

## Cabinet – 18 October 2022

### Corporate Financial Performance 2022/23

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

**Related Portfolios:** All

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** Yes

#### 1. Aim

- 1.1 To report on the forecast corporate financial position for 2022/23, based on the position to August 2022, and actions which may be required to address this position to ensure the council remains on a sound financial footing.

#### 2. Summary

- 2.1 This report provides a summary position on the potential financial impact of known/emerging pressures and delays in implementing approved budget savings, particularly within Adult Social Care and Children's Services, and the impact of the proposed (but not accepted) employee pay award on the revenue position for 2022/23, which could lead to a potential overspend of £5.24m. Work is in hand to identify further actions to bring the position in line with budget. Any on-going pressures or undelivered savings not addressed in year will need to be considered as part of the 2023/24 budget process, putting pressure on that process. Officers are confident at this stage based on known assumptions, that actions being taken will address this and outturn on budget.
- 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. The forecast for the capital programme is currently predicted to be on budget after the expected carry forward of £89.15m into 2023/24.
- 2.3 This report also sets out:
- Performance against an agreed set of financial health indicators, which are forecast to be achieved;
  - Performance against statutory and local prudential indicators, which are forecast to be achieved;

### 3. Recommendations

That Cabinet:

- 3.1 Note a potential revenue overspend of £5.24m, progress against delivery of savings and mitigating actions being taken to address these to ensure a balanced outturn is delivered by 31 March 2023.
- 3.2 Approve the use of £337k of Covid-19 funding from unringfenced grant as referenced in section 4.17: £190k relating to placement costs of children in care, and £147k Contain Outbreak Management Funding costs in services covered by grant which may be required to be returned following review.
- 3.3 Note that an assessment of the cost of living increase impact on the financial position for 2022/23 is included within this report.
- 3.4 Note that there are additionally high risks of £8.39m to the revenue forecast identified within services as set out in Appendix 1. These risks are actively being monitored and action is being taken to reduce / eliminate them where possible.
- 3.5 Approve passporting of unringfenced Children's Social Care s31 Family Hub grant to Children's Services as detailed at section 4.18.
- 3.6 Approve the delay in starting any new events until 2023, and the impact on Diwali celebrations, as outlined in 4.19.
- 3.7 Approves the delegation of authority to the Interim Executive Director of Resources and Transformation, in consultation with the Portfolio Holder for Transformation and Finance (Leader of the Council) to award an up to 12 month contract extension from 1 February 2023 to 31 January 2024 to Socitm Advisory Ltd., for the provision of transformation resources to support Customer and Access Management Work Stream and to sign and vary any associated contractual documents as detailed in section 4.20.
- 3.8 Approve amendments to the capital programme as set out in section 4.21.
- 3.9 Note that the forecast for the capital programme is currently predicted to be on budget after the expected carry forward of £89.15m into 2023/24, as set out in sections 4.22 and 4.23.
- 3.10 Note financial health indicator performance as set out in section 4.25 and **Appendix 4**.
- 3.11 Note the prudential indicators as set out in section 4.31 and **Appendix 5**.
- 3.12 Approve the write off of debt as detailed in section 4.34.

### 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 impact of the pandemic continues to be felt in a number of areas, particularly in the social care sector and the cost of living impact is also causing pressures, particularly in relation to the council's costs in relation to energy and supplies.

## Revenue Forecast 2022/23 - 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 now experiencing emerging 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. These are being further assessed in terms of impact and actions that may be required to manage these, including services taking action to address them, use of appropriate earmarked reserves, etc. Following review of the pre-audit 2021/22 revenue outturn position by Cabinet on 22 June 2022, it was approved for the £1.49m underspend from 2021/22 to be transferred to earmarked reserves to help further manage the potential impact of pay and price inflation on services in 2022/23, therefore there is some cushion over and above general reserves to support cost of living impact. Action will therefore be reported alongside impact to ensure a balanced budget at outturn. The total estimated cost of living impact of £14.42m is summarised below and further detail is provided in this report under the individual directorate sections:

- Pay (subject to agreement – over 2% original budget) - £6.46m
- Energy and Fuel inflation - £4.08m
- Contract/third party spend - £3.88m

Of this, the majority is expected to be funded from reserves, with £4m impacting on the revenue position outlined below.

4.3 The current council wide revenue forecast shows a potential overspend of c£5.24m against budget, as summarised by directorate in **Table 1**. Work is in hand to identify further actions to bring the position back in line with budget. This represents a movement of £2.96m since the June position reported to Cabinet on 20 July 2022, mainly as a result of pay costs shown centrally.

Directorate	Net Budget	Year end forecast prior to transfer to / (from) earmarked reserves	Year end variance to budget prior to transfer / (From) earmarked reserves	Use of earmarked reserves	Transfer to earmarked reserves	Year end forecast	Movement from June position to Cabinet July '22
	£m	£m	£m	£m	£m	£m	£m
Adult Social Care, Public Health & Hub	60.15	71.13	10.98	(9.37)	0.88	2.50	(0.81)
Children's Services							
- Children's and Education	60.69	66.65	5.96	(2.92)	0.64	3.69	0.86
- Customer Engagement	3.49	4.25	0.76	(1.55)	0.21	(0.58)	(0.02)
Economy, Environment & Communities	36.52	41.46	4.94	(6.19)	0.44	(0.81)	0.04
Resources & Transformation	30.79	35.49	4.70	(6.02)	1.47	0.15	0.41
<b>Services Position</b>	<b>191.64</b>	<b>218.97</b>	<b>27.33</b>	<b>(26.04)</b>	<b>3.64</b>	<b>4.93</b>	<b>0.46</b>
Capital Financing	24.93	19.00	(5.94)	(0.77)	3.62	(3.09)	(0.90)
Central budgets	(78.14)	(67.02)	11.12	(12.12)	4.39	3.40	3.40
<b>Total council tax requirement</b>	<b>138.43</b>	<b>170.95</b>	<b>32.52</b>	<b>(38.93)</b>	<b>11.65</b>	<b>5.24</b>	<b>2.96</b>

4.4 The year-end forecast includes the use of earmarked reserves of £38.93m and transfers to earmarked reserves of £11.65, 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 £189.89m as shown in **Table 2** below:

<b>Table 2 : Earmarked Reserves</b>					
	<b>Opening Balance 01/04/22</b>	<b>Transfers from Reserves</b>	<b>Transfers to Reserves</b>	<b>Movement</b>	<b>Closing Balance 31/03/23</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury Reserves	27.13	(0.59)	3.62	3.03	30.16
Grant / Contributions received in advance	26.65	(7.58)	2.35	(5.23)	21.42
Improvement projects	39.52	(3.82)	1.41	(2.41)	37.12
Cost Pressures	11.38	(2.24)	1.49	(0.74)	10.63
Council Liabilities	53.87	(3.91)	2.78	(1.12)	52.75
Covid-19 grants	20.42	(15.96)	0.00	(15.96)	4.46
Public Finance Initiatives	22.04	(4.14)	0.00	(4.14)	17.90
Risk	8.73	0.00	0.00	0.00	8.73
Other	7.43	(0.69)	0.00	(0.69)	6.74
<b>Total</b>	<b>217.17</b>	<b>(38.93)</b>	<b>11.65</b>	<b>(27.28)</b>	<b>189.89</b>

Reserves are categorised for the purposes of reporting as follows:

- **Treasury reserves.** These reserves are to minimise the impact of interest rate changes and finance early redemption of loans to reduce the council's future interest exposure;
- **Grants / contributions received in advance.** This is where the council has received money in advance of the next accounting period or covers more than one accounting period. These amounts will be spent in line with the grant conditions;
- **Improvement projects.** These reserves are to finance service modernisation; specific projects such as pilot street cleansing initiatives, Cloud services, Oracle development, economic growth programme; and costs in relation to the council's 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 2022/23 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.

#### 4.5 Adults Social Care (£2.50m forecast overspend after use of and transfers to reserves) prior to actions to address this

The forecast position is a variance of £7.74m above budget, however after planned transfers to and from reserves this reduces to a forecast overspend of £2.50m. Use of Covid-19 reserve funding to meet the ongoing impact of the pandemic on the demand for services and use of Improved Better Care reserves totalling £5.24m has released underspends in service to part mitigate the impact of non-achievement of savings in year.

The main reasons for the £7.74 overspend can be split into 'Business as usual' of £1.66m and 'Impact of Service Transformation Plan' of £6.08m.

Business as usual:

- £510k - contractual inflation of the Housing 21 unitary charge is higher than originally included in the MTFO as this was based on the February RPI prior to the charge year; this is fully offset by the use of housing 21 reserve;
- £796k - additional cost of the interim management and staffing arrangements across the directorate; this partially offset by the use of Covid-19 funding where appropriate;
- (£1.24m) – Additional income from joint funding arrangements including continuing health care and Section 117 based on the outturn position for 2021/22;
- (£334k) – Decrease in client package costs and associated income contributions (based on data until the end of July) and a decrease in Section 117 expenditure;
- £1.80m – Additional bad debt provision to cover 50% of outstanding client debt. (Current total outstanding debt is £7.46m as at end of July, this will increase the bad debt provision to £3.73m). This is dependent on the outcome of a review currently lead by Adult Social Care;
- £138k – Additional cost of interim management and agency staff within the corporate procurement service.

Impact of Service Transformation Plans -

- £1.81m - delays in the delivery of savings related to the review of existing older people's care packages. Note as a result of more detailed plans being developed, savings to the value of £2.72m have now been projected;
- £2.32m - delays in the delivery of savings to reduce new demand through the 'front door' including the provision of alternative support. Work is ongoing with customer access management (CAM) to understand the 'front door' data and the associated impact;
- £1.76m - shortfall in funding from the Learning Disability Joint Funding arrangements. On-going discussions with the CCG regarding the joint funding arrangement from 2020/21 remains in progress. Mitigating options for this shortfall are currently being considered;
- £184k - delays in the delivery of savings relating to the All-Age Disability model and transitions.

The Adult Social Care Continuous Improvement Programme Board is leading on the work in order to finalise the detailed business cases including timelines to allow a re-profile of savings and determine what the in-year achievable position is.

To note there are currently **£2.80m** of savings identified as amber which require further work to reduce the risk of these moving to red. Should the achievement of these

savings not materialise, the net forecasted over spend position would increase to **£5.30m**.

#### Risks

There are also high risks of £5.72m which could impact the forecast position should they materialise and these are detailed in **Appendix 1**.

#### 4.6 Public Health (on budget)

The current net forecast position before the net use of reserves would be an over spend of £3.02m. This predominantly relates to costs associated with short term projects (including the Mental Health and Well-being programme) partially offset by vacant posts and uncommitted funding as a result of an increase of the Public Health Grant allocation for 2022/23. After net use of reserves Public Health is on budget. £800k of savings are red, currently funded from reserves. This is aligned to current service reviews and plans are been developed in order to meet the delivery on this saving 2023/24 onwards.

#### 4.7 Children's (£3.69m forecast overspend after use of and transfers to reserves)

The forecast position is a variance of £5.96m above budget, however after planned transfers to and from reserves, and the use of an additional £190k of Covid-19 funding (subject to approval as referred to in 4.16 below), this reduces to a forecast overspend of £3.69m.

The main reasons for the currently reported position relates to children in care demand costs, based on the current mix of children in care and the projected future demand for the remainder of the financial year, and increases in placement costs.

There are also pressures within the service of £350k relating to unachieved savings for the recruitment and retention of social workers due to delays in fully recruiting new Assessed and Supported Year in Employment (ASYE) to replace agency staff (funded by reserves); and £649k on the use of agency within the Special Education Needs team, relating to clearing a backlog of Education and Health Care Plan cases and meeting the ongoing demand (of which £133k offset by vacant posts and £64k from the use of reserves).

#### Risks

There are also high risks of £2.67m which could impact the forecast position should they materialise and these are detailed in **Appendix 1**.

#### 4.8 Customer Engagement (£585k forecast underspend after use of and transfers to reserves)

The initial forecast position is £758k above budget, however after planned transfers to and from reserves of £1.34m (as set out in **Appendix 2**), this falls to an underspend of (£585k). The main areas of variance to budget relate to underspends on salaries, housing benefit subsidy and capital grant income being utilised to fund salary costs.

#### 4.9 Economy, Environment and Communities (£812k forecast underspend after use of and transfers to reserves)

Prior to transfers to and from reserves, the forecast position is a variance against budget of £4.94m, which after the net use of reserves results in a forecast underspend of £812k.

c£4.2m of this variance arises from the cost of living/energy price increase impact in relation to the Street Lighting PFI (£3.6m), vehicle fuel (£275k), Tarmac highways contract (£280k) and traffic lights electricity costs (£52k). The street lighting element is funded from PFI reserves, leaving the remainder of £607k identified as a pressure within the service, as identified below.

The other main variances are:

- Clean & Green (£696k) – underspends on reduced waste disposals costs (£1.06m), general supplies, and increased trade waste and recyclable income. These are partly offset by staffing overspends due to a delay in the restructure, under recovery of markets income and vehicle fuel costs due to cost of living;
- Highways and Transportation £323k – mainly increased costs as a result of cost of living. Street lighting costs offset by reserves, £280k highways contract, £52k traffic lights electricity. Further overspend on the salt barn offset by the over-recovery of permit income and staffing underspends;
- Leisure & Bereavement Services (£144k) – over-recovery of bereavement and registrations income, underspend on leisure staffing, offset by increase in post mortem and grounds maintenance costs;
- Cultural Services (£63k) - Staffing underspends due to vacant posts;
- Library Services (£78k) - Staffing underspends due to vacant posts;
- Regulatory Services £217k – an overspend on legal fees for unauthorised encampments, under recovery of enforcement income and staffing overspend due to delay in restructure;
- Communities & Partnerships (£379k) – staffing underspends due to a delay in the restructure, partly offset by an overspend on CCTV and agency costs.

#### 4.10 Resources and Transformation (£147k forecast overspend after use of and transfers to reserves)

The forecast position is an overspend of £4.70m, which after the planned transfers to and from reserves of £4.55m reduces to a forecast overspend of £147k.

Main areas of variance relate to the following:

- Variances on employee costs across a number of areas due to vacant posts, changes to forecasting, and use of agency staff;
- additional income within finance (£127k);
- underspend on Challenge building following disposal (£45k);
- increase in Catering supplies and other charges £135k;
- income shortfall from box office £65k;
- increase in Legal Services leasing hire of equipment £38k, and professional fees £30k;
- increase in Human Resources professional fees £41k and supplies £27k, offset by additional income (£89k).

There is a cost of living impact around energy contracts – currently forecast to overspend by £3.76m. Of this £1.60m is covered by a central provision with the balance

of £2.16m forecasted to be used from reserves set aside for the cost of living impact. Electricity costs are forecast to increase by £2.83m and gas by £927k.

#### 4.11 Capital Financing (£3.09m forecast underspend after use of and transfer to reserves)

Borrowing budgeted to be taken out to cover the prior year capital programmes and expected to take place during 2022/23, will no longer take place as, following a review of cash balances, it is considered more prudent to internally borrow, which will reduce interest costs as well as reducing counterparty risk. This, together with the early repayment of two loans, has resulted in a saving against budget of £3.09m.

#### 4.12 Central budgets (£3.40m forecast overspend after use of and transfer to reserves)

On 25 July 2022, the National Employers for local government services agreed to make a one-year (April 2022 to March 2023) final offer to the unions representing the main local government NJC workforce, comprising;

- An increase of £1,925 on all NJC pay points 1 and above;
- An increase of 4.04 per cent on all allowances (as listed in the 2021 NJC pay agreement circular dated 28 February 2022);
- With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement;
- With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine.

The offer of an increase of £1,925 on basic salary with effect from 1 April 2022 was also offered to Chief Officers. Both offers are currently subject to trade union response.

- 4.13 The forecast total cost of the pay increase including pension contributions and national insurance contributions is estimated to be c£8.86m. There are pay and pension budgets available of £5.45m to contribute to the expected additional cost of the pay offer, leaving a pressure of £3.41m. This will be managed wherever possible within existing service budgets for 2022/23 e.g. by delaying and restricting recruitment to essential posts only (i.e. critical to service delivery or income generating), increasing use of acting ups and secondments, removing agency staff where possible, accelerating restructures, agreeing practicable VRs / ERs where there is a cost benefit. Budget holders will need to include a plan to balance the shortfall in their September monitoring. Any additional service funding allocations will then be subject to a request via Finance for verification and agreement via the CMT monitoring reports. The general expectation is that services will cover the pay award costs past August and that an approximate earmarked reserve will be drawn down to fund April to August costs.

#### **Approved savings in 2022/23**

- 4.14 The 2022/23 budget approved by Council on 24 February 2022 includes £18.86m of benefits realisation (savings) against Proud activity plus a further £5.36m of 2021/22 benefits approved to be carried forward for delivery in 2022/23, giving a total benefit figure of £24.22m to be achieved. Directors are required to ensure that service delivery plans are developed to fully deliver these in year.
- 4.15 All benefits require a delivery plan with key milestones including any corrective action to be produced, where there are any reported variations to the saving being delivered. There are currently high risk benefits of £8.02m, as shown in **Appendix 3** along with the reason and proposed mitigating actions where applicable. These actions total £1.94m, and there is an expectation that actions are put in place to ensure full delivery



in the following year. Mitigating actions reduce the potential corporate overspend to £5.24m as referred to in **Table 1**.

### **Covid-19 Impact on the Revenue Forecast 2022/23**

- 4.16 There have continued to be additional costs associated with our response to Covid-19, including staffing, support to residents and council tax payers and businesses and support to the elderly and vulnerable particularly in relation to Adult Social Care and Children's Services. In addition, the council has faced reductions in sources of income.
- 4.17 This report provides detail on those grants impacting in 2022/23. £7.11m was approved to be carried over from 2021/22. These grants are summarised at **Table 3**. Of this, £4.14m relates to grants ringfenced to specific activity, which is expected to be maximised in accordance with respective grant conditions. The balance of £2.97m related to unallocated unringfenced Covid-19 grant funding from 2021/22. Currently £2.94m of this has now been committed, as detailed in **Table 4**, leaving £30k to fund any further emerging pressures in year.

<b>Table 3: Covid-19 funding 2022/23</b>			
<b>Source of funding</b>	<b>Balance b/f 2021/22 £m</b>	<b>Actual spend @ August 2022 £m</b>	<b>Annual forecast 2022/23 £m</b>
Covid-19 support package (unringfenced)	2.97	1.42	2.94
New Burdens Funding - Business rates admin	0.45	0.26	0.45
Wellbeing for Education funding	0.02	0.02	0.02
Contain Outbreak Management Fund (COMF)	2.95	1.17	2.95
Omicron Support Fund	0.36	0.00	0.36
Clinically Extreme Vulnerable support grant	0.15	0.07	0.15
Community Champions	0.21	0.04	0.21
<b>Total Funding</b>	<b>7.11</b>	<b>2.98</b>	<b>7.08</b>

<b>Table 4: Covid-19 unringfenced funding</b>	
<b>Details</b>	<b>£m</b>
Balance b/f from 2021/22	2.97
Adjustment for general fees and charges grant	(0.08)
Central - one-off investment – as approved as part of 2022/23 budget	(0.27)
Children's – children in care placement costs related to Covid-19 (approved by Cabinet 20 July 2022)	(0.85)
Children's – increase in complex need costs of children in care*	(0.07)
Children's – increase in placement costs of children in care*	(0.12)
Adult Social Care - Access Team (approved by Cabinet 20 July 2022)	(0.14)
Adult Social Care - Learning Disability Team (approved by Cabinet 20 July 2022)	(0.26)
Adult Social Care – Service Transformation savings delivery / Demand (approved by Cabinet 20 July 2022)	(1.00)
COMF – cost in services covered by grant which may be required to be returned following review*	(0.15)
<b>Balance remaining</b>	<b>0.03</b>

There are ongoing pressures within Adult Social Care and Children's Services which are directly related to Covid-19, as identified in **Table 4** above. Cabinet are requested to approve the allocation of further unringfenced funding of £337k to cover the following pressures in 2022/23 (referred to as '\*' in table 4 above):

- Children's Services - £190k relating to placement costs of children in care arising from the complexity of the need of children in care and also not being able to step down placements into lower cost foster care placements due to the on-going national shortage – this is further to £847k approved by Cabinet on 20 July 2022.
- Contain Outbreak Management Fund of £147k – The UK Health Security Agency (UKHSA) have recently announced they are reviewing the use of COMF funding for 2022/23 and are undertaking assurance/reviews of spend. As part of a risk managed approach, if any funding is expected to be returned or conditions change as part of the above reviews, it is proposed that £147k of Covid-19 general funding is ringfenced for costs outside of adult social care mitigation and public health specific costs.

### ***Passporting of specific grants***

- 4.18 The Family Hub Grant is a new unringfenced section 31 grant awarded to Walsall Children's Services for financial years 2022/23, 2023/24 and 2024/25, totalling up to £3.9m to support the creation of family hubs across the borough designed to ensure parents and carers can access the support they need at the time that they need it. The programme's aim is that parents and carers should feel supported and empowered in caring for and nurturing their babies and children, ensuring they receive the best start in life. The outcome of which will improve health and education outcomes for babies and children and support them to thrive in later life. Funding is being provided to move to a family hub model, improving the universal Start for Life offer and transform family support in local authority areas that have high levels of deprivation and disproportionately poor health and educational outcomes, supporting the government's levelling up ambitions. Cabinet are asked to approve the passporting of this grant to Children's Services to cover the costs of the Programme going forward.

### ***Diwali event***

- 4.19 In March cabinet considered a report on bonfire night proposal and accepted a recommendation to include a Diwali event on 24 October 2022 in the Arboretum. Further work on this has established that the turnout is unlikely to exceed 3,000. This would result in a net loss of £17k for that event. The financial projection for the bonfire events programme was to generate a net income of £8k. If this is not achieved this year cabinet has indicated that the programme is likely to be terminated. Therefore, it is proposed to delay starting any new events until 2023. This would give the overall programme the best chance of meeting its financial targets in 2022 and allow more time to establish if there is significant demand for a separate Diwali event.

### ***Specialist Programme Resources for Customer and Access Management Work Stream***

- 4.20 Customer and Access Management (CAM) is a Proud Work Stream, delivering services through the introduction of digital process improvements, customer self-service and automation, standardising ways of working and stopping activities that do not add value. It identifies processes that can be moved into the Customer Experience Centre (CXC) so that customer contact can be managed on a Council-wide basis, in a more consistent and efficient way.

Following review and replanning of the CAM Workstream earlier in 2022, the council commissioned Socitm Advisory Ltd to provide transformation capability to supplement

in house skills and capacity in the form of a Programme Director, Lead Service Design Manager and Service Delivery Manager.

It is essential that the council has the right resources in place to deliver CAM. As a result of the CAM replanning work and difficulties in being able to recruit permanent transformation staff, it has been identified that there is a required continuation of these resources as they are critical to the delivery of £4.4m of agreed efficiencies in 2023/24. In addition to the key roles outlined above, which the work stream wishes to retain, two further roles have been identified as critical to support the change activity. It is proposed to include 2 Lead Business Analysts into the revised contract.

Cabinet is asked to approve delegated authority to the Interim Executive Director of Resources and Transformation, in consultation with the Leader of the Council (Transformation and Finance Portfolio Holder) to enter into a revised contract with Socitm Advisory Ltd.

The original contract with Socitm Advisory Ltd, was compliantly procured through Crown Commercial Services G-Cloud 12 Framework and commenced in January 2022. Due to the ongoing requirements for these resources, permission is sought to extend this contract for a 12 month period to January 2024. This will increase the contract cost with the required extension to be above £500k and as such requires Cabinet approval.

The total cost of the contract spend with Socitm Advisory Ltd. (extended to 31 January 2024) is projected to be £1.04m. It will be funded from the Transformation Reserve approved by Proud Board in March 2022 (£818k) which was earmarked for this work, and the additional costs for the Lead Business Analysts (£224k) will be funded through the existing Enabling Technology capital scheme, where budget for these costs has already been identified. It is proposed to review the resources being utilised on a regular basis to ensure alignment with the demands of the CAM plan and to work within the budget and use inhouse capacity as it is recruited.

The revised contract is flexible in terms of the council's ability to amend the resource levels of specific roles and it is anticipated that the council will utilise its own resources for certain aspects of change work. This contract allows for the council to step up internal resources and reduce the reliance on the contracted resources and to benefit from skills and knowledge transfer.

### ***Capital Programme 2022/23***

- 4.21 The revised capital programme for 2022/23, as approved by Cabinet on 20 July 2022 was £227.22m. **Table 5** summarises amendments made to date, resulting in a revised programme of £230.90m.

<b>Table 5: Amendments to Capital Programme 2022/23</b>	
<b>Project</b>	<b>£m</b>
<b>Capital programme 2022/23 per Cabinet 20 July 2022</b>	<b>227.22</b>
<b>Council Funded Resources</b>	
Darlaston boilers – match funding	0.04
Funding from pipeline investment	(0.04)
<b>Externally Funded Resources</b>	
Phoenix 10 Homes England	3.57
Walsall Urban Tree Challenge Fund	0.11
Highway Maintenance	0.20
Street furniture	(0.20)
<b>Revised capital programme 2022/23</b>	<b>230.90</b>

4.22 **Table 6** summarises the 2022/23 predicted year end position, which is forecast to be on budget after the expected re-phasing of £89.15m into 2023/24.

<b>Table 6: Forecast capital analysis 2022/23</b>					
<b>Directorate</b>	<b>Budget £m</b>	<b>Predicted year end forecast £m</b>	<b>Variance before Carry forward £m</b>	<b>Carry Forward £m</b>	<b>Variance Over / (Under) £m</b>
Council funded	91.01	46.74	(44.27)	44.27	0.00
Externally funded	139.89	95.01	(44.88)	44.88	0.00
<b>Total</b>	<b>230.90</b>	<b>141.75</b>	<b>(89.15)</b>	<b>89.15</b>	<b>0.00</b>

4.23 The capital programme currently shows predicted re-phasing of £89.15m from 2022/23 to 2023/24 as shown in **Table 7**. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control due to waiting for funding confirmation or Government approval.

<b>Table 7: Re-phasing of funded schemes 2022/23 to 2023/24</b>	
<b>Project</b>	<b>£m</b>
<b>Council Funded</b>	
Regenerating Walsall	0.22
Darlaston Strategic Development Area (DSDA)	0.01
Enterprise Zones	3.11
Future High Street Fund	1.42
Willenhall Masterplan	2.24
MyCMIS Asset Management Tracking System	0.01
Bloxwich Town Deal	1.03
Walsall Town Deal	1.00
Social housing Decarbonisation	0.28
Essential Microsoft Upgrades & Foundation For Office 365	0.01
ICT – Safe and Secure Environment	2.53
Proud - ICT	0.05
Enabling Technology	4.58
Maintaining a safe and secure environment	0.12
Telephony cloud based system	0.24
Smartphones	0.27

<b>Project</b>	<b>£m</b>
Civic Centre Heating	0.95
Council House general heating	1.93
Operation Repair & Maintenance Of Council Buildings	0.18
Council House roof repairs	0.70
Willenhall Lane Travellers Site Pumping Station	0.01
Equity pipeline Investment ( <i>see table 8 below</i> )	10.46
Regional Materials Recycling Facility	0.12
Middlemore Lane Household Waste Recycling Centre	10.00
Allotment Boundary Improvement Works	0.13
Play Areas And Outdoor Gym Improvements	0.39
Yorks Bridge	0.75
Lighting Invest to Save	1.19
New Homes Bonus	0.08
Hatherton Road Car park	0.06
Hatherton Road multi-story car park Structural Maintenance	0.20
<b>External Funded</b>	
Purchase Of Dispersed Temporary Accommodation	1.26
Basic Need	13.32
Capital Maintenance	2.13
High Needs Provision Capital allocation (HNPCA)	3.62
M6 Junction 10 Highway Improvements	1.88
West Midlands Strategic Transport Plan 'Movement For Growth'	0.54
Local Transport Plan – Yorks Bridge	0.13
Future High Street Fund	0.83
Walsall Town Deal	5.38
Off Gas Scheme	0.07
Social Housing Decarbonisation	0.61
Land and Property Investment Fund	14.00
Growing Places Fund	1.11
<b>Total</b>	<b>89.15</b>

### Pipeline Investment

4.24 A provision of £40m was approved by Council in February 2021, with a further £30m approved by Council in February 2022, a total of £70m set aside over the 5 year period 2021/22 to 2025/26 for council pipeline investment opportunities, including emerging regeneration schemes, where funding or match funding is required, and major capital projects. The current proposed use (and unallocated amounts) is set out in Table 8.

**Table 8: Pipeline Investment 2021/22 to 2026/27 – planned allocations**

<b>Scheme</b>	<b>Approval</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
<b>Budget Allocation</b>		<b>28.00</b>	<b>0.00</b>	<b>22.00</b>	<b>10.00</b>	<b>10.00</b>	<b>0.00</b>
Balance c/f		0.00	26.05	10.46	20.18	25.48	34.63
Regional Materials Recycling Facility	Cabinet 17 March 2021	0.00	(0.65)	(0.93)	0.00	0.00	0.00
Future High Street Fund - match	Cabinet 21 April 2021	0.00	0.00	0.00	(4.05)	(0.35)	(0.71)
Reedwood Land (risk)	Cabinet 16 June 2021	0.00	0.00	0.00	0.00	0.00	0.00
Street Lighting	Cabinet 16 June 2021	(0.22)	(6.97)	(4.28)	0.00	0.00	0.00
Children's Residential	Cabinet 16 June 2021	(0.97)	(0.10)	0.00	0.00	0.00	0.00
Transit site – part funding	Cabinet 20 October 2021	(0.33)	0.00	0.00	0.00	0.00	0.00
Streetly Cemetery improvements	Cabinet 15 December 2021	(0.43)	0.00	0.00	0.00	0.00	0.00
Willenhall Masterplan	Cabinet 9 February 2022	0.00	(2.68)	(6.42)	0.00	0.00	0.00
Darlaston Boilers/baths	Business case endorsed by SIB 8 March 2022	0.00	(0.04)	0.00	0.00	0.00	0.00
Children in care / Foster Care refurbishment programme	Cabinet 9 February 2022	0.00	(0.15)	(0.15)	(0.15)	0.00	0.00
Forecast commitments – subject to review		0.00	(4.50)	0.00	0.00	0.00	0.00
Capital contingency *		0.00	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)
<b>Total Allocated</b>		<b>(1.95)</b>	<b>(15.59)</b>	<b>(12.28)</b>	<b>(4.70)</b>	<b>(0.85)</b>	<b>(1.21)</b>
<b>Unallocated Balance c/f</b>		<b>26.05</b>	<b>10.46</b>	<b>20.18</b>	<b>25.48</b>	<b>34.63</b>	<b>33.42</b>

\*The budget report to Council in February 2022 referred to an annual allocation of £500k per annum to be set aside for capital contingency, subject to approval.

### **Financial Health Indicators**

4.25 **Appendix 4** contains financial health indicator performance as at 31 August 2022 (30 September 2022 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*

4.26 The indicators show the actual borrowing and investment rates for 2021/22 and the forecast for 2022/23 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 2022/23.

Average interest rates on borrowing show a slightly adverse variance which is due to paying off borrowing maturities in April (lower rate) and borrowing rates currently higher than budgeted this financial year.

### *Balance Sheet*

- 4.27 This details ratios for the last 4 financial years 2017/18, 2018/19, 2019/20, 2020/21 and pre-audit figures for 2021/22 which show the liquidity of the authority.

### *Revenue performance*

- 4.28 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 2022/23 and the performance against profile for 2022/23. Sundry debt collection is within target with performance in relation to the processing of creditor payments better by 2 days. Council tax and NNDR collection rates are both above target.

### *Management of Resources*

- 4.29 This section details the outturn position for 2021/22 (pre audit) and 2022/23 year-end forecast for revenue and capital, which is based on the financial position as at 31 August 2022. The revenue forecast for 2022/23 shown is a potential overspend of £5.24m after use of and transfer to reserves, before any further action is taken.
- 4.30 The capital forecast as at the end of August is expected to be on budget after the re-phasing of £89.15m into 2023/24. 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*

- 4.31 **Appendix 5** contains the prudential indicators as at 31 August 2022. 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*

- 4.32 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 2021/22 and are forecast to be met in 2022/23.

### *Local Indicators*

- 4.33 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.

Average interest rates on borrowing show a slightly adverse variance. Main reasoning for this is paying off borrowing maturities in April which were placed at a lower interest rate; resulting in the average borrowing rate increasing. Also, it has been budgeted to take out borrowing this financial year at low interest rates, which is also why the target rate of 3.62% is lower than the actual interest rate of external debt 3.81% (including WMCC Debt).

Specific variances to highlight are:

- L2 - Average length of debt – The target acceptable limit is within 15-25 years. The authority's current position is 18.00 years, which is within the target range.
- L3a - Net borrowing costs as % of net council tax requirement (variance of -73.15%). 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 5.37%, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.
- L3b - Net borrowing costs as % of Tax Revenue (variance of -70.87%). 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 3.64%, 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 past months, currently showing a base rate of 1.75%. This has shown corresponding affect relation to Investment Yields. All investments are outperforming the 2022/23 target rate.

### ***Write off of debt***

- 4.34 The following write offs (as they are over £10,000) requires the approval of Cabinet;
- £42,945.36 relating to home care arrears for the period 2014 to 2021. The debt is recommended for right off as the client has passed away and there are no recourse to pay.
  - £16,261.94 relating to home care arrears - benefit based charges to April 2015 and community based charges September 2017 to March 2020. The debt is recommended for right off as the client has now passed away and there are no recourse to pay.
  - £15,467.85 relating to home care arrears - for short and long stay contributions for the period January 2019 to June 2021. The debt is recommended for right off as the client has now passed away and there are no recourse to pay.

### **Council Corporate Plan Priorities**

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

### **Risk Management**

- 4.36 The 2022/23 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 continuing impact of the global pandemic and there is therefore a risk that reserves are insufficient if costs continue to increase without the corresponding allocation of funding to meet this from Government.



There are also a number of increased risks emerging linked to the new Chancellor's mini budget published on 23 September 2022. This included the reversal of the national insurance levy to fund social care and reductions in taxation. The reduction in the national insurance levy can be used to offset some of the unfunded costs of the expected pay award. However there has been a strong market reaction to the announcements which will further impact inflation and interest rates. The impact of this on our financial position in year and in future years is unknown at this point so risks are increased. It has also been announced that there will be no spending review this year leaving government departments limited to their existing departmental expenditure limits (DEL) for 2023/24 which indicates there will be no additional funding to cover the rising costs. Therefore it remains imperative to balance our in year budget position through corrective action, continued focus on delivery of our savings plans and robust planning for next year and the medium term.

- 4.37 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 2022/23.
- 4.38 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.

### **Financial Implications**

- 4.39 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 overspend of £5.24m as set out in this report requires strong and robust management to ensure the council outturns within budget by year end. Actions are being taken to address these, and progress will be reported throughout 2022/23 to Cabinet.
- 4.40 Opening unallocated general reserves for 2022/23 are £17.69m. The medium term financial framework (MTFF) requires that a prudent levels of reserves is maintained. This was set at no less than £16.11m for 2022/23. The MTFF also sets a minimum level of reserves beyond which any use must be reported to Council. This is currently set at £6.6m. The potential overspend of £5.24m within this report would reduce available reserves to £10.87m, requiring replenishment in year. As such mitigating actions are being identified to ensure that reserves are maintained at the recommended level.

### **Legal implications**

- 4.41 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.

- 4.42 CIPFA's guidance to CFO's has been modified to allow councils under budgetary pressure due to Covid-19 the time and space to explore alternatives to freezing spending via a S114 notice. The two specific modifications are:
- At the earliest possible stage a CFO should make informal confidential contact with DLUHC to advise of financial concerns and a possible forthcoming S114 requirement.
  - The CFO should communicate the potential unbalanced budget position due to Covid-19 to DLUHC at the same time as providing a potential S114 scenario report to the council executive (cabinet) and the external auditor.
- 4.43 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**

- 4.44 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 ultimate aim of achieving best value for money.

### **Property Implications**

- 4.45 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**

- 4.46 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**

4.47 There are no direct implications arising from this report.

## **Reducing Inequalities**

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

## **Climate Change**

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

## **Consultation**

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

## **5. Decide**

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

## **6. Respond**

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

## **7. Review**

7.1 Regular monitoring reports will be presented to Cabinet on the forecast for 2022/23, including an update on risks and impact on the budget for 2023/24 and beyond.

**Background papers:** Various financial working papers.

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Signed:



**Deborah Hindson**  
**Interim Executive Director of Resources**  
**and Transformation (S151 Officer)**  
22 September 2022

Signed:



**Councillor M Bird**  
**Leader of the Council**  
**06.10.2022**

## Appendix 1: Summary of potential risk

POTENTIAL RISK – HIGH RISK ITEMS ONLY	POTENTIAL COST OF RISK £m
<b>Adult Social Care, Public Health and Hub</b>	
Outstanding debt to Walsall CCG for S117 and CHC recharges over one year old. The directorate is working with the CCG to resolve any queries relating to this outstanding debt.	2.92
Adult social care benefit proposals currently identified as ‘not fully guaranteed’ (Amber)	2.80
<b>Total Adult Social Care, Public Health and Hub</b>	<b>5.72</b>
<b>Children’s Services and Customer Engagement</b>	
Children in Care placements, mainly within fostering, break down due to various reasons and the child will be moved usually to an external residential placement at a higher cost. Previously this has been managed with other placement moves to lower cost placements offsetting this cost increase. However, due to the large number of STPs accounting for step downs, significantly increasing external residential placement costs and placement sufficiency issues limiting the options to secure other foster placements, the impact of these movements is now being realised. The risk is based on trends seen in 2021/22 and the current average cost of an external residential placement.	1.33
Amber savings where it is not certain these benefits are achievable. The service is currently working with finance to update and refresh the original benefits and identify mitigating actions where needed.	1.34
<b>Total Children’s Services and Customer Engagement</b>	<b>2.67</b>
<b>TOTAL HIGH RISKS</b>	<b>8.39</b>

## Appendix 2 – Details of (use of) / transfer to reserves

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
<b>Adult Social Care, Public Health and Hub</b>			
Covid-19 – unringfenced funding	(1,402,171)	0	Primarily used to offset the delay in achieving approved savings, and the ongoing impact on demand within the Access and Learning Disabilities teams.
Covid-19 – Contain Outbreak Management Fund	(2,946,014)	0	Costs to support local test, trace and contain activities as well as wider measures to protect public health and local economies.
Covid-19 – Omicron	(357,956)		Costs associated with the plan to strengthen the Carers strategy across the borough following Covid-19
Housing 21	(508,977)		Used to fund the increase in unitary charge above that included in the budget due to higher RPI being applied than expected.
Improved Better Care Fund 2 (iBCF2)	(848,009)	0	Costs associated with social care activity/intermediate Care.
Public Health	(2,631,719)	884,189	Funding of various one-off projects i.e., Homelessness, Housing First and Mental Health. Transfer to reserve is mainly due to under spend on staffing and contracts.
IFRS	(571,610)		Relates to grant funding for Public Health projects – Better Mental Health, Adult Weight Management and Universal Drug / Crime
Social Care Grant – Doctor’s assessments	(100,000)	0	To support back log of Best Interest Assessors / Deprivation of Liberty safeguard assessments.
<b>Total Adult Social Care, Public Health and Hub</b>	<b>(9,366,456)</b>	<b>884,189</b>	
<b>Children’s Services</b>			
Covid-19 – unringfenced funding	(1,036,712)	0	Primarily used to offset pressures relating to children and young people in care resulting from Covid-19.
IFRS	(1,369,678)	571,293	Relates to grant funding for School Improvements, Safeguarding Families, Protecting Children, Regional Recovery, Rough sleepers, Personal Advisors.
Children in care complex cases	(239,228)	0	To fund pressures, including social workers and placement costs, of complex cases relating to young people in care.
Children in care - FDAC	(142,678)	0	To part fund 3 year FDAC contract. Delay in utilisation due to Covid-19.
Children’s external partner contributions	(109,522)	72,540	Use of Safeguarding Partnership contributions and transfer of underspend on Youth Justice Board to reserves. Both services are significantly funded by external partner contributions.
Truancy fine income	(21,994)	0	Used to fund an attendance officer post.
Covid-19 - Wellbeing for education	(22,107)	0	Grant funding that seeks to better equip education settings to support children and young people’s wellbeing, resilience, and recovery in the context of Covid-19.
<b>Total Children’s Services</b>	<b>(2,941,919)</b>	<b>643,833</b>	

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
<b>Children's - Customer Engagement</b>			
Covid-19 – Business rates administration	(437,440)	0	To cover the additional Covid-19 related admin work to be completed for audit of the grants.
Houses in multiple occupation (HMO) licences	(3,694)	205,004	To fund staff support costs relating to HMO licences in future years.
IFRS	(630,385)	0	Grant funding for Housing First scheme, homelessness, citizens advice bureau, refugee costs and other smaller projects.
Discretionary Housing Payments funding (DHP)	(60,000)	0	To fund pressures in reduction in Discretionary Housing Payments funding (DHP).
Redundancy	(103,836)	0	Redundancy costs.
Crisis support	(313,283)	0	To fund costs related to the Crisis Support Scheme.
<b>Total Children's - Customer Engagement</b>	<b>(1,548,638)</b>	<b>205,004</b>	
<b>Economy, Environment &amp; Communities</b>			
Covid-19 – Clinically extremely vulnerable	(148,407)	0	Covid-19 funding used to support clinically extremely vulnerable residents during the pandemic.
Covid-19 – Community Champions	(152,972)	0	Costs of supporting residents who are most at risk of Covid-19.
Building control fees – statutory account	(36,112)	0	Required to breakeven over a 3-year period which is reviewed annually. Any under/over recovery transferred to/from reserves.
Bus lane enforcement ring fenced income	(391,174)	0	Funding key projects in line with the legislation. <ul style="list-style-type: none"> <li>• Install Bridge Street bus gate;</li> <li>• District signage</li> <li>• Rolling programme to refresh street name plates;</li> <li>• Road lines;</li> <li>• Introduction of Moving Traffic Enforcement legislation.</li> </ul>
Street Lighting PFI	(4,139,706)	0	Grant funding to be utilised over the life of the project. This is being utilised to fund the increase in energy costs for 2022/23.
On Street Car Parking income (ringfenced)	0	326,016	To fund key projects in line with the legislation.
Economic growth programme (EGP)	(19,785)	0	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
IFRS	(444,462)	111,033	Primarily relates to grants / contributions carried forward where spend was delayed due to Covid-19 or spend spans more than 1 year.
Growth Deal - pipeline works	(89,699)	0	Support for research & development of future projects including Willenhall masterplan.

Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
Phoenix 10	(83,835)	0	To fund professional fees
Town Centre Master Plan	(199,228)	0	Costs associated with the Town Centre Master Plan redevelopment
Feasibility / Options appraisals	(250,000)	0	To cover costs which cannot be coded to capital and abortive costs of schemes.
Black Country Core Strategy	(15,672)	0	Walsall's share of the costs associated with the review of the Black Country Core Strategy
Shannon's Mill (commuted sum)	(3,000)	0	To cover the ongoing maintenance with a set proportion released each year.
Levelling Up Fund	(125,000)	0	Government funding to level up north/south divide to be used in 2022/23
Enforcement – one off investment	(88,237)	0	One-off funding carried forward for staffing costs due to delays in restructure.
<b>Total Economy, Environment &amp; Communities</b>	<b>(6,187,289)</b>	<b>437,049</b>	
<b>Resources &amp; Transformation</b>			
IFRS	0	18,534	Primarily relates to grants carried forward in relation to the Black Country LEP that span more than 1 financial year.
Appointeeships – one off investment	(16,739)	0	Funding of agency to continue with the implementation of charging.
Delivery of Connected Gateway	(1,249,225)	0	To fund closure costs during delivery of Connected Gateway scheme and income shortfalls on Saddlers Centre.
Economic growth programme	(100,323)	86,614	To support costs within service to continue functions as per Cabinet report October 2020. Extended to 2023.
External partner contributions	(8,939)	0	Contributions to support Technical Assistance Programme.
Enterprise Zones	(854,697)	1,282,900	Generated from surplus business rates from across the Black Country to fund the costs of future capital schemes.
Growing Places Fund	(10,343)	0	Funding received to support the Growing Places LEP programme management costs.
Growing Places Fund – Underwriting	(120,000)	0	Ringfenced to LEP to support programme management costs and other revenue costs.
Growth Deal Programme	(68,856)	0	To fund any necessary staff costs linked to closure of programme.
Cost of Living - Energy	(1,857,418)	0	To fund the additional costs of energy
Improvement projects	(32,500)	0	To fund costs associated with One Source.
Youth Employment Initiative (YEI) Overheads	0	79,237	15% overhead costs claimed on YEI, this is used to support any ineligible costs.
Proud Resource Plan	(1,699,174)	0	To fund investment and resources to deliver Proud workstream activity.
<b>Total Resources and Transformation</b>	<b>(6,018,213)</b>	<b>1,467,285</b>	



Reserve	Use of Reserve £	Transfer to Reserve £	Details of use of reserve
<b>Capital Financing</b>			
Borrowing re-scheduling	0	3,619,217	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 / Covid-19.
Minimum revenue provision (MRP)	(585,000)	0	To smooth minimum MRP costs as per approved MRP policy.
Pensions – upfront payment borrowing costs	(186,671)	0	To fund borrowing costs of funding pension payments upfront for 3 years to release savings.
<b>Total Capital Financing</b>	<b>(771,671)</b>	<b>3,619,217</b>	
<b>Centrally Held</b>			
Proud	(290,000)	0	Funding of one-off investment in relation to Proud programme.
Covid-19 – unringfenced funding	(274,000)	0	To fund one off Covid-19 related investment in 2022/23.
Brexit	0	72,439	Return of unused grant funding given to CA to fund costs associated with Brexit.
Irrecoverable losses income (collection fund)	(1,430,000)	0	Government grant used to fund collection fund losses arising from Covid-19.
Enterprise Zones – part of section 31 grant	0	18,338	Transfer of business rates income relating to the Enterprise Zone.
Pay / Pensions	0	1,493,274	Transferred to smooth pension increases in future years.
Project reserve (windfall income)	0	22,158	Windfall income transferred to fund future projects.
Covid-19 - Expanded retail discount	(7,754,211)	0	Reliefs to be used in 2022/23 to fund reductions in NNDR income
Business rates retention scheme	(2,366,950)	1,290,000	To fund volatility of business rates income due to the pandemic and any appeals. Also to smooth future changes to the scheme.
Cost of Living	0	1,494,584	2021/22 underspend transferred to reserves to cover increases in cost of living as approved by Cabinet.
<b>Total Centrally Held</b>	<b>(12,115,161)</b>	<b>4,390,793</b>	
<b>TOTAL RESERVES</b>	<b>(38,949,348)</b>	<b>11,647,370</b>	

### **Appendix 3: Benefits 2022/23 currently identified as at risk of delayed delivery**

<b>Directorate / Area</b>	<b>Benefit</b>	<b>Original Full Benefit</b>	<b>Value of benefit identified as at high risk of non delivery</b>	<b>Value to be Mitigated In Year</b>	<b>Reason</b>	<b>Mitigating Actions</b>
		<b>£</b>	<b>£</b>	<b>£</b>		
<b>Adult Social Care, Public Health &amp; Hub</b>						
Adult Social Care	Older People & Front Door – 2021/22 cfwd	2,375,570	2,375,570	0	Delivery plans being finalised	No mitigation currently identified
Adult Social Care	Older People & Front Door – 2022/23	4,483,281	1,759,960	0	Delivery plans being finalised	No mitigation currently identified
Adult Social Care	Implementation of All Age Disability approach	745,276	183,864	0	Delivery plans being finalised	Mitigating actions will be confirmed once delivery plans are finalised
Adult Social Care	Benefit maximisation project – 2021/22 cfwd	184,719	184,719	184,719	Uncertainty around timing of benefits being realised	Full year effect of various benefits
Adult Social Care	Joint Funding Arrangement – 2021/22 cfwd	1,757,270	1,757,270	0	Currently in negotiation with Health colleagues	Mitigation being reviewed
Public Health	Service reconfiguration - public health contracts	500,000	500,000	500,000	Details of efficiency savings to be finalised by 31 March 2023	One-off use of reserves
Public Health	Review of existing public health transformation fund	300,000	300,000	300,000	Details of efficiency savings to be finalised by 31 March 2023	One-off use of reserves
<b>Total ASC, Public Health &amp; Hub</b>		<b>10,346,116</b>	<b>7,061,383</b>	<b>984,719</b>		
<b>Economy, Environment &amp; Communities</b>						
Economy, Environment & Communities	Clean, Green & Leisure restructure and delivery model review	601,728	459,134	459,134	Work to redesign service delivery models still on going	Mitigation by general underspends within Clean and Green (largely waste disposal costs)
Economy, Environment & Communities	Capitalisation of posts - maximise external funding	25,000	25,000	25,000	Awaiting time-sheets from service to identify benefit value	Currently mitigated by other underspends within the service
Economy, Environment & Communities	Heritage and culture / Arts and events - increase fees and charges	9,351	9,351	9,351	No increase in fees and charges for Arts and Events, Leather Museum and NAG	Currently evaluating if increase in fees and charges will equate to increased income - Currently mitigated by other underspends within the 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	Premium bulky waste collection service (as recommended in cabinet paper 15/12/2021).	15,000	15,000	15,000	Demand for bulky waste collections has declined since late 2021 hence income figure not met	General underspends within Clean and Green (largely waste disposal costs)
Economy, Environment & Communities	Offer residential gardening service	30,000	30,000	30,000	Business case has highlighted this benefit is unachievable	General underspends within Clean and Green (largely waste disposal costs)
Economy, Environment & Communities	Income generation from bookable gyms	30,000	30,000	30,000	Business case determined this service was not feasible and is unlikely to be taken forward	New scheme in place (Oak Park virtual instructor). Service manager to monitor income received month by month.
Economy, Environment & Communities	Review of Libraries management	60,679	40,453	40,453	Delay in implementation, plan to take effect from December 2022	Underspends on current vacancies in Libraries service
<b>Total Economy, Environment &amp; Communities</b>		<b>771,758</b>	<b>608,938</b>	<b>608,938</b>		
<b>Children's Services</b>						
Children's Services	Review of current establishment and reduction in the use of agency staff	747,820	350,000	350,000	Delay in recruitment of social workers needed to reduce spend on agency	Use of reserve one off in year to offset delay in achievement of benefit
<b>Total Children's Services</b>		<b>747,820</b>	<b>350,000</b>	<b>350,000</b>		
<b>Total</b>		<b>11,865,694</b>	<b>8,020,321</b>	<b>1,943,657</b>		

#### Appendix 4: Financial Health Indicators – August 2022

<b>Treasury Management</b>	<b>2021/22 Actual</b>	<b>2022/23 Target</b>	<b>2022/23 Actual</b>
Average Interest Rate (Borrowing)			
- Excluding other local authorities	3.59%	3.52%	3.74%
- Including other local authorities	3.65%	3.62%	3.81%
Gearing Effect on Capital Financing Estimates	3.69%	5.00%	3.85%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.60%	12.50%	3.64%
Capital Financing Requirement (£m)	417.36	411.85	374.50
Authorised limit for external Debt (£m)	498.30	474.38	474.38
Investment Rate Average (excl Property fund)	0.38%	0.48%	0.97%

<b>Balance Sheet Ratios</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22 (draft)</b>
Current Assets : Current Liabilities	1.03	1.68	2.39	2.01	1.91
Useable Reserves : General Revenue Expenditure	0.65	0.72	0.73	1.02	1.07
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.20	1.36	1.43	1.83	1.39
Long Term Assets : Long Term Borrowing	2.34	2.05	1.86	1.83	2.14
Total School Reserves : Dedicated School Grant	0.05	0.06	0.05	0.08	0.08

<b>Revenues Performance</b> % collected for financial year	<b>2020/21 Actual Collected in total @ 31.08.22</b>	<b>2021/22 Actual Collected in total @ 31.08.22</b>	<b>2022/23</b>	
			<b>Profiled 2022/23</b>	<b>Actual 2022/23</b>
Council tax %	96.3%	94.0%	42.0%	42.0%
Total Council Tax collected	£135,592,266	£144,115,041	£66,850,000	£66,897,373
National Non Domestic Rate %	95.7%	97.0%	44.2%	47.3%
Total NNDR collected	£45,762,566	£62,765,266	£32,150,000	£34,444,454

<b>Debtors and Creditors Performance</b>	<b>2021/22 Actual</b>	<b>2022/23</b>	
		<b>Target</b>	<b>Actual</b>
Sundry Debtors Collection – Average number of days to collect debt	24 days	24	23
Average number of days to process creditor payments*	8 days	8 days	6 days

<b>Management of Resources</b>	<b>2022/23</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Adult Social Care, Public Health and Hub	60,147,021	62,642,921	2,495,900
Children's Services			
- Children's and Education	60,690,244	64,376,237	3,685,993
- Customer Engagement	3,487,111	2,902,157	-584,954
Economy and Environment	36,517,653	35,705,614	-812,039
Resources and Transformation	30,793,878	30,940,646	146,768
Council Wide	38,327,617	38,640,117	312,500
NNDR/Top Up	-91,538,275	-91,538,275	0
<b>Total Net Revenue Expenditure</b>	<b>138,425,249</b>	<b>143,669,417</b>	<b>5,244,168</b>
General Reserves	<b>Minimum £6.6m Maximum £16.5m</b>	<b>N/A</b>	<b>N/A</b>
Council Funded Capital Expenditure	91,005,640	46,739,739	(44,265,901)
External Funded Capital Expenditure	139,894,263	95,013,965	(44,880,298)
<b>Total Capital Expenditure</b>	<b>230,899,903</b>	<b>141,753,704</b>	<b>(89,146,199)</b>
Capital Receipts	2,500,000	2,500,000	0

<b>Management of Resources</b>	<b>2021/22</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Adult Social Care, Public Health and Hub	58,901,217	63,395,662	4,494,445
Children's Services	0	0	0
- Children's and Education	84,628,552	84,624,168	(4,384)
- Customer Engagement	6,536,609	4,964,171	(1,572,438)
Economy and Environment	53,387,831	52,440,726	(947,105)
Resources and Transformation	31,749,808	30,703,885	(1,045,923)
Capital Financing	(5,250,831)	(6,450,832)	(1,200,001)
Central budgets	(97,407,405)	(98,626,583)	(1,219,178)
<b>Total Net Revenue Expenditure</b>	<b>132,545,781</b>	<b>131,051,197</b>	<b>(1,494,584)</b>
General Reserves	N/A	19,188,169	N/A
Council Funded Capital Expenditure	98,316,953	20,502,335	(77,814,618)
External Funded Capital Expenditure	137,537,257	57,883,260	(79,653,997)
<b>Total Capital Expenditure</b>	<b>235,854,210</b>	<b>78,385,595</b>	<b>(157,468,615)</b>
Capital Receipts	4,231,584	3,978,763	(252,821)

## What this tells us

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

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

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

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



## Appendix 5: Prudential indicators – August 2022

Prudential Indicator		Actual 2021/22 £m	Target 2022/23 £m	Actual Position at 31- August- 22 £m	Variance to target	
					Numerical Variance	% Variance
<b>Pr1 1</b>	<b>Capital Expenditure</b>	78.385	230.89	<b>141.74</b>	-89.150	-39%
This indicator is required to inform the council of capital spending plans, it is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure. Capital expenditure may be funded by grant, capital receipts and borrowing.						
<b>Pr1 2</b>	<b>Ratio of financing costs to net revenue stream</b>	<b>7.23%</b>	9.76%	<b>6.80%</b>	-2.96%	-30%
<b>Financing costs - Divided by</b> (Interest charged on loans Less Interest earned on investments)		<b>Budget requirement</b> (Revenue Support Grant + NNDR +Council Tax)		<b>The ratio of financing costs to net revenue stream (General Fund) as a %</b>		
<b>Pr1 3</b>	<b>Estimates of the incremental impact of new capital investment decisions on Council Tax</b>	<b>£52.43</b>	£43.02	<b>£43.02</b>	0.00	0%
This is a notional amount indicating the amount of council tax band D that is affected by the capital programme in the budget report compared to existing approved commitments and current plans.						
<b>Pr1 4</b>	<b>Capital Financing Requirement</b>	<b>417.360</b>	411.850	<b>374.499</b>	-37.351	-9%
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. It is updated at end of the financial year.						
<b>Pr1 5</b>	<b>Authorised Limit for external debt</b>	<b>498.300</b>	474.380	<b>474.380</b>	0.00	0%
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movements and borrowing in advance of future need.						
<b>Pr1 6</b>	<b>Operational Limit for external debt</b>	<b>453.00</b>	431.25	<b>431.25</b>	0.00	0%
This has been set at the level of the capital financing requirement less the CFR items relating PFI and finance leases.						
<b>Pr1 7</b>	<b>Gross Borrowing exceeds capital financing requirement</b>	<b>No</b>	<b>No</b>	<b>No</b>		
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.						
<b>Pr1 8</b>	<b>Authority has adopted CIPFA Code of Practice for</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>		

	<b>Treasury Management</b>				
To ensure that treasury management activity is carried out within best professional practice.					
<b>PrI 9</b>	<b>Total principle sums invested for longer than 364 days must not exceed</b>	<b>5.0</b>	<b>25.0</b>	<b>5.0</b>	
The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.					
Prudential Indicator continued		Upper Limit	Lower Limit	Actual 2021/22	Actual Position at 31- August-22
PrI 10	Fixed Interest Rate Exposure	95.00%	40.00%	<b>89.47%</b>	<b>95.08%</b>
PrI 11	Variable Interest Rate Exposure	45.00%	0.00%	<b>10.53%</b>	<b>4.92%</b>
PrI 12	<b><i>Maturity Structure of Borrowing</i></b>				
	Under 12 months	25.00%	0.00%	<b>22.94%</b>	<b>19.25%</b>
	12 months and within 24 months	25.00%	0.00%	<b>10.53%</b>	<b>1.64%</b>
	24 months and within 5 years	40.00%	0.00%	<b>14.32%</b>	<b>24.44%</b>
	5 years and within 10 years	50.00%	5.00%	<b>2.07%</b>	<b>0.00%</b>
	10 years and above	85.00%	30.00%	<b>50.14%</b>	<b>54.67%</b>

## Local Indicators as at 31<sup>st</sup> August 2022

Local Indicators		Actual 2021/22	Target 2022/23	Actual Position as at 31- August-22	Variance to target		Met
					Numerical Variance	% Variance	
L1	Full compliance with prudential code	Yes	Yes	Yes	-	-	Y
L2	Average length of debt	16.44	Lower Limit 15 years, Upper limit 25 years	18.00	-	-	Y
This is a maturity measure and ideally should relate to the average lifespan of assets.							
L3a	Financing costs as a % of council tax requirement	7.15%	20.00%	5.37%	-14.63%	-73.15%	Y
L3b	Financing costs as a % of tax revenues	4.60%	12.50%	3.64%	-8.86%	-70.87%	Y
These are a variation to Prl 3 excluding investment income and including MRP (amount set aside to repay debt costs). The target figure of 12.5% represents an upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favorable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.							
L4	Net actual debt vs. operational debt	72.62%	85.00%	69.90%	-15.10%	-17.77%	Y
This assists the monitoring of the authority's debt position.							
L5	Average interest rate of external debt outstanding excluding OLA	3.59%	3.52%	3.74%	0.22%	6.35%	N
L6	Average interest rate of external debt outstanding including OLA	3.65%	3.62%	3.81%	0.19%	5.14%	N
The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council.							

L7	<b>Gearing effect of 1% increase in interest rate</b>	<b>3.69%</b>	5.00%	<b>3.85%</b>	<b>0.04%</b> <b>This would increase the average interest rate payable from 3.81% shown in L6 to 3.85%</b>	<b>Y</b>
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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	<b>Average interest rate received on STI vs. At Call rate</b>	<b>280.00%</b>	807.00%	<b>30.00%</b>	-777.00%	-96.28%	<b>N</b>
L9a	<b>AT call investments</b>	<b>0.10%</b>	0.10%	<b>0.80%</b>	0.70%	700.00%	<b>Y</b>
L9b	<b>Short Term Investments</b>	<b>0.38%</b>	0.50%	<b>1.04%</b>	0.54%	108.00%	<b>Y</b>
L9c	<b>Long Term Investments</b>	<b>1.11%</b>	0.80%	<b>0.90%</b>	0.10%	12.50 %	<b>Y</b>
L9d	<b>Property Fund Investments</b>	<b>3.45%</b>	3.34%	<b>3.56%</b>	0.22%	6.45%	<b>Y</b>
L10	<b>Average interest rate on all ST investments (ST and AT call)</b>	<b>0.29%</b>	0.45%	<b>0.97%</b>	0.52%	115.56%	<b>Y</b>
L11a	<b>Average rate on all investments (ex. Property fund)</b>	<b>0.38%</b>	0.48%	<b>0.97%</b>	0.49%	103.80%	<b>Y</b>
L11b	<b>Average rate on all investments (inc. property fund)</b>	<b>0.74%</b>	0.91%	<b>1.29%</b>	0.38%	41.58%	<b>Y</b>
L12	<b>% daily bank balances within target range</b>	<b>100%</b>	99%	<b>100%</b>	1.00%	1.01%	<b>Y</b>

This measures how good our daily cash flow prediction is. A figure of 98% and above indicates a high level of accuracy.