.00
HWRC station - Middlemore Lane	Cabinet 18.10 2022	0.00	(7.60)	(9.77)	0.00	0.00	0.00
Active public spaces	Cabinet 18.10.2022	0.00	0.00	(1.00)	(0.74)	0.00	0.00
Highways maintenance increased provision	SIB 14.06.2023 Cabinet 18.10 2023 SIB 15.05.2024 additional £850k Cabinet to approve 17.07.2024	0.00	(0.70)	(0.88)	0.00	0.00	0.00
Temporary accommodation	SIB 11.10.2023 Approved by Council Feb 24 as part of capital programme	0.00	(0.75)	(1.87)	(1.87)	(1.93)	0.00
New internal residential home	SIB 14.11.2023 Approved by Council Feb 24 as part of capital programme	0.00	0.00	(0.85)	0.00	0.00	0.00
Middlemore Lane HWRC	SIB 14.02.2024. Cabinet 07.02.2024	0.00	0.00	(4.54)	0.00	0.00	0.00
York bridge	SIB 15.01.2024 Cabinet to approve 17.07.2024	0.00	0.00	0.00	(1.73)	0.00	0.00
Replacement of PC's in libraries	SIB 13.03.2024	0.00	0.00	(0.25)	0.00	0.00	0.00
One source additional requirement	Approval at Proud programme. Cabinet to approve 17.07.2024	0.00	0.00	(0.86)	0.00	0.00	0.00
PSDS Phase 3c project: match funding	S151 on 24.04.2024	0.00	0.00	(0.08)	0.00	0.00	0.00
Addressing system ICT	SIB 17.07.2023	0.00	0.00	(0.16)	0.00	0.00	0.00
Sneyd pre-disposal works	S151 24.04.2024	0.00	(0.04)	0.00	0.00	0.00	0.00
Fryer road	SIB 11.06.2024 Cabinet to approve 17.07.2024	0.00	0.00	0.00	(3.57)	(9.35)	0.00
Total Allocated / Forecast to be allocated		**(11.04)**	**(20.37)**	**(20.40)**	**(11.95)**	**(12.35)**	**0.00**
Unallocated Balance c/f		**15.01**	**0.69**	**13.88**	**29.73**	**30.55**	**31.04**

**The budget report to Council in February 2023 also includes an allocation of £500k per*

Appendix 8: Financial Health Indicators – June 2024

Treasury Management	**2023/24 Actual**	**2024/25 Target**	**2024/25 Actual**
Average Interest Rate (Borrowing) - Excluding other local authorities - Including other local authorities	4.13% 4.16%	5.46% 5.51%	4.13% 4.16%
Gearing Effect on Capital Financing Estimates	4.20%	5.00%	4.20%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	1.55%	12.50%	2.42%
Capital Financing Requirement (£m)	433.11	444.08	444.08
Authorised limit for external Debt (£m)	465.41	481.10	481.10
Investment Rate Average (excl Property fund)	4.94%	4.00%	4.98%

Balance Sheet Ratios	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24 (draft)**
Current Assets: Current Liabilities	2.39	2.01	1.96	1.74	1.86
Useable Reserves: General Revenue Expenditure	0.73	1.02	1.07	0.77	0.85
Long Term Borrowing: Tax Revenue (Using both council tax and NNDR for tax revenue)	1.43	1.83	1.49	1.19	1.15
Long Term Assets: Long Term Borrowing	1.86	1.83	2.14	2.73	2.72
Total School Reserves: Dedicated School Grant	0.05	0.08	0.08	0.06	0.07

Revenues Performance **% collected for financial year**	**2022/23 Actual Collected in total as at 31.03.24**	**2023/24 Actual Collected in total as at 31.03.24**	**2024/25**	
			Profiled 2024/25	**Actual 2024/25**
Council tax %	95.5%	93.7%	25.4%	25.2%
Total Council Tax collected	£151,698,280	£155,370,377	£45,000,000	£44,689,815
National Non Domestic Rate (NNDR) %	98.6%	97.0%	25.4%	25.4%
Total NNDR collected	£70,162,283	£67,966,696	£20,125,000	£20,112,503

Debtors and Creditors Performance	**2023/24 Actual**	**2024/25**	
		Target	**Actual**
Sundry Debtors Collection – Average number of days to collect debt	25 days	24 days	24 days
Average number of days to process creditor payments*	5 days	8 days	5 days

Management of Resources	**2024/25**		
Service Analysis	**Target**	**Actual**	**Variance**
Adult Social Care and Public Health	91,669,871	97,682,426	6,012,555
Children's and Education Services	89,295,058	92,832,073	3,537,015
Economy, Environment and Communities	41,344,370	43,988,700	2,644,330
Resources and Transformation	44,338,216	43,846,747	(491,469)
Council Wide	11,371,302	8,728,302	(2,643,000)
NNDR/Top Up	(125,986,393)	(125,986,393)	0
Total Net Revenue Expenditure	**152,032,424**	**161,091,855**	**9,059,431**
General Reserves	**Minimum £7.8m Maximum £19.4m**	**N/A**	**N/A**
Council Funded Capital Expenditure	102,588,346	74,479,115	(28,109,231)
External Funded Capital Expenditure	96,067,291	62,132,491	(33,934,800)
Total Capital Expenditure	**198,655,637**	**136,611,606**	**(62,044,031)**
Capital Receipts	3,000,000	3,000,000	0

Management of Resources	**2023/24**		
Service Analysis	**Target**	**Actual**	**Variance**
Adult Social Care, Public Health and Hub	76,864,476	90,266,195	13,401,719
Children's Services			
- Children's and Education	81,704,822	87,462,134	5,757,312
- Customer Engagement	12,147,505	12,693,031	545,526
Economy, Environment and Communities	45,613,075	44,668,154	(944,921)
Resources and Transformation	50,925,395	50,489,250	(436,145)
Capital Financing	(5,546,678)	(9,777,391)	(19,179,688)
Central budgets	(117,545,553)	(117,545,553)	0
Total Net Revenue Expenditure	**144,163,042**	**158,255,820**	**(856,198)**
General Reserves	N/A	19,558,671	N/A
Council Funded Capital Expenditure	60,253,122	26,407,323	(33,845,799)
External Funded Capital Expenditure	84,040,016	64,349,023	(19,690,993)
Total Capital Expenditure	**144,293,138**	**90,756,346**	**(53,536,792)**
Capital Receipts	2,925,000	2,253,067	(671,933)

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 30 June 2024

<table>
<tr><th colspan="2" rowspan="2">Local Indicators</th><th rowspan="2">Actual

2023/24</th><th rowspan="2">Target

2024/25</th><th rowspan="2">Actual Position as at
31-March-2025</th><th colspan="2">Variance to target</th><th rowspan="2">Met</th></tr>
<tr><th>Numerical Variance</th><th>% Variance</th></tr>
<tr><td>L1</td><td>Full compliance with prudential code</td><td>Yes</td><td>Yes</td><td>Yes</td><td>-</td><td>-</td><td>Y</td></tr>
<tr><td>L2</td><td>Average length of debt</td><td>17.74</td><td>Lower Limit 15 years, Upper limit 25 years</td><td>17.57</td><td>-</td><td>-</td><td>Y</td></tr>
<tr><td colspan="8">This is a maturity measure and ideally should relate to the average lifespan of assets.</td></tr>
<tr><td>L3a</td><td>Financing costs as a % of council tax requirement</td><td>2.31%</td><td>20.00%</td><td>3.43%</td><td>-16.57</td><td>-82.83%</td><td>Y</td></tr>
<tr><td>L3b</td><td>Financing costs as a % of tax revenues</td><td>1.55%</td><td>12.50%</td><td>2.42%</td><td>-10.08</td><td>-80.64%</td><td>Y</td></tr>
<tr><td colspan="8">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.</td></tr>
<tr><td>L4</td><td>Net actual debt vs. operational debt</td><td>58.61%</td><td>85.00%</td><td>56.70%</td><td>-28.30</td><td>-33.29%</td><td>Y</td></tr>
<tr><td colspan="8">This assists the monitoring of the authority’s debt position.</td></tr>
<tr><td>L5</td><td>Average interest rate of external debt outstanding excluding OLA</td><td>4.13%</td><td>5.46%</td><td>4.13%</td><td>-1.33</td><td>-24.43%</td><td>Y</td></tr>
<tr><td>L6</td><td>Average interest rate of external debt outstanding including OLA</td><td>4.16%</td><td>5.51%</td><td>4.16%</td><td>-1.35</td><td>-24.45%</td><td>Y</td></tr>
<tr><td colspan="8">The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council.</td></tr>
</table>

L7	**Gearing effect of 1% increase in interest rate**	**4.20%**	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**	**1.02%**	20.00%	**1.54%**	-18.46	-92.28%	N
L9a	**AT call investments**	**4.92%**	3.98%	**5.18%**	1.21	30.31%	Y
L9b	**Short Term Investments**	**4.97%**	4.00%	**5.26%**	1.26	31.50%	Y
L9c	**Long Term Investments**	**5.00%**	4.20%	**5.01%**	0.81	19.29%	Y
L9d	**Property Fund Investments**	**4.47%**	4.10%	**4.40%**	0.30	7.32%	Y
L10	**Average interest rate on all ST investments (ST and AT call)**	**4.94%**	3.99%	**5.19%**	1.20	30.00%	Y
L11a	**Average rate on all investments (ex. Property fund)**	**4.94%**	4.00%	**5.18%**	1.18	29.35%	Y
L11b	**Average rate on all investments (inc. property fund)**	**4.83%**	4.03%	**4.98%**	0.95	23.58%	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.							