Walsall Council

You are hereby summoned to attend an **extra-ordinary** meeting of the Council of the Metropolitan Borough of Walsall to be held on **THURSDAY the 25TH day of FEBRUARY 2021 at 6.00 p.m.** in Microsoft Teams

Public access via: https://www.youtube.com/watch?v=8n1NV1ffgnc

Dated this 17th day of February 2021.

Yours sincerely,

Chief Executive.

The business to be transacted is as follows:

1. To elect a person to preside if the Mayor and Deputy Mayor are not present.

2. Apologies.

3. To approve as a correct record and sign the minutes of the meeting of the Council held on 18th January, 2021 (pages 8 to 11)

4. To approve a correction to the Minutes held on 27th February, 2020 (pages 12 – 21)

5. Declarations of interest.

   (Note: The Monitoring Officer has granted a dispensation to all members of the Council under Section 33 (3) of the Localism Act 2011 to allow members to participate, and vote, in item 9b- the setting of the Council budget and item 12- Independent Remuneration Panel)

6. **Local Government (Access to Information) Act, 1985 (as amended)**:

To agree that the public be excluded from the private session during consideration of the agenda items indicated for the reasons shown on the agenda.

7. Mayor's announcements.

8. To receive any petitions

9. To confirm the following recommendations of **Cabinet**:

(a) **Corporate Plan 2021-2022 refresh (pages 22 – 45)**

That the refreshed Corporate Plan be approved.

(Note: Report of Cabinet reproduced for this meeting with an updated Corporate Plan appended thereto)

(b) **Corporate Budget Plan 2021/22 to 2023/24, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2021/22. (Pages 46 – 241)**

(Notes: In accordance with Council procedure rule 17.8 "A recorded vote will be taken on any decision relating to the Council's budget or Council tax". Report of Cabinet reproduced in the reports booklet for this meeting)

The budget report referred on from Cabinet on 10 February 2021 delegated authority to the S151 Officer to make any necessary amendments, after consultation with the Leader (portfolio holder for finance), to take account of the final local government settlement; final levies and precepts; final grant allocations and final technical guidance or legislation on the budget, and to make any necessary amendments to the statutory determinations and council tax bands to take account of those changes and the resulting final analysis of the budget and for these amendments to be submitted and therefore recommended to Council at its meeting on 25 February 2021).

The final Police Precept has been formally received. The final Fire Precept has been received but awaiting formal notification:

- West Midlands Police and Crime Commissioner has increased the Police element of the council tax by an average band D of £15 for 2021/22, which equates to 9.23%.
- West Midlands Fire and Rescue Authority have increased their element of the council tax by 1.99% for 2021/22.

Neither of the above have any impact on the General Fund, however, there has been minor changes to the Fire precept on bands A and E-H, which are reflected in the revised valuation bands within this resolution.

The WMCA (Transport) Levy and Environment Levy have also been finalised and are reflected in this report. We are awaiting formal notification from the Environment Agency.

Our final 2021/22 central government finance settlement was confirmed on 10 February 2021, and is in line with the provisional settlement.

The Statutory determinations (council gross expenditure and income) have been amended to reflect notifications of grants received since the despatch of the budget report to Cabinet on 10 February 2021. There are also still a number of final grant allocations to be received at this time, and officers will ensure that spend is adjusted to reflect final grant allocations, as appropriate.

The following revised recommendation incorporates the above changes. Due to the minor nature of these changes, and the fact that they have been incorporated into the revised resolution for Council, the updated Section B 'Corporate Budget Plan' has not been reproduced for this meeting but is available upon request.

Revised Recommendation:

That the following be approved:

3.3.1 *Revenue*

a) The financial envelope of resources for 2021/22 as set out in **Section B - Part 1** "The Revenue and Capital Budget Plan".

b) A Walsall Council net council tax requirement for 2021/22 of £132.55m and a 4.99% increase in council tax (inclusive of 3% precept for Adult Social Care).

c) That the recommendations of the S151 Officer in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves **be approved**, including the levels of central contingency and an opening general reserve of no less than £16.64m, as set out in the S151 Officer Section 25 statement in **Annex 12** of the Budget Plan**.**

d) The final levies below for outside bodies:

LEVY	AMOUNT (£)
West Midlands Combined Authority Transport Levy	**11,182,889**
Environment Agency	**83,781**

e) The following statutory determinations (references are to the Local Government Finance Act, 1992 as amended), and subject to any final changes arising from receipt of final specific grant allocations, and technical/legislative guidance:

I. **£660,041,370** being the aggregate gross expenditure, which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act.

II. **£527,495,589** being the aggregate income which the council estimates for the items set out in Section 31A(3) (a) to (d) of the Act.

III. **£132,545,781** being the amount, by which the aggregate at (e) (I) above exceeds the aggregate at (e) (II), calculated by the council in accordance with Section 31A(4) of the Act, as its council tax requirement for the year.

IV. **£1,871.87** being the amount at (e) (III) above**,** divided by the council tax base of 70,809.41, calculated by the council in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (average council tax at band D).

V. Valuation bands

Being amounts given by multiplying the amount at (e) (IV) above by the number which, in the proportion set out in Section 5 (1) of the Local Government Act 1992, is applicable to dwellings listed in valuation band D, calculated by the council in accordance with Section 30 and 36 of the Act as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

A	B	C	D
1,247.91	1,455.90	1,663.88	1,871.87
E	**F**	**G**	**H**
2,287.84	2,703.81	3,119.78	3,743.73

f) The final precepts from the Fire and Rescue Authority and the Police and Crime Commissioner, issued to the Council in accordance with Section 40 of the Local Government Finance Act, 1992, for each of the categories of dwelling shown below:

PRECEPTING AUTHORITY	VALUATION BANDS			
Police And Crime Commissioner	**A**	**B**	**C**	**D**
	118.37	138.09	157.82	177.55
	E	**F**	**G**	**H**
	217.01	256.46	295.92	355.10
Fire & Rescue	**A**	**B**	**C**	**D**
	42.02	49.03	56.03	63.04
	E	**F**	**G**	**H**
	77.04	91.05	105.06	126.07

g) That having calculated the aggregate in each case of the amounts at (e) (v) and (f) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts of council tax for 2021/22 for each of the categories of dwellings shown below:

A	B	C	D
1,408.30	1,643.02	1,877.73	2,112.46
E	**F**	**G**	**H**
2,581.89	3,051.32	3,520.76	4,224.90

h) That notice **be given** of the council tax within twenty one days of it being set by publishing details of the same in the "Express and Star" newspaper circulating in the Authority's area.

i) That the S151 Officer **be instructed** to take all necessary action in relation to council tax, community charge and national non-domestic rates, including, where appropriate, the signing of all documents, billing, the giving of notices and the taking of necessary steps to ensure collection thereof.

j) That the S151 Officer **be given delegated authority** to make transfers to and from reserves in order to ensure that reserves are maintained as necessary and in particular, adjusted when reserves are no longer required, or need to be replenished.

k) That, pursuant to Section 52ZB and 52ZC of the Local Government Finance Act 1992, the relevant basic amount of council tax for the Council is not excessive in relation to determining whether a referendum is required.

3.3.2 Capital

a) The allocation of capital expenditure plans as set out in **Section B - Part 1** "The Revenue and Capital Budget Plan" and that the capital and leasing programme as set out in **Annex 9 be approved** bearing in mind the principle that unless affordable from within current resources, specific projects funded by borrowing will not be commenced until a payback agreement is in place. Schemes funded from grant will commence when final allocations are published. Reserve list items will only commence should funding become available during the financial year.

b) That the S151 Officer be **given delegated authority** to determine how each source of finance is used to fund the overall capital programme and to alter the overall mix of financing as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the council.

c) That the S151 Officer, after consultation with the Leader (portfolio holder for finance), be **given delegated authority** to release capital resources held back for any contingent items that may arise (earmarked capital receipts for essential or emergency spend), and also for any match funding requirements that may be required of the Council in order to secure additional external capital funding (e.g. bids for government or other funding).

d) The Capital Strategy set out in **Annex 8** of the Budget Plan **be approved**.

e) The Flexible Use of Capital Receipts Strategy set out in **Annex 11** of the Budget Plan be approved.

3.3.3 Treasury Management

a) **Section B – Part 2A** – The Treasury Management and Investment Strategy 2021/22 onwards, including the council's borrowing requirement, borrowing limits, and the adoption of the prudential indicators**, be approved**.

b) That decisions to effect movements between conventional borrowing and other long term liabilities, such as leases, **be delegated** to the S151 Officer.

c) That decisions to use capital receipts or borrowing within the framework of approved prudential indicators **be delegated** to the S151 Officer.

d) **Section B – Part 2B** – Treasury Management Policies**, be approved**.

10. To confirm the following recommendation of the **Personnel Committee**:

Pay policy statement and living wage 2021/22 (page 242 – 275)

Since the Pay Policy was considered by Personnel Committee on 8th February, 2021, the Government has issued Guidance (dated Friday 12th February, 2021) confirming that the **cap,** introduced via the Restriction of Public Sector **Exit** Payments Regulations 2020 (which came into force on 4th November, 2020), on **exit** payments in the public sector may have had unintended consequences and should be **revoked.**

Guidance confirms that affected bodies should continue practices in place prior to the introduction of the 2020 Regulations until such time that further Regulations are made by Central Government. As such, the recommendation to Council is:-

(1) That Council approve the Pay Policy Statement for 2021/2022 subject to the following amendment:-

Paragraph 17. – existing wording removed and replaced with:-

17.1 Exit payments will be paid in accordance with any prevailing legislation.

17.2 Exit payments will be subject to recovery in accordance with any prevailing legislative requirements.

(2) That Council approve the continuation of the living wage as detailed in the Pay Policy (section 6.5) and section 4.2, option a) of the report submitted.

(Note: Report of Cabinet reproduced for this meeting)

11. **Appointment of Independent Persons (pages 276 – 279)**

That Council confirms the appointments of:-

(a) Sureya Ajaz as Independent Person on Audit Committee and Standards Committee; and
(b) Deborah Mardner and Carl Magness as Independent Persons on Standards Committee.

12. **Independent Remuneration Panel (pages 280 – 297)**

To consider and agree one, or a combination of the recommendations as set out in the report of the Independent Remuneration Panel for a scheme of allowances to be implemented from April 2021.

(Note: Report enclosed)

13. **Membership of Committees.**

To note that that Councillor Nawaz has replaced Councillor Jeavons for the remainder of the municipal year on Corporate Parenting Board and Children's Services Overview and Scrutiny Committee.

Walsall Council

Minutes of the **MEETING** of the Council of the Walsall Metropolitan Borough held on **Monday 18th January, 2021 at 6.00 p.m. Digital meeting via Microsoft Teams.**

Held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020; and conducted according to the Council's Standing Orders for Remote Meetings and those set out in the Council's Constitution.

Present

Councillor P. Bott (Mayor) in the Chair

Councillor R. Burley (Deputy Mayor)
“ G. Ali
“ B. Allen
“ A.J.A. Andrew
“ D.J. Barker
“ H. Bashir
“ M.A. Bird
“ C. Bott
“ O. Butler
“ B. Chattha
“ A.G. Clarke
“ S.J. Cooper
“ D. Coughlan
“ S.P. Coughlan
“ S.R. Craddock
“ C.U. Creaney
“ S.K. Ditta
“ K. Ferguson
“ J. Fitzpatrick
“ M. Follows
“ N.Z. Gultasib
“ A.D. Harris
“ L.A. Harrison
“ A.J. Hicken
“ K. Hussain
“ D. James
“ L.D. Jeavons
“ S. Johal

Councillor T.J. Jukes
“ P. Kaur
“ Mrs. R.A. Martin
“ F. Mazhar
“ J. Murray
“ S. Nasreen
“ A.A. Nawaz
“ M. Nazir
“ A.S. Nazir
“ G. Perry
“ W. Rasab
“ L.J. Rattigan
“ I.C. Robertson
“ S. Samra
“ H.S. Sarohi
“ K. Sears
“ I. Shires
“ C.A. Statham
“ M.A. Statham
“ C.D.D. Towe
“ A. Underhill
“ M. Ward
“ V.J. Waters
“ T.S. Wilson
“ R.V. Worrall
“ A. Young

109. **Welcome**

At this point, the Mayor opened the meeting by welcoming everyone to the first virtual meeting of the Council.

The rules of procedure and legal context in which the meeting was being held was explained and members of the public viewing the meeting were directed to the papers which could be found on the Council's Committee Management Information system (CMIS) webpage.

All members confirmed that they could see and hear the proceedings.

110. **Apologies**

Apologies for non-attendance was submitted on behalf of Councillors Douglas Maul, Longhi, Neville, Sohal and Wade

111. **Minutes**

The Mayor moved approval of the minutes of the meeting held on 14th September, 2020, subject to Minute 106 (2) being amended to remove the word 'vice' to read:-

That the Council confirm the appointment of Councillor Rasab as Chair of the Committee.

This was duly seconded by Councillor Bird. The motion was put to the vote by way of a roll-call, declared carried and it was:

Resolved

That the minutes of the meeting held on 14th September 2020, copies having been sent to each member of the Council, be approved as a correct record subject to Minute 106 (2) being amended to remove the word 'vice' to read:-

That the Council confirm the appointment of Councillor Rasab as Chair of the Committee.

112. **Declarations of interest**

There were no declarations of interest.

113. **Local Government (Access to Information) Act, 1985 (as amended)**

There were no items in private session.

114. **Mayor's announcements**

There were no announcements made.

115. **Petitions**

No petitions were received.

116. **Mayoralty 2021/22**

It was **moved** by Councillor Nawaz, Seconded by Councillor Hussain and

Resolved (by roll call)

(a) Mayor Elect

That Councillor Rose Burley be nominated as Mayor of the Walsall Metropolitan Borough Council for the municipal year 2021/22; and

(b) Deputy Mayor Elect

That Councillor Harbans Sarohi be nominated as Deputy Mayor of the Walsall Metropolitan Borough Council for the 21/22 Municipal Year.

117. **Recommendations of Cabinet**

(a) **Treasury Management midyear position statement 2020/21**

The report to Cabinet on 9th December, 2020 was submitted.

Councillor Bird moved the approval of the recommendation which was seconded by Councillor Andrew.

The motion was put to the vote by way of a roll-call of members and subsequently declared carried and it was:

Resolved

(1) That the mid-year position statement for treasury management activities 2020/21 including prudential and local indicators be noted; and

(2) That the use of Link Asset Services to provide a Treasury Management training session via Microsoft Teams for all Members be approved.

(b) **Walsall Allotments Boundary Review**

The report to Cabinet on 9th December, 2020 was submitted.

Councillor Bird moved the approval of the recommendation which was seconded by Councillor Andrew.

The motion was put to the vote by way of a roll-call of members and subsequently declared carried and it was:

Resolved

That an amendment to the Capital Programme of £260k to fund the allotment boundary improvement works be approved.

The meeting terminated at 6.55 p.m.

Item 4.

Council – 25th February, 2021

Correction of Minutes held on 27th February, 2020

1. PURPOSE OF REPORT

To advise of a procedural matter in relation to records of minutes and seek approval to amend the record of the minutes of the meeting held on 27th February, 2020.

2. RECOMMENDATIONS

That:-

(a) Subject to approval of recommendation (b) below, the Monitoring Officer make a note against the original minutes indicating the subsequent corrections; and

(b) That the Minutes of the meeting held on 27th February, 2020 and approved on 14th September, 2020 be amended to correct an inaccuracy subsequently discovered, as set out in appendix 'A' to this report.

3. REPORT DETAIL

3.2 The Minutes of the meeting held on 27th February, 2020 contained a resolution which referred to the financial envelope of resources 2019/20. This should have referred to 2020/21. Due to this, a report is required to correct the drafting error by resolution. This will ensure that the minutes correctly reflect the agreed resolution as approved by Council at the meeting on 27th February, 2020.

3.3 There is a legal requirement for the Council to keep an accurate record of committee decisions. This is done by way of minutes. It is permissible to correct a set of minutes on the grounds of their accuracy. This usually occurs at the next available meeting when the minutes are submitted for approval. However, where an inaccuracy is later discovered, the committee should, by resolution, amend the record of their decision despite their having been already approved and signed as a correct record at a previous meeting.

3.4 Should Council agree to the recommendations as set out in paragraph 2 - the Monitoring Officer will make a note against the original minutes indicating the subsequent corrections.

3.5 It should be noted that the certified resolution of the minute and the Statutory Notice relating to Council Tax were correct. It is only the record of the decision, the minutes, which require correcting.

4. LEGAL IMPLICATIONS

4.1 The Council is under a duty to keep an accurate record of proceedings.

4.2 The minutes of a Committee meeting, when written up and entered in the minute book, are presented to the following Committee meeting for confirmation. Confirmation is not required before the minutes can be acted upon by officers: the decisions taken at a meeting are of immediate effect. The minutes are, however, the public record of those decisions and therefore are put to the following meeting, for confirmation of their accuracy. The Committee cannot reopen debate upon any matter in the minutes when being asked to confirm them as a proper record of the previous meeting. They are simply confirmed as a correct record of the previous meeting.

4.3 If a member of the Committee considers there to be an inaccuracy in the minutes presented, the minute of the meeting confirming the minute should record that the minutes were approved subject to the following correction and then set out the correction.

4.4 Once minutes have been confirmed, the minutes cannot be altered in any circumstances whatsoever. If an inaccuracy is discovered after the minutes have been signed as confirmed, the inaccuracy can only be corrected by resolution of the Committee. In these circumstances, the minute of the meeting addressing the inaccuracy should record:

> The minutes of the meeting held on [ ] approved by the Committee and signed by the chairman at the meeting on [ ] be amended in the following respect to correct an inaccuracy subsequently discovered: …

4.5 No amendment may be made to the original inaccurate minute other than for the Monitoring Officer to note, in pencil, that there has been a subsequent correction.

5. FINANCIAL IMPLICATIONS

5.1 There are no direct financial implications of this report.

6. WARD(S) AFFECTED

None.

7. CONSULTEES

Officers in Legal Services have been consulted in the preparation of this report.

8. BACKGROUND PAPERS

None.

Author

Neil Picken
Senior Democratic Services Officer
☎ 654369
✉ neil.picken@walsall.gov.uk

Appendix A

94. **Recommendation of Cabinet – Corporate Budget Plan 2019/20 to 2022/23 and treasury management and investment strategy 2020/21**

The Mayor reminded members that a recorded vote would be required on the final budget recommendation.

He also said that the final precepts and settlements had now been received and there were no changes to the figures in the budget recommendation.

It was **moved** by Councillor Bird and seconded by Councillor Andrew:

That the following be approved:

(1) *Revenue*

a) The financial envelope of resources for 2020/21 as set out in **Section A: Part 1** "The Revenue and Capital Budget Plan".

b) A Walsall Council net council tax requirement for 2020/21 of £127.566m and a 3.99% increase in council tax (inclusive of 2% precept for Adult Social Care).

c) That the recommendations of the S151 Officer in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves **be approved**, including the levels of central contingency and an opening general reserve of no less than £13.55m, as set out in **Annex 12** of the Budget Plan**.**

d) The final levies below for outside bodies:

LEVY	AMOUNT (£)
West Midlands Combined Authority Transport Levy	**11,146,812**
Environment Agency	**82,739**

e) The following statutory determinations (references are to the Local Government Finance Act, 1992 as amended):

I. **£641,492,969** being the aggregate gross expenditure, which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act.

II. **£513,926,831** being the aggregate income which the council estimates for the items set out in Section 31A(3) (a) to (d) of the Act.

III. **£127,566,138** being the amount, by which the aggregate at (e) (I) above exceeds the aggregate at (e) (II), calculated by the council in accordance with Section 31A(4) of the Act, as its council tax requirement for the year.

IV. **£1,782.90** being the amount at (e) (III) above**,** divided by the council tax base of 71,549.80, calculated by the council in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (average council tax at band D).

V. Valuation bands

Being amounts given by multiplying the amount at (e) (IV) above by the number which, in the proportion set out in Section 5 (1) of the Local Government Act 1992, is applicable to dwellings listed in valuation band D, calculated by the council in accordance with Section 30 and 36 of the Act as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

A	**B**	**C**	**D**
1,188.60	1,386.70	1,584.80	1,782.90
E	**F**	**G**	**H**
2,179.10	2,575.30	2,971.50	3,565.80

f) The draft precept from the Fire and Rescue Authority and the Police and Crime Commissioner, issued to the Council in accordance with Section 40 of the Local Government Finance Act, 1992, for each of the categories of dwelling shown below:

PRECEPTING AUTHORITY	**VALUATION BANDS**			
Police And Crime	**A**	**B**	**C**	**D**
	108.37	126.43	144.49	162.55
	E	**F**	**G**	**H**
	198.67	234.79	270.92	325.10
Fire & Rescue	**A**	**B**	**C**	**D**
	41.20	48.07	54.93	61.81
	E	**F**	**G**	**H**
	75.54	89.27	103.01	123.61

g) That having calculated the aggregate in each case of the amounts at (e) (v) and (f) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts of council tax for 2020/21 for each of the categories of dwellings shown below:

A	**B**	**C**	**D**
1,338.17	1,561.20	1,784.22	2,007.26
E	**F**	**G**	**H**
2,453.31	2,899.36	3,345.43	4,014.51

h) That notice **be given** of the council tax within twenty one days of it being set by publishing details of the same in the “Express and Star” newspaper circulating in the Authority’s area.

i) That the S151 Officer **be instructed** to take all necessary action in relation to council tax, community charge and national non-domestic rates, including, where appropriate, the signing of all documents, billing, the giving of notices and the taking of necessary steps to ensure collection thereof.

j) That the S151 Officer **be given delegated authority** to make transfers to and from Reserves in order to ensure that reserves are maintained as necessary and in particular, adjusted when reserves are no longer required, or need to be replenished.

k) That, pursuant to Section 52ZB and 52ZC of the Local Government Finance Act 1992, the relevant basic amount of council tax for the Council is not excessive in relation to determining whether a referendum is required.

(2) <u>*Capital*</u>

a) The allocation of capital expenditure plans as set out in **Section A: Part 1** "The Revenue and Capital Budget Plan".

b) That the capital and leasing programme set out in the following tables **be approved** bearing in mind the principle that unless affordable from within current resources, specific projects funded by borrowing will not be commenced until a payback agreement is in place. Schemes funded from grant will commence when final allocations are published. Reserve list items will only commence should funding become available during the financial year.

c) That the S151 Officer be **given delegated authority** to determine how each source of finance is used to fund the overall capital programme and to alter the overall mix of financing as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the council.

d) That the S151 Officer, in consultation with the Leader (portfolio holder for finance), be **given delegated authority** to release capital resources held back for any contingent items that may arise (earmarked capital receipts for essential or emergency spend), and also for any match funding requirements that may be required of the Council in order to secure additional external capital funding (e.g. bids for government or other funding).

e) The Capital Strategy set out in **Annex 10** of the Budget Plan **be approved**.

f) The Flexible Use of Capital Receipts Strategy set out in **Annex 11** of the Budget Plan be approved.

CAPITAL PROGRAMME – COUNCIL FUNDED SCHEMES			
Scheme	**2020/21 £**	**2021/22 £**	**2022/23 £**
Rolling Programme Schemes			
Memorial Safety in Walsall cemeteries	40,000	20,000	20,000
Highway Maintenance Programme – legal responsibility to maintain the highway network	2,800,000	2,800,000	2,800,000
Aids and Adaptations, Preventative Adaptations and Supporting Independence	400,000	400,000	400,000
Health through warmth	75,000	75,000	75,000
Funding to support essential works including health and safety	750,000	750,000	750,000
Ongoing implications of prior year approvals (new spend)			
Supporting transformation - Looked after children – out of borough placements	150,000		
Traffic Signals - Replacement of obsolete traffic signal control equipment	200,000	200,000	200,000
Provision of community dropped crossings along footways	20,000	20,000	
Promotion of Community Health and Safety	120,000	120,000	
Open water safety schemes – signage	5,000	2,000	
M6 Junction 10 road improvements in partnership with Highways England (grant)			650,000
Walsall Arboretum Extension and Country Park – infrastructure improvements		190,000	
New rail stations at Willenhall, Darlaston and Aldridge – local 10% contribution		1,500,000	1,500,000
Yorks bridge – increased funding for construction of replacement bridge		750,000	750,000
Willenhall Lane Cemetery Extension / Development of land for burials	525,600		
Strategic Acquisition for Third Sector Hub and operational accommodation - purchase of accommodation to support the formation of a third sector co-located hub and provide additional office accommodation for the council to support its ongoing rationalisation of its operational estate.	1,845,550	219,373	
Regional Materials Recycling Facility Project –Cabinet on 4 September 2019 approved for the Council to enter into a Joint Working Arrangement with 5 partner councils in order to facilitate the delivery stage of a local authority owned Materials Recycling Facility.	2,429,000	4,758,000	2,722,000
DfT Highways Challenge Fund Bid – funding to improve the quality of roads	260,000	260,000	
Enterprise Zones business investment as part of the Black Country LEP	4,185,088	10,599,915	9,715,704
Willenhall Lane Travellers site pumping station pump replacement	44,400		
ICT telephony cloud based system	500,000		
Civic Centre window replacement – improving energy efficiency		1,307,025	
Civic Centre plumbing – non heating related		66,600	
Council House general heating	1,085,000	1,085,000	

Scheme	2020/21 £	2021/22 £	2022/23 £
Council House internal decoration	55,500		
Walsall Proud Programme – Enabling Technology work stream	10,200,000		
New Capital Bids			
Darlaston Pool – health & safety fall arrest system	11,000		
Children's Locality Model – transformation to connect services and professionals by integrating staff into communities	73,000		
Upgrade of CCTV cameras in Bloxwich, Leamore, Willenhall, Darlaston, Palfrey and Caldmore	432,000	200,000	
School estate condition surveys		250,000	250,000
School temporary classrooms – ongoing provision for improving / replacing permanent mobile classrooms when they reach a state of disrepair		250,000	250,000
Rolling capital maintenance – to fund essential maintenance of council owned buildings	250,000		
Council House roof repairs		750,000	750,000
Replacement of tablet technology – rollout of new technology to enable agile working			2,250,000
Smartphones – replacement of current mobile phone devices from 2021/22		200,000	200,000
Proud card payments, digital website – to ensure council remains PCI compliant and allows for citizens to pay for services on line	500,000	500,000	
Maintaining a safe and secure environment – hardware and software upgrade	100,000	100,000	200,000
Flexible Use of Capital Receipts Strategy	4,000,000	0	0
Revised council payments system linked to the Enabling Technology work stream	265,000	0	0
Total Capital Programme – Council Funded Schemes	**31,321,138**	**27,372,913**	**23,482,704**

CAPITAL PROGRAMME 2020/21 - SCHEMES FUNDED FROM EXTERNAL SOURCES	Estimated Value £
Growth Deal (grant)	32,948,081
LTP Highway Maintenance Programme (grant)	1,943,000
West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	1,276,300
DfT Highways Maintenance Incentive Fund	405,000
DfT Pothole Action Fund	154,600
Land and Property Investment Fund	22,348,000
Disabled Facilities Grant –supports the council's statutory requirement to provide disabled facility grants (DFGs) (grant).	2,894,013
Integrated Community Equipment Store – specialised equipment as part of BCF (grant)	810,000
Basic Need school allocation (grant)	1,322,344
Devolved Formula Capital school allocation (grant)	544,028
Capital Maintenance school allocation (grant)	2,071,685
Special provision fund – provision for pupils with special educational needs (grant)	319,229
Total Capital Programme – External Funded Schemes	**67,036,280**

CAPITAL PROGRAMME RESERVE LIST 2020/21 – COUNCIL FUNDED SCHEMES	Estimated Value £
Further provision for Preventative / Aids and Adaptations and Supporting Independence	250,000
Further provision for Health Through Warmth – tackling fuel poverty	75,000
Darlaston Leisure replacement boilers	250,000
North Walsall Cemetery – drainage improvements to solve long standing localised flooding on site	252,000
Bloxwich Leisure landing remodel – invest to save	150,000
Oak Park poolside seating – invest to save	26,000
Darlaston Leisure steam room generator replacement	4,000
CCTV replacement for Darlaston Leisure	4,000
CCTV replacement system for Gala Baths and Oak Park overflow car park	12,000
Walsall Arena and Arts Centre – creation of new theatre bar and associated facilities – invest to save	15,000
Walsall Arena and Arts Centre – new tiered seating in theatre	15,000
Cemetery and Crematorium – replacement roads, pathways, pothole repairs	100,000
Registry Office phase 2 – redesign to reception and ceremony areas	10,000
Air Quality Monitoring stations – replacement units	70,000
Cloud 2 – ICT transformation as part of Walsall Proud Programme	500,000
Replacement guillotine in print room	35,000
Purchase of UV printer for promotional materials in print room	25,518
Total	**1,793,518**

LEASING PROGRAMME 2020/21	Expenditure £
Refuse vehicles	1,860,000
Light commercial vehicles	1,892,000
Tractors and agricultural machinery	156,000
Welfare vehicles	496,000
Total	**4,404,000**

(3) *Treasury Management*

1 That Section A – Part 2A – The Treasury Management and Investment Strategy 2020/21 onwards, including the council's borrowing requirement, borrowing limits, and the adoption of the prudential indicators, be approved.

2. That decisions to effect movements between conventional borrowing and other long term liabilities, such as leases, be delegated to the S151 Officer.

3. That decisions to use capital receipts or borrowing within the framework of approved prudential indicators be delegated to the S151 Officer.

4. That Section A – Part 2B – Treasury Management Policy statement, be approved.

Cabinet – 10 February 2021

Corporate Plan 2021-22

Portfolio:	Councillor Bird
Related portfolios:	All
Service:	Policy and Strategy Unit
Wards:	All
Key decision:	Yes
Forward plan:	Yes

1. Aim

1.1 To present the Council's one-year Corporate Plan (2021/22) to Cabinet and then to Council seeking agreement on the content and format.

1.1.1 This one-year Plan will be a refreshed version of the 2018-21 Corporate Plan. A three-year Corporate Plan will be published for 2022-25, which will be a more comprehensive document, will outline medium term plans and align with the Council's Budget Outcomes.

2. Summary

2.1 The Local Government Act 2000 gave councils collective responsibility for approving its policy framework and budget. A Corporate Plan covers four years, articulating the strategic direction for the Council and how it intends to measure its success. The Council's most recent Corporate Plan covered the period 2018 – 2021, which was to be succeeded by the new Corporate Plan for 2021-25.

2.1.1 The new Corporate Plan (for 2021 – 2025) was to be informed by an updated:
- Joint Strategic Needs Assessment,
- Joint Health and Wellbeing Strategy (the Walsall Plan),
- Community Safety Needs Assessment and
- Local Economic Needs Assessment.

Substantial development of these (four) assessments has been delayed due to the Council's response to COVID-19.

2.2 The COVID-19 pandemic has had a significant impact in global, national and local communities - some of which have been noted and others can be predicted. However, as this pandemic is ongoing, there is no way of knowing the many consequences, which will have an impact on the needs of the Borough of Walsall and a subsequent response from Walsall Council.

2.3 The proposal is to have a Corporate Plan running for 2021-22, which will build on the current Corporate Plan outlining areas of focus, outcomes with markers of success as well as highlight some responses received from the 2020 Residents' Survey.

2.4 This will enable the Council to undertake update the four assessments; carry out further research, analysis and to listen to our communities regarding lessons learned from 2018 and in particular during the pandemic which will inform the 2022-25 Corporate Plan.

3. Recommendations

3.1 That Cabinet supports the refreshed 2021-22 Corporate Plan, as appended to the report.

3.2 That the refreshed 2021-22 Corporate Plan be referred to Council for approval.

4. Report detail - know

Context

4.1 Every local authority has a requirement to have a Corporate Plan that articulates the strategic direction for the Council and how it measures its success.

4.2 The Council's current Corporate Plan ends in 2021 with a new 4-year plan to be developed in 2020. The new 4-year plan was to be informed by updated strategic assessments including the Joint Strategic Needs (and assets) Assessment; Community Safety and Economic assessments.

4.3 2020 encountered the start of the global COVID-19 pandemic, and the Council needed to revert resources to manage the impact of the pandemic resulting in the response, engagement in development and completion of these assessments being significantly delayed.

4.3.1 The COVID-19 pandemic has had, and will continue to have, an impact on Walsall communities – some of which have been identified and/or understood. However, while it has been acknowledged that there are potentially many more impacts to be identified or to come, where the fallout has not been possible to project or not fully understood has placed councils in the vulnerable position of not knowing what will be required of councils and how they will need to to act differently to mitigate these impacts.

4.4. The 2021-22 Plan (Appendix 1) builds on the previous (2018-21) Plan with the same vision of *Inequalities are reduced and all potential is maximised.*

4.4.1 The Plan sets out 5 areas of focus (EPICC), 10 outcomes and 20 markers of success to assess progress in delivery of the plan.

4.5 Our values (Professionalism, Leadership, Accountability, Transparency, Ethical - PLATE) continue to shape how we as a Council will work with our local communities and influence our choices and behaviours.

Council Corporate Plan priorities

4.6 The 2021-22 reaffirms the five areas of focus for the Council (EPICC):

1. Economic Growth for all people, communities and businesses
2. People have increased independence, improved health and can positively contribute to their communities
3. Internal focus. All council services are efficient and effective
4. Children have the best possible start and are safe from harm, happy, healthy and learning well
5. Communities are prospering and resilient with all housing needs met in safe and healthy places.

Risk management

4.7 There are no specific risks identified in the agreement of the Plan for 2021-22.

4.8 Any future large-scale response to COVID-19 may further delay any planned engagement and development that would inform the Plan for 2022-25:
- strategic needs and asset assessments,
- community listening events, and
- research.

Financial implications

4.9 The Plan provides the strategic direction of financial investments, informs such decisions in the future and aligns the Council's budget to agreed outcomes.

4.10 There are no specific financial implications of this report. It is expected that the one-year Plan will be delivered within the Council's 2021-22 Budget, as approved at Cabinet.

Legal implications

4.11 There are no direct legal implications from this report.

Procurement Implications/Social Value

4.12 There are no direct procurement implications from this report.

Property implications

4.13 There are no direct property implications from this report.

Health and wellbeing implications

4.14 The successful implementation of the Corporate Plan will play a significant part in having a positive impact on the health and wellbeing of our residents. The

Corporate Plan highlights the Council's intentions ensuring the reduction of inequalities and equipping Walsall residents with the foundations to lead good, independent lives.

Staffing implications

4.15 There are no direct staffing implications from this report.

Reducing Inequalities

4.16 The Aim of the Corporate Plan is to articulate the Council's plan to reduce inequalities and maximise potential. In the delivery of the Plan and by the assessment of the markers of success, we will monitor progress on this Aim. This will have implications for how the Council operates and makes its decisions, including the assessment of all impact and distribution of said impact/s.

4.17 In the development and delivery of this process, due regard to the EQIA and other duties placed upon the Council has be undertaken and considered.

Consultation

4.18 The updated Plan builds on the previous Corporate Plan with refinement of the narrative and markers of success. Community focus groups and community and staff surveys were undertaken in 2020, of which the highlights have been used to inform the 2021-22 Plan.

Other insights have been used to inform the framework of the Plan:

- an ethnographic study on what it is like to be a child in Walsall,
- participation in the *Beyond Us and Them Research* Project which explores how societal cohesion is affected by the COVID-19 crisis and
- feedback gleaned through the work of the Local Outbreak Engagement Board

4.19 Consultation has been carried out on the updated Plan with the Leader of the Council, Cabinet members, the Corporate Management Team and Directors group.

4.20 The Joint Strategic Needs (and assets) Assessment (JSNA); community safety and economic assessments will be updated in 2021/22:. Other engagement and listening events are to be planned throughout the year to inform the 2022/25 Corporate Plan.

5. Decide

5.1 Options

5.1.1 Having a new 2021-25 Corporate Plan, as originally planned, which would ensure the Council's target for four-yearly Plans was met. However, it should be noted the high probability of this 2021-25 Plan becoming outdated before the end of 2021 as it would potentially miss the assessment of the full impact of COVID-19 on our local community; not include the four assessment updates and therefore could omit significant areas on how the Council will need to respond to meet the needs of local residents. This option will significantly undermine the Council's ability to meet its Aim.

5.1.2 Having a refreshed one-year Corporate Plan (2021-22) that would build on the current 2018-21 Plan, will allow time for the assessment, evaluation and consideration of the impact of COVID-19 on the Borough – residents, assets and Council.

The Covid-19 pandemic has made significant impacts in global, national and local communities, with some of these already known. However there will be many consequences that are currently unknown, national reviews and subsequent government policy decisions; which will have an impact on the needs of the borough of Walsall and the subsequent response from the Council.

During 2021-22 the Council will complete the planned strategic assessments and undertake further listening and engagement activities with local residents, businesses, providers and staff to inform the 2022-25 Plan. This option will maximise the Council's ability to meet its Aim.

5.2 It is recommended that Cabinet and Council approve the publication of a 2021-22 Corporate Plan and the development of a new Corporate Plan for the remaining three years (2022-25) over the coming year. This would allow for an improved, more informed understanding of the impact of COVID-19 on our local community and the actions the Council will need to take to mitigate these impacts.

6. Respond

6.1 The strategic assessments planned already have a governance through the Health and Wellbeing Board, Community Safety Partnership and Town Deal Board and will be report to those boards over the coming year.

6.2 The Walsall Insight Group will oversee the operational development of these strategic assessments and involve all directorates across the Council, as well as other partners in the Borough.

6.3 The development of the 2022-25 plan will be the responsibility of the Policy and Strategy unit, with quantitative assessment in quarter 1, qualitative understanding and impact in quarter 2-3 and final agreement in quarter 4 of 2021-22. This is in line with, already agreed, strategic assessments i.e. JSNA.

6.4 These timelines are indicative and will work in parallel with the development of the medium-term financial plan and subsequent service transformation.

7. Review

7.1 Regular update reports will be given on the progress of the Plan to the Corporate Management Team and Cabinet members to ensure oversight and assurance of delivery for both the 2021/22 Plan and development of the 2022/25 Plan.

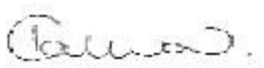
Background papers

Current (2018-2021) Corporate Plan: https://go.walsall.gov.uk/corporate-plan

Appendix 1: Walsall Corporate Plan 2021/22

Author

Stephen Gunther
Director of Public Health
✉ Stephen.Gunther@walsall.gov.uk



Kerrie Allward
Executive Director ASC

01 February 2021

Councillor Bird
Leader of the Council

01 February 2021

Walsall Council

Corporate Plan

2021-22

Inequalities are reduced and potential is maximised

DRAFT

Contents

DRAFT

Forward by the Leader of the Council

During the past year, I could not be more proud to represent the people of Walsall. The Borough's resilience and community spirit has been truly inspirational and also cements my previous statement of how privileged I feel to be working alongside committed elected members, partners and staff.

What has been wholeheartedly demonstrated during this period are our strong regional partnerships with all agencies who have worked together tirelessly to ensure that the changes needed to be implemented, in order to ensure that our residents are provided for, took place, which enabled the Borough to stay resilient.

While the challenges linked with reducing resources to drive the services we deliver remains areas to be continually addressed, I am pleased to report some significant successes such as:

(a) Balanced budget;
(b) Improved service developments
(c) Continued support to our local communities while responding to COVID-19.

We will publish a further 3-year plan for 2022-25, after taking a year to better understand the impacts of the global Covid-19 pandemic to better inform how the Council can respond to the needs of our residents and in line with our 4-year budget plan.

In October 2020, the Council conducted "The Impact of COVID-19: Residents' experience and wellbeing" survey which was posted to a random sample of 10,000 households and a further 2,000 distributed via community organisations and networks. It was also available to complete online. Almost 2,400 people responded. The findings of this survey have given the Council a clearer understanding of how communities in Walsall have been, and continue to be impacted by COVID-19 as well as identify residents' concerns and priorities for the future. Findings from this key piece of research are now being used to inform the Council's COVID-19 reset and recovery plans and ongoing service transformation.

Survey findings linked to the Council's Areas of Focus -

Economic: A third of respondents said that the pandemic had had a negative impact on their household finances. 26% of respondents in employment report that they had been furloughed at some point during the pandemic, which is broadly comparable to the national rate of approximately 25% at the height of the first lockdown.

People: The toll the pandemic has taken on people's mental and physical health is evident, with more than half of all respondents saying that their mental / emotional health had deteriorated during the lockdown. Almost a third said their physical health had also deteriorated. More detailed analysis shows there is a clear correlation between mental / emotional health and levels of physical activity reaffirming the wider benefits of exercise.

Survey findings show that more than four fifths of respondents remain worried about the pandemic, with most saying they are concerned about the safety of immediate family and friends, staying safe, concerns about people not following guidance and job security.

Internal Focus: Within a very short space of time the majority of the Council's workforce were required to work from home and our investment in technology has enabled us to largely continue delivering services in a relatively seamless manner.

Survey results show that almost two thirds of respondents interacted with the Council in some way during the pandemic, with digital methods (the website and email) being the most popular. More than a quarter of respondents telephoned the Council. Looking to the future digital methods remain residents' preferred way to contact the Council along with telephone.

Encouragingly more than two thirds of respondents rated their experience of contacting the Council during the pandemic as very or quite good.

Children: The provision of facilities and activities for teenagers is identified as a top priority in terms of its importance and need for improvement. With education provision also featuring as a priority area.

Communities: Nearly half of all respondents agreed that people in their neighbourhood pull together to improve the local area. An example of this resilience and community spirit is that a quarter of respondents volunteered or helped out in some way during the pandemic, the most common reason being to support vulnerable people in the community.

In support of the Council's resilient communities' model, most respondents agree that residents should be encouraged to take more responsibility for tackling straightforward problems, and that communities should be encouraged to come up with solutions to problems in their local area.

These results confirm that we are a resilient people and I want you to be assured that I will continue to work with the Council to ensure that issues raised are addressed so that Walsall remains a place to be proud of.

Councillor Mike Bird
Leader of the Council

Introduction by the Chief Executive

Welcome to this refreshed edition of Walsall Council's Corporate Plan. Due to the unprecedented climate/situation that we are currently in - regionally, nationally and globally - with the demands on our resources, we decided to publish an edition for 2021-22, which builds on our previous plans and has a greater focus on outcomes.

COVID-19 has unexpectedly made the Council, as well as our partners in the Borough, quickly significantly transform the way we work. This has made us rethink how best we can meet our three PROUD promises:

1. Improved customer experience
2. Improved staff satisfaction
3. Financial benefit and service efficiency

Adaptations to the way that we work, including online council meetings, supporting Children through digital means and mobilising community hubs to support our most vulnerable has humbled me on how agile and responsive our staff and teams are.

While we continue to address the immediate implications of this pandemic, which have created many unknowns with regards to the medium and longer term impacts to the Borough, we now plan to spend time considering these issues in more depth and with greater focus on inequalities.

This edition will highlight the Council's continued commitment to reducing inequalities and maximising all potential through the provision of services and much needed support to some of our most vulnerable residents as well as how the Council intends to continue managing the uncertainty of 2021.

The Council will be taking this year (2021/22) to learn, listen and understand the changed needs of the Borough and rebuild the foundation for the longer term view, which the Cabinet will discuss during the year and publish in detail in the 2022-25 Corporate Plan.

I would like to take this opportunity to thank our Key Workers for their commitment in keeping all essential services – education and childcare, health and social care, food and necessary goods – accessible for all. It is also appreciated that, in spite of the hardship felt, our residents and businesses have worked with us to keep people safe. I was heartened to learn that over a quarter of respondents to our survey – "The Impact of COVID-19: Residents' experience and wellbeing" - have volunteered during the pandemic and that for 36% it was the first time they had done so, with the main reason for volunteering being to support vulnerable people. This has had a positive result in that 25% of our respondents stated that they now feel more connected to their community than before the pandemic. We will be looking into how this can continue after the pandemic as this will assist in creating a resilient Walsall community.

Dr Helen Paterson
Chief Executive

Our Borough

This last year has tested the Borough's systems, infrastructure and partnerships to ensure that services are delivered and residents are fully supported throughout this most testing period. With Walsall's aim on reducing inequalities and maximising potential, the Council's survey - "The Impact of COVID-19: Residents' experience and wellbeing" – covered a wide range of themes, which will feed into future plans:

- **Resident health and wellbeing**: Around two-thirds of respondents feel that their general health is good, with just 9% feeling that it is poor. Older residents are significantly less likely to feel that their health is good, instead describing it as 'fair'.

  Around a third of respondents are clinically vulnerable to the virus (moderate risk), and two in ten live with or care for someone who is clinically extremely vulnerable (high risk). Respondents aged 65+ and those with a pre-existing health condition are at significantly higher risk. Those from Asian backgrounds are significantly more likely to be living with someone who is clinically extremely vulnerable (19% White vs 32% Asian).

- **Impact of the pandemic on employment and finances :** A third of respondents say that the pandemic has had a negative impact on their household finances. Younger respondents, those from BME backgrounds, and those furloughed, unemployed or self-employed are particularly likely to have suffered negative impacts.

- **Concerns about the virus :** Eight in ten respondents are worried about the Coronavirus pandemic, with three in ten feeling very worried. Worry is significantly higher where respondents have particular health issues, or are living with someone clinically extremely vulnerable.

- **Resident priorities :** Residents think levels of crime, clean streets and health services can be identified as the top three priority areas in Walsall over the next three years.

- **Sense of community :** Around a quarter of respondents have volunteered or helped out in some way during the pandemic. Most of these respondents have volunteered before. By far the most common reason for wanting to volunteer throughout the pandemic is to support vulnerable people. Elderly respondents and those with a health condition or low mental wellbeing are significantly more likely than average to mention the social benefits of volunteering.

- **Satisfaction with the Council's response to the pandemic and communications** : 67% of respondents who have interacted with the Council in the past six months would rate their experience as good. Respondents who have particular vulnerabilities or who are dissatisfied with the Council in other ways give lower scores.

Walsall's Proud Journey

Walsall Council is PROUD of our past, present and for our future. The Council is committed to reducing inequalities and ensuring all potential is maximised and its employment policies, procedures and guidelines are designed to support this vision and deliver the Council's priorities through:

- Improved staff satisfaction
- Improved customer experience
- Financial benefit and service efficiency.

With the many changes that have occurred this past year and the new way that we are currently living, working and providing services, we would like to present to you the achievements to date that have occurred by the Council over since 2018 at the start of the previous Corporate Plan. These have contributed towards the continued delivery of services within the Borough before and throughout the pandemic – and these improvements and changes have assisted in the way that we all have had to adapt locally, nationally and globally in the way that we live, work and play in Walsall. The Council has;

- Carried out a thorough engagement programme with council employees to ensure that everyone working for Walsall Council know that they have a voice to be heard and for the Council to continue learning

- Signed off £10m of realisable Walsall Proud Programme benefits

- The successful implementation of the Cloud Navigator programme and One Source, which played a significant part in the swift transition and continuation of services to be delivered:

    - through remote working – rapid rollout of laptops and phones, transitioning to a remote workforce in response to COVID-19

    - Setting up response and reset groups to deal with the impact of the pandemic

- Continued service-led transformation in Adults and Children's services and the collaborative creation of plans for further integrated working with partners

- Created and appointed to new key senior positions in areas including Customer Services, Communications and Administration & Business Support.

DRAFT

Our Aim:

Inequalities are reduced and all potential is maximised.

Our Values

Our Values highlight how the Council works with local communities and influences choice and behaviours through Professionalism, Leadership, Accountability, Transparency and Ethical working (PLATE).

The Council's values and behaviours will be at the core of everything the Council delivers and, through a culture of continuous improvement, the Council strives to increase performance, efficiency and champion the design of services to meet the needs of the Borough.

The Council is committed to creating an environment that provides opportunities for all residents and communities to fulfil their potential.

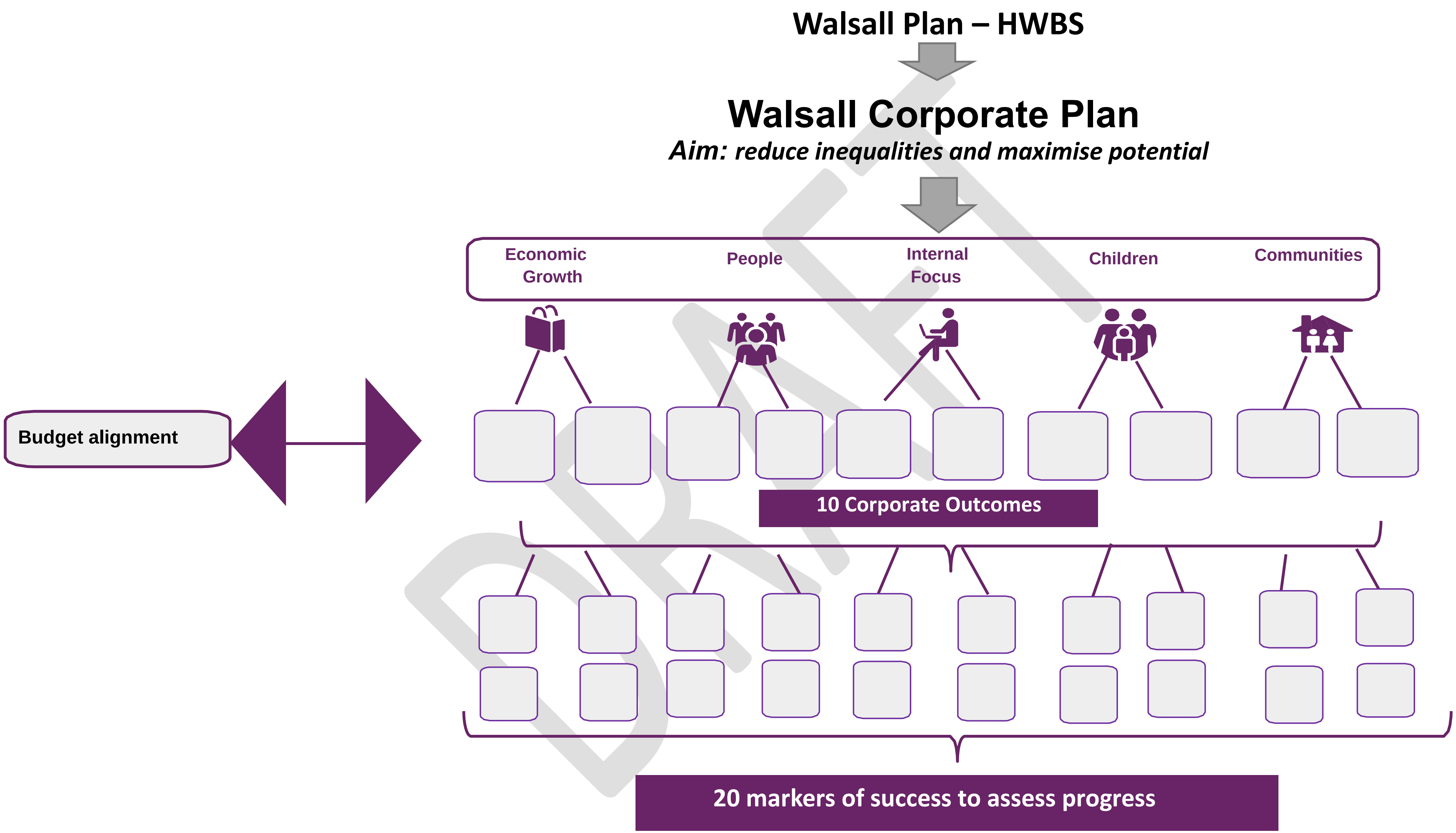
Strategic Intent / key strategies and plans

The aim and values of the Corporate Plan will be used as a "golden thread" throughout our strategies and key documents. We will use what we know about our community to shape how we meet their needs to reduce inequality and maximise their potential. Our strategic assessments i.e. Joint Strategic Needs Assessment, Community Safety Needs Assessment, Local Economic Needs Assessment will used to inform our decisions and updated versions feed into the 2022-25 Corporate Plan. Further research, analysis and consultations with communities will take place cover 2021-22 to update this understanding.

Walsall's 5 Priorities, 10 Outcomes and 20 Markers of Success

EPICC continues to be our focus, which are underpinned by our 10 outcomes for our residents. To ensure progress is measureable towards our outcomes over the year each outcome has two markers of success. These 20 Markers of Success will be the tools to measure progress over the year on achievement to Outcomes and reported to cabinet on a quarterly basis.

DRAFT


Walsall Plan – HWBS
Walsall Corporate Plan
Aim: reduce inequalities and maximise potential
Economic Growth
People
Internal Focus
Children
Communities
Budget alignment
10 Corporate Outcomes
20 markers of success to assess progress

PRIORITIES	OUTCOMES	MARKERS OF SUCCESS
Overall Aim: Inequalities are reduced and all potential is maximised		
ECONOMIC Growth for all people, communities and business	1. Creating an environment where businesses invest and everyone who wants a job can access one	1. Businesses accessible to staff, suppliers and customers. Transport networks free from defects and congestion.
		2. A combination of low unemployment figures and high vacancy figures
	2. Education, training and skills enable people to fulfil their personal development	3. Partnership working with businesses to offer apprenticeships, graduate programmes and training programmes for those wishing to re-enter the workforce
		4. Increase in local supported employment and educational opportunities for residents who have additional needs. Numbers of folk from hard to reach groups helped into training
PEOPLE have increased independences, improved health and can positively contribute to their communities	3. People live a good quality of life and feel that they belong	5. Increase in people accessing reablement opportunities. Less number of vulnerable residents who are in statutory services or having out of area placements
		6. Increase numbers of residents not requiring ongoing services and living independently in the community. Information and advice is accessible and signposting at the front door of community services
	4. People know what makes them healthy and they are encouraged to get support when they need it	7. Reduced numbers of residents having formal ASC assessments who are empowered to take control and informed choices with the correct information
		8. More people using active travel modes. Safe and convenient cycleways and footways
INTERNAL Focus – All Council services are efficient and effective	5. Internal services deliver quality and adapt to meet the needs of customer facing services	9. Smarter commissioning of service resulting in required outputs being delivered to realise quality outcomes
		10. Internal Services are regularly reviewed and delivered within budget.
	6. Services are efficient and deliver value for money	11. Internal Services have staff and processes able to adapt to meet the emerging needs of customers
		12. Online portals that allow self-service, payments and order tracking are in place for ease of use for all.
CHILDREN have the best possible start, are safe from harm, happy, healthy and learning well	7. Children thrive emotionally, physically, mentally and feel they are achieving their potential	13. Children have access to high quality education and training opportunities and schools are more inclusive. Children and young people engage with education, fewer children are excluded and educational outcomes improve.
		14. Children with special educational needs and disabilities are identified and supported effectively. Children in care and care leavers are supported physically and emotionally through access to health checks and health histories and are able to achieve their potential through high quality education, employment and training opportunities.
	8. Children grow up in connected communities and feel safe everywhere	15. Children, young people and families are involved in service design and development and the needs of children and families are well understood in each locality. Services and support is responsive to needs of different communities, partners are proactive in responding to these needs and children and families have easier and timelier access to services.
		16. Children and families are better connected with community resources to enable them to build resilience, are involved in developing their plans and can provide regular feedback. More children and young people are supported in their family home, the response in meeting the needs of vulnerable adolescents is local and proactive with risks around exploitation reduced and fewer young people enter the Criminal Justice system.

DRAFT

COMMUNITIES are prospering and resilient with all housing needs met in safe and healthy places that build a strong sense of belonging and cohesion	9. Housing meeting all people's needs - is affordable, safe and warm	17. Less residents in statutory building based services
		18. Increase in residents who are accessing community voluntary sector opportunities
	10. People are proud of their vibrant town, districts and communities – Paul Gordon	19. Council and partners maintain open communication with all communities and engage in cultural awareness resulting in wide range and high quality cultural offers
		20. High quality, well maintained public realm and safe community spaces

DRAFT

How the Council will deliver

There are multiple ways in which the Council could ‘Respond’ to deliver its outcomes. The Council could deliver, coordinate, influence, signpost, regulate or do nothing. The Council will use this framework to set the strategic intent to deliver the 10 outcomes and will help inform key decisions. The 20 Markers of Success are the performance measures that will be used to track quality and delivery of progress towards achieving the outcomes of the plan and form the basis of regular reports to Cabinet. The monitoring of these measures provides Cabinet with oversight of progress being made against the plan, which will ensure customer satisfaction and financial overview.

Financial planning and management: matching resources to the vision and delivering outcomes

Walsall Council exists to serve the people and communities of Walsall, by representing and working with them to protect and improve the quality of life for all, particularly the most vulnerable. We do this with limited resources and so must always work to ensure that public money is targeted to where it is most needed and used in the most efficient way possible. We are led by the communities we serve who help shape the services we provide and we help those communities to make a positive difference to their own lives through active civic engagement and co-operation.

It is aligned to its priorities and objectives and specifically the Council’s Corporate Plan and the Council’s Proud Programme of transformational change. It aims to achieve this through the delivery of efficiencies, income reviews and service reviews and redesigns to redirect existing and reducing resources to areas of high council priority in order to deliver the Council’s outcomes.

Summary of Corporate Revenue Budget 2020/21 by Outcome

Priorities	Outcomes	2020/21 £m
ECONOMIC Growth for all people, communities and business	**1. Creating an environment where business invests and everyone who wants a job can access one**	**4.27**
	2. Education, training and skills enable people to fulfil their personal development	**19.44**
PEOPLE have increased independences, improved health and can positively contribute to their communities	**3. People live a good quality of life and feel that they belong**	**62.16**
	4. People know what makes them healthy and they are encouraged to get support when they need it	**3.01**
INTERNAL Focus – All council services are efficient and effective	**5. Internal services deliver quality and adapt to meet the needs of customer facing services**	**15.75**
	6. Services are efficient and deliver value for money	
CHILDREN have the best possible start, are safe from harm, happy, healthy and learning well	**7. Children thrive emotionally, physically, mentally and feel they are achieving their potential**	**2.47**
	8. Children grow up in connected communities and feel safe everywhere	**58.98**
COMMUNITIES are prospering and resilient with all housing needs met in safe and healthy places that build a strong sense of belonging and cohesion	**9. Housing meeting all people’s needs - is affordable, safe and warm**	**1.92**
	10. People are proud of their vibrant town, districts and communities	**42.59**
		£210.59

DRAFT

Partnerships

Walsall Council will provide strong, fair, open and honest leadership for the Borough and its people and will work with all organisations that are willing to work in the best interests of Walsall and work towards improving outcome delivery to ensure maximisation of all potential.

The Council has partnerships with organisations and agencies in the health, voluntary and private sectors. These partnerships are competitively procured where required and appropriate to do so and negotiated to ensure the best value for money and considered outcomes. All arrangements are outcomes focused – to improve the wellbeing for all residents and business in the Borough - in accordance with the Walsall Plan, Corporate Plan, with governance arrangements in place to deliver Walsall's vision.

DRAFT

Ref No.

Equality Impact Assessment (EqIA) for Policies, Procedures and Services

Proposal name	**Corporate Plan 2021-22**		
Directorate	Adult Social Care		
Service	Policy and Strategy Unit		
Responsible Officer	Stephen Gunther		
Proposal planning start	April 2020	**Proposal start date (due or actual date)**	1st April 2021

1	**What is the purpose of the proposal?**	**Yes / No**	**New / revision**
	Policy	**yes**	**Revision**
	Procedure	**No**	
	Guidance	**No**	
	Is this a service to customers/staff/public?	**No**	
	If yes, is it contracted or commissioned?	**No**	
	Other - give details	No	

2 What is the business case for this proposal? Please provide the main purpose of the service, intended outcomes and reasons for change?

Every local authority has a requirement to have a corporate plan that articulates the strategic direction for the Council and how it measures its success.

The Council's current Corporate Plan ends in 2021 with a new 4 year plan to be developed over 2020. Due to the global Covid-19 pandemic, strategic assessments and engagement with the local community that inform the plan have bene delayed. Therefore the proposal is to have a plan that covers 2021-22, a year of further engagement and understanding of the impact of the pandemic and then a plan covering 2022-25.

The 2021-22 plan builds on the previous plan with the same vision of *Inequalities are reduced and all potential is maximised.* The plan sets out 5 areas of focus (EPICC), 10 outcomes and 20 markers of success to assess progress in delivery of the plan.

3 Who is the proposal likely to affect?

People in Walsall	**Yes / No**	**Detail**
All	**Y**	The plan sets out the strategic direction of the council and will have an impact on all residents of the borough. The plan's aims, areas of focus and outcomes will inform Council decisions over 2021-22.
Specific group/s		
Council employees		
Other (identify)		

4 Please provide service data relating to this proposal on your customer's

	protected characteristics.
	The updated plan builds on the previous corporate plan with and markers of success. Impact of the plan will be monitored through the 20 Markers of success. These have been informed by directors across the Council and give an indication over the year on the achievement towards the 10 outcomes in the plan. Community focus groups and community and staff surveys undertaken in 2020 have been used to inform the plan. Additionally other insights including an ethnographic study on what it is like to be a child in Walsall, participation in the *Beyond Us and Them Research* Project which explores how societal cohesion is affected by the Covid-19 crisis and feedback gleaned through the work of the Local Outbreak Engagement Board have been used to inform the plan.
5	**Please provide details of all engagement and consultation undertaken for this proposal. (Please use a separate box for each engagement/consultation).**
	Consultation has been carried out on the updated Plan with the Leader of the Council, Cabinet members and the Corporate Management Team and Directors group. In 2021/22 the Joint Strategic Needs (and assets) Assessment (JSNA), community safety and economic assessments will be updated. Other engagement and listening events are to be planned throughout the year to inform the 2022/25 plan.

Consultation Activity

Type of engagement/consultation	Presentation and discussion	**Date**	21/12/20
Who attended/participated?	Directors group Walsall Council		
Protected characteristics of participants	Individuals of the group cover a range of the protected characteristics outlined in the equality legislation. All specific characteristics were not collected.		

Feedback

- The group understood and agreed with high level proposals
- There was agreement of the aim, areas of focus and outcomes.
- There were a range of questions on what were covered in the Markers of success and what they should cover with a range of suggestions given

Type of engagement/consultation	Presentation and Discussion	**Date**	07/01/21
Who attended/participated?	Corporate Management Team		
Protected characteristics of participants	Individuals of the group cover a range of the protected characteristics outlined in the equality legislation. All specific characteristics were not collected.		

Feedback

- There was general agreement of the aim, and outcomes and refinement of current plan
- Agreed it would be sensible to have a years plan and further 3 years following a years engagement and further understanding of the impact of Covid-19.
- There was a steer to align the budgets with outcomes in the presentation of the report
- Agreement that the directors group should inform and develop the markers of success.

Type of engagement/consultation	Paper and Discussion	**Date**	Autumn 2020
Who attended/participated?	Cabinet members		
Protected characteristics of participants	Individuals of the group cover a range of the protected characteristics outlined in the equality legislation. All specific characteristics were not collected.		

Feedback

- There was general agreement of the aim, and outcomes and refinement of current plan and to have a years plan

6 Concise overview of all evidence, engagement and consultation

	The general views of those consulted were that a refinement and a years plan while the impacts of the global pandemic was a sensible approach. There was agreement that the aim should stay *reducing inequalities and maximising potential* with the 5 areas of focus the same and 10 outcomes as there has previously been good engagement in the development of these. The proposal for the Markers of success was agreed and will capture the progress of the year towards delivering the agreed 10 outcomes. The plan's aim is reducing inequalities and maximising potential and all actions should be taken to meet this aim. Therefore they should have a positive effect on reducing inequalities. Any Cabinet decisions taken should continue to consider this aim in the decision making. There is no evidence gleaned that suggests the actions taken following agreement of the plan wold have a detrimental impact on the protected characteristics as set out in the equality legalisation, albeit they should have a positive impact.
7	**How may the proposal affect each protected characteristic or group? The effect may be positive, negative, neutral or not known. Give reasons and if action is needed.**

Characteristic	**Affect**	**Reason**	**Action needed Yes**
Age	Meeting the aim of the plan should have a positive impact on all of the protected characteristics and therefore it is important to have regular progress reports to Cabinet to ensure that action taken by the council and decisions taken by Cabinet meet the aim. Quarterly reporting planned of progress made over the year would there is due consideration of the actions taken to reduce inequalities and maximise potential. Additionally they should consider any positive or negative impacts on the protected characteristics.		
Disability			
Gender reassignment			
Marriage and civil partnership			
Pregnancy and maternity			
Race			
Religion or belief			
Sex			
Sexual orientation			
Other (give detail)			
Further information			

8	**Does your proposal link with other proposals to have a cumulative effect on particular equality groups? If yes, give details.**	(Delete one) **yes**
	The proposal sets out the strategic ambition for the Council for the next year and should inform all other plans, policies and strategies and have a positive effect.	
9	**Which justifiable action does the evidence, engagement and consultation feedback suggest you take?**	
	A ✓	**No major change required** When no potential for discrimination or adverse impact is identified and all opportunities to promote equality have been taken.
	B	**Adjustments needed to remove barriers or to better promote equality** Are you satisfied that the proposed adjustments will remove the barriers identified?

	C	**Continue despite possible adverse impact** For important relevant proposals, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact. Consultation may suggest a change of action, but some actions will be required regardless of consultation e.g. budget savings. Mitigating actions may be required to minimise impact identified through consultation.
	D	**Stop and rethink your proposal** Actual or potential unlawful discrimination is identified; the proposal will need reviewing immediately. You may need to consult with appropriate officers including your executive director, finance or Equality, Safety and Wellbeing.

Action and monitoring plan				
Action Date	**Action**	**Responsibility**	**Outcome Date**	**Outcome**
Where the assessment indicates a potential negative impact (B, C or D in question 7), identify how you will reduce or mitigate this impact. The full impact of a proposal will only be known once it is introduced, so always set out arrangements for reviewing the actual impact of the proposals e.g. 6 month or 12 months after implementation. Identify who the monitoring will be reported to and what it is part of e.g. service monitoring or project monitoring. Then ensure the outcome of each action is added, this is just as important as identifying the potential impact.				

Update to EqIA	
Date	**Detail**
Use this section for updates following the commencement of your proposal.	

Contact us

Community, Equality and Cohesion

Resources and Transformation

Telephone 01922 655797
Textphone 01922 654000
Email equality@walsall.gov.uk
Inside Walsall: http://int.walsall.gov.uk/Service_information/Equality_and_diversity

Agenda item No 9b

Cabinet – 10 February 2021

Corporate Budget Plan 2021/22 to 2023/24, incorporating the Capital Strategy; and the Treasury Management and Investment Strategy 2021/22

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

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

1.1 To provide the revenue and capital resource envelope for delivery of the Councils aims and objectives and ensure that the statutory framework is met by recommending the statutory determinations (gross expenditure and income) and council tax bands, and capital programme to Full Council.

2. Summary

2.1 This report contains several sections as follows:

Section A for Cabinet approval - Findings from Budget Consultation: Financial Year 2021/22+ and Cabinet Responses. This section is for Cabinet's consideration and approval:

- **Part 1** - Report on findings from Overview and Scrutiny Committees.
- **Part 2** - Report on findings from budget consultation on policy proposals.
- **Part 3** - Budget proposals 2021/22 – assessing equality impact

Section B for Cabinet approval and *recommendation to Council* consists of:

- **Part 1** - The Revenue and Capital Corporate Budget Plan; comprising the final revenue and capital budget following consideration of consultation feedback and equality impact assessment by Cabinet. This also includes the Capital Strategy and the Flexible Use of Capital Receipts Strategy.

- **Part 2A** - Treasury Management and Investment Strategy as required by the Treasury Management Code of Practice (2017). It includes details on the Prudential Code Indicators (PCIs) for the next three years and asks Cabinet to approve them and recommend adoption of these to full Council. The Strategy both complies with the Local Government Act 2003, and also provides an additional framework over and above the statutory minimum for monitoring performance.

- **Part 2B** - Treasury Management Policy Statement as required by the Treasury Management Code of Practice (2017).

3. Recommendations

3.1 **That Cabinet note:**

a) That at the time of despatch of this report, the final local government settlement for 2021/22 has not been received. (The final local government settlement for 2021/22 has been confirmed as 10 February 2021, and any changes will be included within the final papers to Council).

b) That at the time of despatch of this report, the precepting authorities (fire and police) had not formally notified the authority of their final council tax precept levels for 2021/22. (The council has been advised that they will be approved following meetings scheduled for early to mid-February, final figures may therefore be provided prior to or at the Council meeting of 25 February 2021).

c) That at the time of despatch of this report, the levy authorities, (Environment Agency and West Midlands Combined Authority - Transport Levy) had not formally notified the authority of their final demand for 2021/22. Estimates have been used for the Transport Levy based on informal communication, but these are subject to formal approval. (The final Transport Levy is expected to be approved early February, and will be included within the final papers to Council).

d) That the council tax base, set by the S151 Officer under officer delegations, is 70,809.41 for 2021/22.

e) The feedback from Overview and Scrutiny Committees on the draft capital programme and revenue budget and responses to recommendations, as set out in **Section A - Part 1** of this report.

f) The amendments to the budget arising from the Provisional Settlement, including additional savings identified since the October Cabinet report, as set out in section 4.25.

g) That Members must have due regard to consultation feedback and the public sector equality duty (Section 149 of the Equality Act 2010) when making budget decisions.

3.2 **That Cabinet approve:**

a) The attached report as set out in **Section A - Part 2 and Part 3**: The Findings from Budget Consultation: Financial Year 2021/22+ and Cabinet Responses and that Members have had regard to their duties in relation to consultation, and in relation to the public sector equality duty, in forming their budget recommendations.

b) That delegated authority be given to the S151 Officer to make any necessary amendments, after consultation with the Leader (portfolio holder for finance), to take account of the final local government settlement, final levies and precepts; final grant allocations and final technical guidance or legislation on the budget, and to make any necessary amendments to the statutory determinations and council tax bands to take account of those changes and the resulting final analysis of the budget and for these amendments to be submitted and therefore recommended to Council at its meeting on 25 February 2021, after consultation with the portfolio holder for finance (Leader of the Council).

c) Policy service changes as set out in Table 1 of this covering report, and instruct executive directors to implement these.

d) That delegated authority be given to the S151 Officer, after consultation with Leader of the Council and Chief Executive, to agree the council's final contribution to the West Midlands Combined Authority.

e) That members approve a commitment to Birmingham Airport Holdings Ltd (BAHL) to make a loan as set out within section 4.16, and sections 4.31 to 4.40 of this report, having due regard to the information provided in the Private Appendix, and that delegation is given to the S151 Officer after consultation with the Monitoring Officer and Leader of the Council to sign and enter into all legally binding agreements including any variations to the proposal that may arise during the shareholders governance process with BAHL.

3.3 **Cabinet is asked to approve <u>and recommend to Council</u>, subject to receipt of the final local government settlement, final precepts and levies, receipt of final grant allocations, technical/legislative guidance and final specific grant allocations (*substitute figures and resolution to be provided to Council by the S151 Officer to take account of any changes arising from these*) the following**:

3.3.1 <u>Revenue</u>

a) The financial envelope of resources for 2021/22 as set out in **Section B - Part 1** "The Revenue and Capital Budget Plan".

b) A Walsall Council net council tax requirement for 2021/22 of £132.55m and a 4.99% increase in council tax (inclusive of 3% precept for Adult Social Care).

c) That the recommendations of the S151 Officer in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves **be approved**, including the levels of central contingency and an opening general reserve of no less than £16.64m, as set out in the S151 Officer Section 25 statement in **Annex 12** of the Budget Plan**.**

d) The (estimated) levies below for outside bodies and Cabinet **approve** that the final figures **be substituted** for these provisional ones once they are available at the Council meeting on 25 February 2021. (An estimate has been used within this report based on informal notification from the authorities).

LEVY	AMOUNT (£)
West Midlands Combined Authority Transport Levy	**11,183,812**
Environment Agency	**82,739**

e) The following statutory determinations (references are to the Local Government Finance Act, 1992 as amended), and subject to any final changes arising from receipt of final precepts and levies, receipt of final grant allocations, technical/legislative guidance and final specific grant allocations, **and Cabinet approve that these will be substituted** at the Council meeting on 25 February 2021 for the final figures once received:

I. **£657,732,870** being the aggregate gross expenditure, which the council estimates for the items set out in Section 31A(2) (a) to (f) of the Act.

II. **£525,187,089** being the aggregate income which the council estimates for the items set out in Section 31A(3) (a) to (d) of the Act.

III. **£132,545,781** being the amount, by which the aggregate at (e) (I) above exceeds the aggregate at (e) (II), calculated by the council in accordance with Section 31A(4) of the Act, as its council tax requirement for the year.

IV. **£1,871.87** being the amount at (e) (III) above**,** divided by the council tax base of 70,809.41, calculated by the council in accordance with Section 31B of the Act, as the basic amount of its council tax for the year (average council tax at band D).

V. Valuation bands

Being amounts given by multiplying the amount at (e) (IV) above by the number which, in the proportion set out in Section 5 (1) of the Local Government Act 1992, is applicable to dwellings listed in valuation band D, calculated by the council in accordance with Section 30 and 36 of the Act as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands.

A	B	C	D
1,247.91	1,455.90	1,663.88	1,871.87
E	**F**	**G**	**H**
2,287.84	2,703.81	3,119.78	3,743.73

f) The draft precept from the Fire and Rescue Authority and the Police and Crime Commissioner, issued to the Council in accordance with Section 40 of the Local Government Finance Act, 1992, for each of the categories of dwelling shown below and Cabinet **approve** that the final figures **be substituted** once they are available at the Council meeting on 25 February 2021.

PRECEPTING AUTHORITY	VALUATION BANDS			
Police And Crime Commissioner	**A**	**B**	**C**	**D**
	118.37	138.09	157.82	177.55
	E	**F**	**G**	**H**
	217.01	256.46	295.92	355.10
Fire & Rescue	**A**	**B**	**C**	**D**
	42.03	49.03	56.03	63.04
	E	**F**	**G**	**H**
	77.05	91.06	105.07	126.08

g) That having calculated the aggregate in each case of the amounts at (e) (v) and (f) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts of council tax for 2021/22 for each of the categories of dwellings shown below and Cabinet **approve** that the final figures **be substituted** once the final precepts are available at the Council meeting on 25 February 2021.

A	B	C	D
1,408.31	1,643.02	1,877.73	2,112.46
E	**F**	**G**	**H**
2,581.90	3,051.33	3,520.77	4,224.91

h) That notice **be given** of the council tax within twenty one days of it being set by publishing details of the same in the "Express and Star" newspaper circulating in the Authority's area.

i) That the S151 Officer **be instructed** to take all necessary action in relation to council tax, community charge and national non-domestic rates, including, where appropriate, the signing of all documents, billing, the giving of notices and the taking of necessary steps to ensure collection thereof.

j) That the S151 Officer **be given delegated authority** to make transfers to and from reserves in order to ensure that reserves are maintained as necessary and in particular, adjusted when reserves are no longer required, or need to be replenished.

k) That, pursuant to Section 52ZB and 52ZC of the Local Government Finance Act 1992, the relevant basic amount of council tax for the Council is not excessive in relation to determining whether a referendum is required.

3.3.2 Capital

a) The allocation of capital expenditure plans as set out in **Section B - Part 1** "The Revenue and Capital Budget Plan" and that the capital and leasing programme as set out in **Annex 9 be approved** bearing in mind the principle that unless affordable from within current resources, specific projects funded by borrowing will not be commenced until a payback agreement is in place. Schemes funded from grant will commence when final allocations are published. Reserve list items will only commence should funding become available during the financial year.

b) That the S151 Officer be **given delegated authority** to determine how each source of finance is used to fund the overall capital programme and to alter the overall mix of financing as necessary, to maximise the flexibility of capital resources used and minimise the ongoing costs of borrowing to the council.

c) That the S151 Officer, after consultation with the Leader (portfolio holder for finance), be **given delegated authority** to release capital resources held back for any contingent items that may arise (earmarked capital receipts for essential or emergency spend), and also for any match funding requirements that may be required of the Council in order to secure additional external capital funding (e.g. bids for government or other funding).

d) The Capital Strategy set out in **Annex 8** of the Budget Plan **be approved**.

e) The Flexible Use of Capital Receipts Strategy set out in **Annex 11** of the Budget Plan be approved.

3.3.3 <u>Treasury Management</u>

1. **Section B – Part 2A** – The Treasury Management and Investment Strategy 2021/22 onwards, including the council's borrowing requirement, borrowing limits, and the adoption of the prudential indicators**, be approved**.

2. That decisions to effect movements between conventional borrowing and other long term liabilities, such as leases, **be delegated** to the S151 Officer.

3. That decisions to use capital receipts or borrowing within the framework of approved prudential indicators **be delegated** to the S151 Officer.

4. **Section B – Part 2B** – Treasury Management Policies**, be approved**.

4. Report detail - Know

4.1 The council's budget is a financial representation of the organisation's plans. It is constructed as an integral part of the council's planning processes and aligned to its priorities and objectives. The attached budget plan at **Section B Part 1** sets out the revenue and capital plans for service delivery for 2021/22 and beyond.

Council Corporate Plan priorities

4.2 The budget is the financial plan supporting delivery of the organisations key objectives and priorities. The budget process is a three yearly cycle, updated annually, aiming to support delivery of council priorities and outcomes within the available resources. It aims to achieve this through the delivery of efficiencies, income reviews and service reviews and redesign to redirect existing and reducing resources to areas of high council priority in order to deliver the Council outcomes. This budget has been prepared using the council's high level purpose and priorities as outlined in the Council's currently approved Corporate Plan.

Risk management

4.3 Budget Plan: The council reviews corporate financial planning and budget principles in accordance with the medium term financial strategy (MTFS). The budget setting process includes a comprehensive financial risk assessment to determine key risks and their impact on the budget. Services undertake risk assessments of their services and budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate budgetary provision is available to cover unforeseen future events. This successful approach is now embedded and is used to inform the level of earmarked and general reserves.

4.4 The identification of risks, and level of reserves, is referred to in the S151 Officer (Chief Finance Officer) Section 25 statement at **Annex 12** of the Budget Plan. It is unlikely that all risks identified will arise, however new risks may also emerge. Managers are required to deliver services within their approved budget. Any known changes in service demand or costs arising from legislative or government demands are identified and dealt with within the overall revenue budget. The level of reserves should be sufficient to cover all but the most unusual of events. Any in-year use of general reserves may require replenishment to ensure the opening level of reserves is as recommended by the MTFS.

Financial implications

4.5 The council must set a balanced budget to meet its legal requirements as set out under legal implications. This report proposes cash limits for services to deliver the council's key priorities.

Legal implications

4.6 The legal duty for a council's finances falls within S151 of the Local Government Act 1972. Arrangements for the proper administration of the council's affairs are secured by the S151 Officer.

4.7 Cabinet recommend the revenue budget and capital programme envelope to Council. Councils are responsible for making a calculation in accordance with sections 31A to 37 of the Local Government Finance Act 1992 (as amended). This includes the statutory determinations (aggregate gross expenditure, gross income, council tax requirement for the year and setting the council tax for a financial year).

4.8 Under the Local Government Act 2003 (s25), an authority must set a council tax and balanced budget, giving 14 days' notice of the council tax level prior to the date of billing. The Council must set a budget before 11 March of each year. This will include the S151 Officer's Section 25 statement that deals with the robustness of the budget estimates and the adequacy of the reserves for which the budget provides, together with an assessment of risk. This is provided at **Annex 12** of the Budget Plan.

4.9 The Local Government Act 2003 and supporting Regulations require the Council to have regard to the Prudential Code and to set prudential indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Act requires the Council to set out its treasury strategy for borrowing and to prepare an annual investment strategy (as required by investment guidance issued subsequent to the Act); this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. This is provided at **Part 2** of the Budget Plan.

4.10 In recent years Central Government has capped the level of council tax rises. For 2021/22, the Government have announced that local authorities will again need to seek approval of their electorate via a local referendum if they propose to increase council tax levels by 5% or above as confirmed as part of the provisional local government settlement on 18 December 2020, inclusive of the 3% ring-fenced for Adult Social Care.

4.11 Section 138 of the Local Government and Public Involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. The duty to consult that is imposed on Councils comes from two other sources:

- Specific legislation, such as the education act duties to consult on certain services etc., and,
- The common law duty, which is well established in law.

4.12 Our approach to consultation was reported to Cabinet in October 2020 and feedback is provided in **Section A - Part 2** of this report.

4.13 The 2010 Equality Act, whilst not imposing a specific duty to consult, 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.

4.14 An Equality Impact Assessment (EqIA) is the chosen procedure, by the Council, for checking the lawfulness of decisions in relation to the impact on people with certain characteristics protected by the Equality Act 2010. Equality Impact Assessment analysis is contained in **Section A - Part 3** of this report.

4.15 Saving plans, prior to implementation, will include consideration of equality impact, legislative and other requirements, duties or obligations imposed by statute, secondary legislation or guidance upon the council, specifically in the context of proposals which involve changes to service provision.

4.16 In relation to paragraphs 4.31 to 4.40 of this report, Section 12 of the Local Government Act 2003 sets out that the council has a specific power to invest. The power states "a local authority may invest for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs". This provides the council with a power to invest in BAHL, for any purpose relevant to its functions (this function would have to be identified) or if the council can show it is for the prudent management of its financial affairs. Under section 1 of the Localism Act 2011, the council also has a power "to do anything that individuals generally may do" (the "General Power of Competence"). "Individual" means an individual with full capacity. The General Power of Competence gives the council:

- power to do a thing anywhere in the United Kingdom or elsewhere,
- power to do it for a commercial purpose or otherwise for a charge, or without charge, and
- power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

The council will be compliant with the requirements of both the General Power of Competence and the Power to Invest. This report serves as a business case for the proposed investment in BAHL and the basis on which the Investment powers can be utilised.

Procurement Implications / Social Value

4.17 There are no direct implications arising from this report. Any procurement implications as a result of the development of Proud Programme benefits will be set out within the relevant redesign proposals as they are developed.

Property implications

4.18 There are no direct implications arising from this report. Any direct property implications as a result of service redesign will be set out within the relevant redesign proposals as they are developed.

Health and Wellbeing implications

4.19 There are no direct implications arising from this report. Any direct health and wellbeing implications as a result of service redesign will be set out within the service redesign proposal as they are developed.

Staffing implications

4.20 There will be some staffing implications arising from this report. The contribution of the trade unions will be important in the council achieving its key aims and objectives particularly in these challenging times. Officers and members will consult widely with them on the employee implications of service redesign and delivery.

4.21 Staff affected by proposals arising from the Proud Programme will be supported as appropriate throughout the process and the number of redundancies will be minimised wherever possible.

Reducing Inequalities

4.22 Equality Impact Assessment (EqIAs) are undertaken on proposals as they are developed and reported to Cabinet to allow them to consider any revisions required to the final budget for recommendation to Council.

Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the council to ensure it makes better decisions, based on robust evidence.

Failure to meet the requirements in the Public Sector Equality Duty (PSED) may result in the council being exposed to costly, time-consuming and reputation-damaging legal challenges. Equality Impact Assessment analysis is contained in **Section - A Part 3** of this report.

Consultation

4.23 For our services to meet the needs of local residents, and of the community at large, it is essential that our plans and policies take into account the views of local people and others who use our services. We use a broad range of consultation methods to ensure as far as possible that people have sufficient information to comment, as well as the time and any necessary support they require to enable them to have their say. All feedback gathered is collated and carefully considered, along with other information, as part of the decision making process.

4.24 Consultation has been undertaken with councillors via Overview Scrutiny Committees on the budget plan and process, and with national non domestic ratepayers and voluntary and community organisations on the budget and draft council tax increases. Consultation has also been undertaken with residents and other stakeholders. Further consultation will be undertaken, as appropriate, with all stakeholders as detailed proposals are developed as part of the Walsall Proud Programme. Full details of the consultation process and findings is presented in **Section A - Part 2** of this report.

Amendments to the Revenue Budget

4.25 Since the draft revenue budget was presented to Cabinet in October 2020, there have been a number of funding announcements and technical changes to the budget; these can be summarised as follows:

- The provisional 2021/22 Settlement was received on 18 December 2020. This confirmed permission for social care authorities to raise additional funding through a 3% adult social care precept in 2021/22, which has now been included within the final budget proposals, raising £3.79m for adult social care services.
- The Settlement also confirmed an additional £300m social care grant to be made available – Walsall element confirmed as £2.42m; and a new Lower Tier Services Grant of £111m – Walsall confirmed as £439k;
- A further share of £1.55bn to meet Covid pressures as outlined in the Spending Review 2020 (SR20) – Walsall element confirmed as £9.23m;
- Additional investment in services, including; additional investment to support demand within adult social care and children's following a review of existing and future forecasts; and investment to fund shortfalls in income projections and borrowing costs to fund capital projects.
- Approval by the S151 Officer, under delegations, of the council tax base and NNDR1 return in January 2021.
- Release of detail concerning a Local Tax Income Guarantee to compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020/21 and to smooth the impact on council tax and NNDR funds (estimated at c£3.91m).
- A number of transfers to/from reserves to smooth financing of one-off costs.

4.26 The impact of the overall changes since October 2020 on the MTFO and savings requirement is shown below, resulting in a revised saving requirement for 2021/22 of £28.90m (reduced form £33.66m).

Movement in Saving requirement / Gap				
	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Savings required per Cabinet on 28 October 2020	33.66	19.43	13.62	66.71
Revised savings requirement	28.90	22.01	14.52	65.43
Variance – increase (decrease)	**(4.76)**	**2.58**	**0.90**	**(1.28)**

Movement in savings requirement - detail				
	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Savings required per Cabinet on 28 October 2020	**33.66**	**19.43**	**13.62**	**66.71**
Grant changes	(10.92)	9.51	1.43	0.02
Investment changes	3.03	0.51	(1.99)	1.55
Adult Social Care precept	(3.80)	(0.10)	(0.10)	(4.00)
Technical changes	2.88	(3.29)	1.56	1.15
Transfer to / from reserves	4.05	(4.05)	0.00	0.00
Revised savings requirement	**28.90**	**22.01**	**14.52**	**65.43**

4.27 The draft revenue budget presented to Cabinet in October 2020 identified £24.37m (£21.34m net of investment required to deliver the savings), resulting in a shortfall against the £33.66m required at that point. This report sets out a revised saving requirement of £28.90m as a result of changes set out above, and the three year budget includes a number of further operational savings, and which results in a balanced budget being able to be set for 2021/22, summarised below:

- £2.55m additional saving over 3 years from the review of capital financing – minimum revenue provision;
- £88k in 2021/22 for biodiversity (rewilding of urban grass) within Clean and Green;
- £62k in 2021/22 for external marketing and promotion within Active Living Centres;
- Rephasing of £94k from 2022/23 to 2021/22 for the Black Country Women's' Aid contract;
- Rephasing of £13k from 2021/22 to 2022/23 for the review of ways of working in the post room;
- £500k new saving for Children's Service - Independent Living over 2 years;
- £60k review of mobile phone contracts over 2 years;
- £2.4m over 2 years for cross council efficiencies relating to administration and business support provision;
- £8k in 2021/22 for increased charges for dropped kerbs;
- £9k in 2021/22 for MOT service full cost recovery;
- £1.27m over 2 years for Public Health savings;
- £6k in 2021/22 for extended burial hours 24/7 and out of hours service full cost recovery;

- £20k in 2021/22 for taxi licensing process improvement;
- £8m over 3 years for council wide efficiencies relating to Customer Access Management;
- Further savings of £2.9m in 2022/23 and £10m in 2023/24 from Proud Programme change activity for which delivery plans are in development.

4.28 The draft revenue budget contains 12 new policy proposals in respect of 2021/22, and 105 new operational savings. Feedback from consultation and equality impact assessment results were received by Cabinet and are set out within this report (Section A - Parts 1, 2 and 3). A small number of policy savings for 2021/22 were subject to further review and Cabinet are now asked to approve the policy decision as set out in **Table 1** overleaf (under the heading Executive (Cabinet) Decision) and instruct executive directors to implement the resulting decision. Changes arising from Cabinet's review of the developing proposals, consultation feedback, and equality impact assessment reviews are set out below, all of which are reflected in the list of savings proposals at **Annex 7** of the Budget Plan.

- **Policy proposal Ref P10:** Charge self-funders to arrange care via adult social care commissioners (brokerage service) – feedback was divided on this proposal from the general consultation. It has been determined that more specific consultation and equality impact assessment is required on this proposal prior to considering implementing and as such, that consultation will be undertaken as part of a wider piece of work relating to Adult Social Care charging within the Proud programme. This proposal is therefore not included within the final revenue budget proposal for 2021/22. The net impact is a reduction in savings of c£2k.
- **Operational proposal Ref OP54:** Facilities management – review of structures and ways of working in the post room. This proposal has been amended following impact assessment to allow for consideration of changes in working methods and for consultation to take place – saving amended from £26k to £13k to account for a part year effect.
- **Operational Proposals OP52** (Facilities management - school catering and caretaking traded services review) **/ OP53** (Facilities management - review of cleaning service standards and specifications across all traded units) – following review, a single price increase will be implemented, with service specification changes being deferred in light of the continuing pandemic. The impact is a reduction in the saving for 2021/22 of £171k.

4.29 The budget for 2021/22 is balanced, including the need to implement savings of £28.90m as outlined in **Annex 7**. The draft budget for 2022/23 to 2023/24 is also balanced. The Walsall Proud Programme proposes an organisational wide programme of change activity of sufficient breadth to deliver the required savings from 2021/22 to 2023/24.

Table 1: Summary of revised policy savings and the Executive (Cabinet) decision				
Saving ref	**Policy Saving Consulted on**	**2021/22 £**	**Decision required**	**Executive (Cabinet) Decision**
Children's & Customer Services				
P1	Change, Grow, Live (CGL) Contract - bring service back in house	(122,714)	Y	Approve bringing CGL service back in house
P11	Introduce council tax penalty charges for failing to notify a change of circumstance	(150,000)	Y	Approve introduction of council tax penalty charges for failing to notify a change of circumstance
Economy, Environment and Communities				
P6	Re-profile the highway maintenance mainstream budget for 2021/22	(300,000)	Y	Approve reprofiling of £300k of highways maintenance mainstream budget for 2021/22
P7	Increased capitalisation of staff costs	(46,000)	Y	Approve £46k of capitalisation of staff costs
P8	Increased capitalisation of highway works	(300,000)	Y	Approve £300k capitalisation of highways works
P13	Consider ceasing pest and animal control service	(87,606)	Y	Approve ceasing of pest and animal control service
P14	Bereavement services – the sale of keepsake memorials and a range of personal memorabilia	(1,000)	Y	Approve the sale of keepsake memorials and a range of personal memorabilia
P16	Biodiversity – Rewilding of urban grass	(88,249)	Y	Approve Biodiversity proposal and rewilding of urban grass
P17	Active Living Centres - External marketing & promotion partnership development	(62,000)	Y	Approve development of an external marketing & promotion partnership
Resources and Transformation				
P4	Organisational redesign to deliver Intelligent Client Model across Asset Management, Capital Projects and Facilities Management	(195,921)	Y	Approve organisational redesign to deliver Intelligent Client Model across Asset Management, Capital Projects and Facilities Management
P5	Redesign of Occupational Health contract	(7,500)	Y	Approve redesign of occupational health contract

Notes:

The following are year 2 (2022/23 proposals and will be considered further during the 2022/23 budget setting cycle):

- P2 - Adult Social Care Client Care Team - introduce charge for appointeeship management / support
- P3 - Adult Social Care Client Care Team - introduce charging for administration of deaths for appointees
- P9 - Charge developers for travel plans
- P12 - Reduction to voluntary organisation

P10 - Charge self-funders to arrange care via adult social care commissioners (brokerage service) has been removed from the final budget

P15 - Change to minimum revenue provision is reserved to Council as part of the Treasury Management and Investment Strategy

Amendments to the Capital Programme

4.30 The draft capital programme was set out in the report to Cabinet on 9 December 2020, totalling £65.99m. The programme has increased by £37.77m to £103.76m in 2021/22 with the following amendments:

- Allotment boundary improvement works of £260k as approved by Cabinet on 9 December 2020;
- Provision of webcasting and hybrid council meetings of £20k;
- One Source payroll infrastructure £500k;
- Pipeline investment opportunities of £28.00m to fund emerging and pipeline regeneration and major capital schemes;
- High Streets Fund – external funding offer of £8.89m and council contribution of £100k. A further £2.55m of external funding is available in 2022/23, as notified by Ministry of Housing, Communities and Local Government (MHCLG) on 26 December 2020.

Birmingham Airport

4.31 Together, the 7 West Midland Authorities ("Authorities") own 49% of BAHL, and vote in one block at meetings. The council holds 4.88% of BAHL's total ordinary shares, holding 5% of BAHL's "A" and "C" ordinary shares in addition to preference shares which pay a fixed dividend of 6.31%.

4.32 Birmingham Airport plays a very significant role in the regional economy, providing the air connectivity vital for international trade, investment and employment, the growth of inbound tourism, and access to outbound leisure destinations. Prior to Covid-19, 7,000 people were directly employed by companies located within the Airport boundary and a further 9,900 people were employed indirectly to supply goods and services to the Airport. The Airport's net economic impact including catalytic effects in the West Midlands region was estimated as £1.5billion GVA (Gross Value Added), and 30,900 jobs.

4.33 The Covid-19 pandemic has led to the worst decline in traffic and income in BAHL's history. In response, BAHL has reduced costs where possible, without impacting the ability to resume normal operations when travel restrictions are lifted.This includes a two-phase restructure which has resulted in a c.43% reduction in roles throughout the workforce.

4.34 BAHL has external debt facilities in the form of a £105m corporate bond, £371m private placement loan notes, and a bank loan of £25m. The terms of the debt agreements require compliance each year with various covenant tests at 30 September and 31 March. Due to the impact of Covid-19 on the covenant requirements, the tests at 30 September 2020 and 31 March 2021 were waived, and an additional testing date at 30 June 2021 was introduced along with a six-month forward liquidity covenant. BAHL's proactive reduction in cashflows means that it forecasts to retain a satisfactory cash balance, but will not comply with the June 2021 covenant ratios unless passenger volumes and revenues recover quickly. A combination of a further waiver and shareholder support may therefore be required to avoid a covenant breach.

4.35 In recent months various UK Airports have raised capital in response to Covid-19, including Heathrow raising £1.4bn of debt in October 2020, and Manchester Airport Group raised £300m from its shareholders in July 2020.

4.36 Given that Birmingham Airport is a critical asset for the region it is recommended that the Council enters into a legally binding agreement with BAHL to commit to provide a loan if cash were required up to a maximum of £4.9m.

4.37 The Treasury Management Policy Statement **(Section B - Part 2B)** sets out the council's investment criteria, risk management process, procedures and delegations. The Treasury Management Policy Statement set out the principles by which the council can enter into non-specified investments such as the loan being requested by BAHL. Should the loan be required then this proposal is compliant with the Treasury Management Policy and can be approved by the S151 officer.

4.38 In terms of the key requirements of the Treasury Management Policy Statement – security, liquidity and yield then Members should note that the loan is underpinned by the income stream from the airport business plan and actions taken by the airport to manage their operations. It is not a secured loan against a specific asset as the West Midlands Authorities already own 49% of the assets. Members should note that there is a risk that the loan would not be repaid – in which case the loan would become an impairment charge to the revenue budget. However this is considered a low risk given that the priority has been to maintain sufficient liquidity levels to support BAHL into the future, whilst ensuring that it is ready to return to full capacity as soon as travel restrictions are lifted. In terms of liquidity the council currently has sufficient cash to provide the loan should it be called. There will be an investment yield through interest paid on the loan and it helps to protect our existing investment in a critical asset for the Region.

4.39 In the preparation of this report, independent aviation, accounting and corporate finance advice has been considered. The accounting advice has confirmed the financial analysis within this report. The council's auditor's Grant Thornton have also been consulted, and they have not raised any concerns regarding the proposed accounting treatment.

4.40 A separate Private Appendix is provided which sets out further detail which Members should refer to in making their decision.

5. Decide

5.1 As set out in the legal section, Councils are required to set a legal budget. This report is the final stage in that process and Cabinet are asked to approve the recommendations as set out, and recommend the budget to Council on 25 February 2021 for formal approval of the 2021/22 budget and council tax levels.

6. Respond

6.1 Following recommendation by Cabinet, this budget report and plan will be forwarded on for formal approval by Council on 25 February 2021.

7. Review

7.1 Following approval by Council on 25 February 2021, the 2021/22 budget will be formally set and monitored throughout the year. Council tax bandings will be set and bills formally produced and distributed in accordance with approved guidance.

Background papers

- Corporate Budget Plan 2019/20 - 2022/23 as approved by Council on 27 February 2020.
- Draft Revenue Budget 2021/22 – 2023/24 and in year position 2020/21 - Cabinet 28 October 2020.
- Draft Revenue Budget Feedback and Draft Capital Programme 2021/22 to 2023/24 - Cabinet 9 December 2020.
- Equality Impact Assessments.

Authors:
Vicky Buckley – Interim Director of Finance, Corporate Performance Management and Corporate Landlord, ☎ 07983 604698, ✉ Vicky.Buckley@walsall.gov.uk
Stuart Wootton, Financial Planning Manager, ☎ 01922.652348,
stuart.wootton@walsall.gov.uk

Deborah Hindson
Interim Executive Director (s151 Officer)
10 February 2021

Councillor M. Bird
Leader of the Council
10 February 2021

Section A - Part 1 – Feedback from Overview Scrutiny Committees

1. Overview Scrutiny Committees received the draft revenue proposals in November 2020, and Cabinet received feedback in December 2020. The capital proposals reported to Cabinet in December 2020 were referred on to Overview Scrutiny Committees in January.

1.1 This section summarises the comments and recommendations from each Committee and, where applicable, Cabinet's consideration of these.

2. **Scrutiny Overview Committee**

2.1 ***1 December 2020***
The Committee sought to understand the potential impact on the in-year budget of Covid-19 and how this may impact future years. The loss of income and additional spending were discussed along with the potential best and worst case scenarios.

2.2 Members considered the budget proposals for services within the remit of the Committee. This covered proposals from the following portfolios:
- Leader
- Deputy Leader (Regeneration)
- Deputy Leader (Resilient Communities)
- Personnel and Business Support

2.3 As part of the presentation from Cabinet Members clarity was provided on the allocation and use of funding for the Towns Fund.

2.4 *Council-wide proposals*
- The Committee heard from the Leader on the overall financial position and noted that further savings proposals were required to present a balanced budget to Council.
- The Committee received feedback on the budget scrutiny that had taken place at the remaining Overview and Scrutiny Committees.
- It was reported the Social Care and Health Overview and Scrutiny Committee had discussed changes to the allocation of the adult social care budget.
- The Education Overview and Scrutiny Committee had considered proposals to make changes to the Home to School Transport Service.
- The Children's Services Overview and Scrutiny Committee sought to understand the ambitions transformation programme and new models of working that were proposed.
- An overview of the budget discussions from the Economy and Environment Overview and Scrutiny Committee was provided.

2.5 The Committee resolved -
The draft revenue budget 2021/22 – 2023/24 be noted.

2.6 ***2 February 2021***
Scrutiny Overview Committee were asked to consider the draft Capital Programme as reported to Cabinet on 9 December 2020, specifically in relation to capital schemes that fall within services under the remit of this Committee, and for feedback to be taken into account in the finalisation of the budget by Cabinet on 10 February 2021 for recommendation to Council on 25 February 2021.

As the meeting is held on the day of despatch of this report, any recommendations will be verbally provided to Cabinet on 10th February.

3. **Education Overview and Scrutiny Committee**

3.1 ***3 November 2020***

The Committee sought clarification on how the saving for Home to School Transport would be made from 2020/21 to 2023/24.

The Committee resolved -

- The Committee considered the draft revenue budget proposals relating to the remit of the Committee in order to formally report to the Cabinet.
- The Committee noted that consultation would be undertaken on all new 2021/22 policy proposals and that feedback would be presented to Cabinet on 9 December 2020.
- The Committee noted that further savings proposals would be presented to the Cabinet on 9 December 2020 in order for a balanced budget to be delivered by February 2021, and that these would be reported to a future meeting of the Committee for consultation.

3.2 ***5 January 2021***

Education Overview and Scrutiny Committee were asked to consider the draft Capital Programme as reported to Cabinet on 9 December 2020, specifically in relation to capital schemes that fall within services under the remit of this Committee, and for feedback to be taken into account in the finalisation of the budget by Cabinet on 10 February 2021 for recommendation to Council on 25 February 2021.

The Committee resolved -

- The Committee are recommended to consider the draft capital budget proposals attached that relate to the remit of this committee.
- The Committee are asked to note that consultation continues on all revenue policy proposals previously reported, and that feedback will be presented to Cabinet on 10 February 2021, along with further revenue options to close the gap to ensure we set a balanced budget for 2021/22.

4. **Children's Overview and Scrutiny Committee**

4.1 ***10 November 2020***

Following challenge from Members, the Committee were provided with reassurance that the financial modelling used within the transformation plans for Children's Services would provide financial savings by achieving improved outcomes for young people and their families. For example, through new models of working, young people could be prevented from coming into care and foster care placement disruption could be avoided.

The Committee resolved -

- The Committee considered the draft revenue budget proposals relating to the remit of the Committee in order to formally report to the Cabinet on the policy proposals.
- The Committee noted that consultation would be undertaken on all new 2021/22 policy proposals and that feedback would be presented to the Cabinet on 9 December 2020.
- The Committee noted that further savings proposals would be presented to the Cabinet on 9 December 2020 in order for a balanced budget to be delivered by February 2021, and that these would be reported to a future meeting of the Committee for consultation

4.2 ***14 January 2021***

Children's Services Overview and Scrutiny Committee were asked to consider the draft Capital Programme as reported to Cabinet on 9 December 2020, specifically in relation to capital schemes that fall with services under the remit of this Committee, and for feedback to be taken into account in the finalisation of the budget by Cabinet on 10 February 2021 for recommendation to Council on 25 February 2021.

The Committee resolved –

- The Committee fully support the draft capital budget proposal that relates to the remit of this committee, that being the completion of works to the 4 designated locality buildings.
- The Committee note that consultation continues on all revenue policy proposals previously reported and that feedback will be presented to Cabinet on 10 February 2021, along with further revenue options to close the gap to ensure a balanced budget was set for 2021/22.

5. **Economy and Environment Overview and Scrutiny Committee**

5.1 ***19 November 2020***

Savings P6: Re-profile the highway maintenance mainstream budget for 2021/22 - A Member sought clarification regarding the re-profile of the highway maintenance budget for 2021/22. In response, the Executive Director confirmed that the re-profile would allow the Council to manage cash flow and revenue expenditure. This was confirmed as a temporary 1 year only saving due to the extraordinary circumstances of the pandemic.

5.2 *Saving P8: Increased capitalisation of highway works -* A Member sought clarification regarding the increased capitalisation of highway works. In response, the Interim Director of Place confirmed that this increase capitalisation was created as a result of classification changes for highway works from revenue to capital expenditure. Due to the saving, there needed to be a long-term focus and monitoring on the condition of highways especially if the condition of highways deteriorated.

5.3 *Saving OP22 - Unauthorised Encampment Works -* A Member welcomed the increased expenditure with Unauthorised Encampments. However, there were concerns about the one-off investment as there was still a high number of vulnerable sites across the Borough. The Executive Director confirmed that whilst it was confirmed as a £100k cost pressure in 2021/22, the base budget would be adjusted in future years too.

5.4 *Saving P14: Bereavement Services – The sale of keepsake memorials and a range of personal memorabilia -* The Executive Director confirmed that the sale of memorials and memorabilia would enable the council to offer the service for individuals and families suffering bereavements.

5.5 *Saving OP102: Restructure and efficiencies within Regulatory Services and Community Protection -* A Member sought clarification regarding the restructure and efficiencies with Regulatory Services and Community Protection. The Executive Director responded that the council was developing a resilient communities model under the Economy, Environment & Communities directorate. As a result, the model would encompass a number of services from across the council including Regulatory Services and Libraries to make greater efficiencies and savings overall.

5.6 *Saving OP103: Review of existing fees and charges within resilient communities -* Member sought clarification in regard to review of existing fees and charges. The Executive Director informed that a detailed plan of the changes with fees and charges would be circulated to the Committee in writing.

5.7 The Committee resolved -

- The Committee considered the draft revenue budget proposals relating to the remit of the Committee in order to formally report to the Cabinet on the policy proposals.
- The Committee noted that consultation would be undertaken on all new 2021/22 policy proposals and that feedback would be presented to the Cabinet on 9 December 2020.
- The Committee noted that further savings proposals would be presented to the Cabinet on 9 December 2020 in order for a balanced budget to be delivered by February 2021, and that these would be reported to a future meeting of the Committee for consultation.

5.8 ***21 January 2021***

Economy and Environment Overview and Scrutiny Committee were asked to consider the draft Capital Programme as reported to Cabinet on 9 December 2020, specifically in relation to capital schemes that fall with services under the remit of this Committee, and for feedback to be taken into account in the finalisation of the budget by Cabinet on 10 February 2021 for recommendation to Council on 25 February 2021.
This report was simply noted by the Committee.

6. **Social Care Overview and Scrutiny Committee**

6.1 ***26 November 2020***

The Committee were provided with further detail on the key proposals within the Adult Social Care budget. Members acknowledged that the announcement in relation to the Better Care Fund, was historically late and this made planning difficult. It was also noted that the proposal '*P10 Charge self funders to arrange care via adult social care'* would now be progressed in the financial year 2022/23.

6.2 Following challenge in relation to – '*OP91 Reduction of day care funded by direct payments'* - the Committee were informed that the pandemic had provided opportunities for individuals to explore alternative options to the traditional day care centres. In response to concern that, whilst individuals had adapted to alternative options during the pandemic, people may be keen to return to their 'normal activities', the Committee were provided with reassurance that individual need and preferences would be assessed through support plans.

6.3 Members also sought clarification on *'OP97 Review of all resources including Goscote and shared lives'*. The Committee were provided with clarification that resources would be reviewed to ensure a focus on re-ablement activity; however, it was acknowledged that more traditional support would be needed by some individuals.

6.4 The Committee resolved -

- The Committee considered the draft revenue budget proposals relating to the remit of the Committee in order to formally report to the Cabinet on the policy proposals.
- The Committee noted that consultation would be undertaken on all new 2021/22 policy proposals and that feedback would be presented to the Cabinet on 9 December 2020.

- The Committee noted that further savings proposals would be presented to the Cabinet on 9 December 2020 in order for a balanced budget to be delivered by February 2021, and that these would be reported to a future meeting of the Committee for consultation.

6.5 ***28 January 2021***

For Social Care and Health Overview and Scrutiny Committee to consider the draft Capital Programme as reported to Cabinet on 9 December 2020, specifically in relation to capital schemes that fall with services under the remit of this Committee, and for feedback to be taken into account in the finalisation of the budget by Cabinet on 10 February 2021 for recommendation to Council on 25 February 2021.
This report was simply noted by the Committee.

Section A - Part 2 – Findings from Budget Consultation

1. Executive summary

1.1. Budget consultation took place between 29 October and 30 November, with some consultation extending into early January 2021.

1.2. Anyone who lives, works, studies, and visits or does business in the borough was encouraged to have their say on specific draft policy and operational proposals via an online survey, in writing / email or by phone. In light of Covid-19 restrictions no face to face consultation was conducted. Whilst anyone could comment on all draft policy and operational proposals, the focus for consultation was on proposals that have an impact on the public.

1.3. Information presented in this report should be considered alongside equality impact assessments and other supporting information. Table 1 and 2 on the following pages provide a quick reference list of the policy and operational proposals consulted on, the overall opinion following consultation; and the outcomes from EqIAs, where completed.

1.4. Single statements indicate the general overall opinion on each proposal whether: 'Support', 'Against' or 'Inconclusive / opinion divided'. Note that low numbers of people responded.

1.5. Following consultation and impact assessment, and consideration by Cabinet, the following changes are proposed to the final budget in relation to policy proposals:

Policy proposal Ref P10: Charge self-funders to arrange care via adult social care commissioners (brokerage service) – feedback was divided on this proposal from the general consultation. It has been determined that more specific consultation and equality impact assessment is required on this proposal prior to considering implementing and as such, that consultation will be undertaken as part of a wider piece of work relating to Adult Social Care charging within the Proud programme. This proposal is therefore withdrawn at this point.

Policy Proposal Ref P2: Finance - Adult Social Care Client Care Team - introduce charge for appointeeship management / support (consultation feedback divided) and **Policy Proposal Ref P3**: Adult Social Care Client Care Team - introduce charging for administration of deaths for appointees (consultation feedback against). An initial equality impact assessment has indicated a *"B - Adjustments are needed to mitigate adverse impact and to better promote equality".* These are both year 2 proposals (2022/23) and specific consultation and equality impact assessment will be undertaken during 2021 and fed back to Cabinet as part of the 2022/23 budget setting cycle, at which point a decision will be made as to their inclusion or otherwise.

1.6. The remaining policy proposals are to be approved as originally set out. In relation to Policy Proposal Ref P13: Consider ceasing pest and animal control service – there is considered a thriving private sector market which can provide a more effective and efficient service, therefore it is proposed to continue with ceasing this service.

1.7 All operational proposals set out in table 2 are proposed to be included in the final budget report, with mitigating actions where equality impact assessment identified the need for this.

Table 1. Quick reference list of policy proposals specifically consulted on

Policy ref number	Saving Proposal	2021/22 £	2022/23 £	Total £	EqIA decision A-D or not required (N/A)	Number of responses	Overall opinion following consultation
P1	Change, Grow, Live Contract - bring service back in house (general consultation)	122,714	467,714	590,428	C	37	Support
P1	Change, Grow, Live Contract - bring service back in house* (Service specific consultation)					29	Support
P2	Finance - Adult Social Care Client Care Team - introduce charge for appointeeship management / support	0	72,800	72,800	B	30	Divided
P3	Finance - Adult Social Care Client Care Team - introduce charging for administration of deaths for appointees	0	6,000	6,000	B	28	Against
P9	Charge developers for travel plans	0	30,000	30,000	NA	23	Support
P10	Charge self-funders to arrange care via adult social care commissioners (brokerage service)	15,000	15,000	30,000	NA	33	Divided
P11	Introduce council tax penalty charges for failing to notify a change of circumstance	150,000	0	150,000	NA	38	Support
P13	Consider ceasing pest and animal control service	87,606	0	87,606	B	39	Against
P14	Bereavement services – the sale of keepsake memorials and a range of personal memorabilia	1,000	0	1,000	NA	27	Support

**Service specific consultation (16 November to 7 December) in addition to the generic budget survey. 384 service users sent a questionnaire.*

Table 2. Quick reference list of operational proposals specifically consulted on

Policy ref number	Saving Proposal	2021/22 £	2022/23 £	Total £	EqIA decision A-D or not required (N/A)	Number of responses	Overall opinion following consultation
OP19	Building Control - Increase in fee paying services planning development and building control	37,000	0	37,000	NA	23	Support
OP63	Increase MOT charges	19,975	0	19,975	NA	26	Support
OP70	Review of permit scheme charges within statutory cap - permit costs to utilities companies for works on highways	40,000	0	40,000	NA	24	Support
OP71	Section 38 fees increase	45,806	0	45,806	NA	18	Support
OP74	Heritage and culture / Arts and events - increase fees and charges	9,351	9,351	18,702	B	26	Support
OP81	Concessionary "Move It" leisure scheme annual fee increase	63,000	0	63,000	C	39	Divided
OP103	Review of existing fees and charges within resilient communities	115,522	44,315	159,837	EqIA being finalised	23	Support
OP104	Provide pre license surgeries to individuals and businesses to support license applications	7,350	7,350	14,700	EqIA being finalised	18	Support
OP106	Charging for change of name deeds (registrars)	0	10,890	10,890	NA	24	Support

2.0 Background

2.1 Each year Walsall Council undertakes public consultation in preparation for the budget setting process. Residents, partners and other key stakeholders were invited to have their say on draft budget policy proposals for 2021/22 to 2022/23 where applicable.

2.2 Section 138 of the Local Government and Public involvement in Health Act 2007 placed a general duty on every local authority in England to take such steps as it considers appropriate to secure that representatives of local persons (or of local persons of a particular description) are involved in the exercise of any of its functions, among other things by being consulted about the exercise of the function. The 2010 Equality Act whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function.

Approach to consultation

2.3 Consultation is an integral part of the budget setting process and a programme of consultation has taken place to consult and engage with a wide range of stakeholders, including service users and potential service users, residents, Non-Domestic Rate Payers, voluntary and community organisations, councillors and other key stakeholders.

2.4 Consultation took place between 29 October and early January 2021. Information on the draft proposals was made available in the 28 October 2020 Cabinet report and on the council's website www.walsall.gov.uk/budgethaveyoursay. Information was also included in the consultation document (questionnaire).

Communications and promotion

2.5 The consultation was announced in a news item on the council's website. This news item was viewed 130 times. Links to the budget consultation pages were posted on relevant service webpages and staff used budget consultation e-signatures.

2.6 Promotion of the consultation on social media was undertaken throughout the consultation period; in total 11 posts were published on the corporate Twitter and Facebook accounts to raise awareness of the consultation and direct people to the council's website. These were shared widely across Walsall Council service area accounts including Walsall4All, Public Health, Environmental Health, Clean & Green and the four localities' accounts.

2.7 Three local community Facebook groups with significant reach (3,000, 10,000 and 20,000 followers) were also engaged to promote the consultation to their networks on our behalf.

2.8 Information about budget consultation was also included in edition 13 of the COVID News from Walsall Council residents' newsletter, distributed to 60,000+ people on 5 November. The link to the consultation from the newsletter attracted 60 unique clicks.

2.9 Adverts were placed in the Walsall edition of the Express & Star newspaper on 7, 12, 14 and 17 November, with a daily average readership of 3,000.

2.10 Posters and postcards were printed with the intention of distributing them via the library ring and read service and at leisure centres, NAG and the Leather Museum, however Covid-19 local lockdown restrictions meant that these venues were forced to close and therefore the printed material could not be distributed in this way. Posters and postcards were, however, sent to Community Associations and to the MOT bay at Brownhills depot.

2.11 Information about the proposals was provided and further information could be sought on request. A budget phone line was made available for people to ring for further information or to make a comment.

Methodology

2.12 Consultation approaches have, as far as possible, been designed to be appropriate to the audience and to facilitate informed comment. In doing so particular groups and communities have been targeted and supported where necessary to understand the proposal(s) and have their say.

2.13 Of the 17 policy proposals, eight for 2021/22 impact directly on the public and were therefore specifically covered in this general consultation. Those relating to 2022/23 ill b subject to further consultation.

2.14 Most operational proposals do not impact directly on the public as the changes are 'behind the scenes' however there are nine operational proposals involving changes to fees and charges. While operational proposals are savings that do not require Cabinet approval or formal consultation, public comments and feedback are sought as part of consultation on the wider budget and used in decision making / EqIAs.

2.15 Central to the consultation is to understand how the draft proposals, if approved, may impact on people / communities and to seek alternative suggestions for how the savings could be made. Feedback on all proposals was gathered via a short generic online questionnaire. Each proposal was listed allowing respondents to select which proposal(s) they wished to comment on. The survey asked 3 key questions:

- What is your overall opinion on this operational proposal? (support, support but with concerns / amendments, do not support)
- How if at all, might this proposal affect you?
- Do you have any alternative suggestions for how this saving could be made or income generated?

2.16 In addition to the generic survey, Children's Services conducted service specific consultation in relation to proposal P1 Change, Grow, Live contract – bring service back in house. A separate, more detailed questionnaire was distributed to users of the service and results have been analysed and reported separately in this report (see section 3.7).

2.17 In line with our statutory duty, Non Domestic Rate Payers (NDRP) were invited to have their say on the budget. 3,199 businesses and 734 voluntary organisations were emailed on 17 December giving them information about the budget / council tax and the opportunity to comment. This information was also made available on the council's website. The deadline for responses was 7 January 2021.

2.18 All feedback received has been collated, analysed and considered as part of the consultation process and used to inform equality impact assessments with findings being used to inform the decision making on the budget.

Petitions

2.19 No petitions have been received.

3. Summary of feedback

Generic survey results – policy proposals

3.1. The generic online survey was made available on the council's website from 29 October 2019 until 30 November 2020.

3.2. Responses to the consultation are particularly low this year, this is partly due to the Covid-19 crisis and the restrictions in place, but also due to the fairly non contentious nature of the proposals and the relatively low number of people potentially impacted by them.

3.3. The survey was opened and started a total of 302 times, of these 70 completed the questionnaire in full and 232 partially; meaning they started the questionnaire but did not complete it in its entirety – all responses have been captured and included in the analysis.

3.4. Not all questions in the survey were mandatory therefore some figures may not appear to tally. Likewise demographic questions were voluntary. The number of people answering a question is quoted throughout and should be borne in mind when interpreting the results (%s). %s are based on the number of people answering the question.

3.5. Of those starting the generic survey, 255 were residents of Walsall, 14 council employees, 1 community / voluntary organisation, 2 public sector organisations, 1 education sector, 2 other local authorities and 8 'other'. Note that not all questions were mandatory, nor did everyone go on to complete the questionnaire. Results are reported on the basis of the number of people who answered the specific question.

Policy Proposals

3.6 **P1: Change, Grow, Live Contract - bring service back in house** *(note a separate service specific consultation was also undertaken – closed 7 December. See section 3.7)*.

3.6.1 37 people commented on this proposal. Of those that answered the questions about them, most respondents (23) were aged over 35 and slightly more males than females commented on this proposal.

*Overall opinion following consultation: **Support.***

3.6.2 Overall 73% (27) people supported this proposal, with 6 people supporting it but with concerns / amendments. 4 people (11%) did not support it.

3.6.3 *How might this proposal affect you?*

Comments do not highlight any serious concerns and mostly welcome the proposal and the cost saving it would bring.

> *“This won't affect me directly, but as a tax payer I support any proposal that can be shown to be more cost effective.”*

Maintaining high quality services is for important for some.

> *“I am a user of the service at Palfrey and have been for almost 3 years. I have seen the quality of provision drop since CGL took over. They have reduced the offering. I would like to see the early years’ service back in house.”*

> *“I am concerned that to achieve such high savings, the level of service provision will have to be reduced.”*

> *“The delivery of these services is something that can’t be reduced therefore any saving to keep the service running is essential.”*

One person felt that the service should remain in Palfrey as other community venues have recently closed.

> *“The venue needs to stay in Palfrey, you’ve taken away our library, the Palfrey CA has gone there is nothing left for the community. I do support the council running the service instead of CGL but the location NEEDS to stay in palfrey, can the old South Walsall Library building not be used or even the My Place youth centre or the Seed Hut at Palfrey Park.”*

3.6.4 *Alternative suggestions for how this saving could be made or income generated.*

An alternative suggestion included finding a council owned building in Palfrey from where the service could be delivered. One person was concerned about the impact the move would have on current users.

> *“By moving the location to a council owned building but WITHIN PALFREY.”*

> *“Relocating to Birchills would not allow the service adequate access to those in the central and south area, and limit ability of those in need to engage with the service. Early years/help has already been scaled back as far as it can go in Walsall.”*

3.7 Service Specific Consultation on P1: Change, Grow, Live Contract - bring service back in house

Overall opinion following consultation: ***Support.***

3.7.1 In addition to the generic questionnaire, which was available for anyone to complete, those who had used the service during 2019/20 were sent a more detailed questionnaire to complete and return. Key stakeholders were also contacted by email and invited to comment.

3.7.2 384 householders had used the service in 2019/20 and were sent a letter explaining the proposal and a paper questionnaire to complete and return in a freepost envelope. Alternative formats and support was offered including; completing the questionnaire online, completing it over the phone with support from multi-lingual Early Help Officers / translation service, as well as other formats on request.

3.7.3 Consultation on the re-location of the Family Hub commenced 9 November 2020, closing on 7 December 2020. CGL were asked and encouraged to share and promote the consultation with parents on our behalf. By the closing date 24 households and 5 stakeholders had responded.

Feedback from CGL service users

3.7.4 Demographic questions were voluntary and a full break down of demographics is available separately. Results show that of the parents/carers that responded, most respondents were female (22), many were of Asian ethnicity (11), a small cohort were single parents (4), were aged between 27 and 50. The majority (14) lived within the WS1 postcode area with (7) living in WS2 and between them had 16 children with the highest proportion being of preschool age (8).

3.7.5 With regards to disability, households were asked to state if they, their partner or child had any disability/additional needs. Four patents/carers identified themselves as having a disability/illness, seven identified their children as having a disability/illness and 4 identified their partner as having a disability/illness.

3.7.6 Most reported their child having a learning disability (5) and / or a behaviour / development issues (5). 3 had a mental health condition.

3.7.7 Of the 24 housholds that responded, there was an equal split of those using the Family Hub, with 11 (50%) utilisng more than one service available;

- Early Years Support (7)
- Parneting Support/Programmes (7)
- Health Services, key stakeholder partners including Midwifery Support, Health Visitor Sessions, School Nursing and Speech & Language services (7) (key starkehold partners)
- Early Help One to One Support (7)

3.7.8 When asked what is most important to them, the majority (15) said the location, followed closely by the staff (13) and the support provided by the staff (10).

3.7.9 Respondents were specifically asked what impact, if any, the relocation of the service might have on them / their children. Comments highlighted some concerns about the distance of the proposed location from the exisiting Family Hub, a few raised concerns about free local parking and one alternative suggestion made.

No concerns personally -

> *"Not a great deal as I would have to use either a bus or car to attend and continue using the service"*

"No impact on me personally but I know a lot of my friends will not able to make Birchills as they walk to the current location"

Distance a concern -

"A bus to Bradford Street and then walking to the wharf. Not convenient"
"It will be difficult to get to - no available transport"

"Unfortunately, I would not be able to attend in Birchills as it is too far to walk, I have 3 kids and it would not be worth it to get a bus just for a session that will be one hour & half"

"It is way too far to attend. The price of the bus fare time restrictions to get there and back for other school runs. Been on the door step, they are always there to support straight away. I could not afford the travel there & back to Birchills"

"The location, will be far"

"I don't have transport so wouldn't be able to attend sessions elsewhere. It would mean myself & my children have fewer socialisation opportunities but ultimately I'm concerned it would hinder my children's development (i.e. weight checks , no play groups)"

3.7.10 *Alternative suggestion / general observation -*

"Devastating, you have the old Palfrey nursery site available for use."

"The community will lose a great service as located building which currently (prior to COVID) is easy to access"

"I think it's a shame to move this service from Palfrey"

3.7.11 In terms of adverse impact, 10 parents/carers said they did not feel this proposal would adversely affect them, however, some went on to comment;

"There is very limited provision in Walsall for pre-school aged children and believe closing this centre will be detrimental for children in the community"

"No, but too far to travel".

"I think by taking away South Street, you will effect a wide community of people. Everyone, of any race, ethnicity or gender is truly welcome. Everyone is treated the same, regardless of social status. A move the centre you will be isolating a lot of community who are pressured into not being sociable. The centre has done wonders to breakdown OUTDATED beliefs"

"Not having a car, I feel it's unfair these services will not be accessible to me if moved to Birchills".

3.7.12 Overall half of all parents/carers said that they would carry on using the service at the proposed localtion (12 parents/carers), 7 said they would find similar services within the local area and 5 said they would stop attending. Of the 5 who stated they would stop attending, all said they utilised the Early Years Support and Parenting Workshops availble.

3.7.13 Whilst some paresnts / carers have reservations about the proposed relocation of the service, none raise any major concerns or adverse impacts.

Feedback from key stakeholders

3.7.14 The following stakeholders responded to the consultation;

- Kids an organisation that delivers the Cygnet programme, stay and play groups for children with SEND and holiday activities families.
- The Black Country Telford and Wrekin Independent Visitor Service support looked after children and young people through the recruitment of volunteers who are then trained to go on to become an Independent Visitor.
- The Speech and Language Service
- School Nursing Service and
- Black Country Impact project who offer support and advice to help young people find work.

3.7.15 The majority of the stakeholders who responded were pleased that the services will be continuing and that a potential relocation would not affect their service delivery or service users.

The Kids Organisation

3.7.16 The Kids organisation raised a concern around the accessibility of a potential new venue/building and the need for parking facilities close by in particular for families with disabled children.

> *"In terms of location of the building itself the KIDS staff do not feel this would be an issue in terms of them being able to access it for work. There is a concern as to how families will be able to access this building, particularly those with disabled children who require parking facilities close to the building."*

The Speech and Language service

3.7.17 The Speech and Language service were supportive of the servcie overall but did have reservations about the service relocating.

> *"We have always recognised the importance of being part of the services provided to the communities across Walsall through the children centre settings. It is a great privilege to be part of such a valuable service to the community and to work alongside the multi-disciplinary teams to be able to access all the diverse needs of our families"*

3.7.18 They did share some reservations about losing a community base in the Palfrey area and access to services that are close to where families in need live.

> *"Lots of our families find it very difficult to access services that are not close to where they live and struggle to meet their children's needs if they are not able*

to attend their appointments."

"The staff at the Central and South Family Hub are very effective at building strong relationships with thefFamilies and support them to attend appointments, overcoming personal circumstances that prevent them from doing this."

3.7.19 The Speech and Language service appreciate that a relocation would potentially provide greater opportunities for joint working as part of a multi-disciplinary team.

"…the Birchills premises will provide greater opportunities for co-location of services and joint working."

The Independent Visitor Service

3.7.20 The Independent Visitor Service was disappointed to hear about the potential relocation, as they felt the current central location is easily accessible by public transport allowing them to operate within 4 Local Authority areas, the building is well resourced, equipped and provides a pleasant learning environment for new volunteers.

"We were surprised and disappointed to hear the news about the relocation proposal. As a service we are facing the ongoing challenges this year has brought and we are working very hard to maintain the level of support our young people require."

3.7.21 They felt that a potential move may affect the recruitment, training and retention of volunteers, specifically that they may have to spend additional time and funds sourcing alternative venues with facilities for training and interviewing. They have been reassured that the potential new locality hub is closer to the town centre and will still be available for their use.

"Our volunteers are facing home and work challenges of their own and so we are equally keen to ensure we offer them a very positive and supportive volunteering experience with us."

"Loss of facilities that enable the recruitment of volunteers to take place effectively – interview rooms, printer / scanners, parking, ease with which centre rooms can be booked."

"Additional time to travel to other venues, sourcing other venues e.g. training and interviews, facilities, booking appropriate rooms for training."

"Losing the facility would be an impact on our budget as its very tight".

"Changes to the literative, postal address, alternative training venue, costs attached to that."

School Nurse Service

3.7.22 The School Nurse Service advised they were;

"Happy for relocation to be considered and south to be taken in house. Our relationship with CGL has never been as straight forward or productive as with rest of localities".

Impact Service

3.7.23 Impact Service advised;

"There are some changes coming up for us also, however for the time being we are still very much receiving referrals from CGL staff and will continue to do so. From my point of view, the change in location will not affect the work that we do".

3.7.24 Overall stakeholders are supportive of the proposed relocation of the service and although note that for some it will be further to travel, none raise any major concerns.

3.8 **P2: Finance – Adult Social Care Client Care Team – introduce charge for appointeeship management / support**

3.8.1 As a 2022/23 saving full and detailed consultation will take place at a later date. Initial feedback has been collected. 30 people commented on this proposal. Of those that answered the questions about them, most respondents (21) were aged over 35 and slightly more females than males commented on this proposal (54% female responses).

Overall opinion following consultation: ***Divided.***

3.8.2 Overall 53% (16) people did not support this proposal and a further 10% (3) supporting but with concerns / amendments. 11 people (37%) supported the proposal.

How might this proposal affect you?

3.8.3 No respondents indicated an impact to them directly but two referenced it having an impact on family members.

3.8.4 Although it is not clear if respondents use the service or know someone who does, some comments raised concerns regarding the ability to pay.

"This has to be means tested for those on benefits. Many vulnerable people living in supported living or care who are on benefits will struggle to pay £7 a week."

"My disabled daughter who will be on benefits would struggle to pay £7 a week."

Alternative suggestions for how this saving could be made or income generated

3.8.5 No service related alternative suggestions were made.

3.9 **P3: Finance – Adult Social Care Client Care Team – introduce charging for administration of deaths of appointees**

3.9.1 As a 2022/23 saving, full and detailed consultation will take place at a later date. Initial feedback has been collected. 28 people commented on this proposal. Of those that answered the questions about them most respondents (20) were aged over 35 and slightly more females than males commented on this proposal (52% female responses).

Overall opinion following consultation: ***Against.***

3.9.2 Overall 61% (17) people did not support this proposal and a further 11% (3) supporting but with concerns / amendments. 8 people (29%) supported the proposal.

How might this proposal affect you?

3.9.3 Comments highlight concern regarding ability to pay and how the fee is calculated / applied.

> *"Is this a means tested charge? Unfair if hardworking people who pay council tax, have to pay for leisure use, and any other payment where means testing stops non-working persons from being charged or paying. Further information required."*

> *"The estates of some people who have appointees might be very small and family members may struggle to pay funeral costs."*

> *"Absolutely disgusting how about people that can't afford to lose that money."*

Alternative suggestions for how this saving could be made or income generated.

3.9.4 Alternative suggestions relate to the cost.

> *"Lower the charge to £150. Only apply to families that cannot do this themselves."*

> *"Again I feel this must be means tested for those on benefits as with the rising costs of funeral charges they would struggle to pay."*

> *"Don't see why direct payments use the middle man (DPSS). Day services fees are far cheaper than a PA."*

3.10 **P9: Charge developers for travel plans**

3.10.1 23 people commented on this proposal. Of those that provided demographic information most respondents were aged over 35 and the majority of respondents (61%) that commented on this proposal were male.

Overall opinion following consultation: ***Support****.*

3.10.2 Overall 83% (19) people supported this proposal and a further 4% (1) supporting but with concerns / amendments. 3 people did not support the proposal.

How might this proposal affect you?

3.10.3 Comments made reflected that respondents did not feel personally impacted by the proposal but present different perspectives.

> *"Again, doesn't affect me directly but large profits made from planning and construction projects should directly pay a cost for any help provided by the local authority."*

> *"By charging for this it would mean that developers are less likely to take travel plans into account and thus have a negative impact on Walsall residents."*

Alternative suggestions for how this saving could be made or income generated.

3.10.4 No alternative suggestions were made.

3.11 **P10: Charge self-funders to arrange care via adult social care commissioners (brokerage service)**

3.11.1 33 people commented on this proposal. Of those that provided demographic information most respondents were aged over 35 (24 respondents) and the majority of respondents (52%) that commented on this proposal were female.

Overall opinion following consultation: ***Divided.***

3.11.2 Overall 52% (19) people did not support this proposal. Whilst 36% (12) respondents indicated they fully supported the proposal a further 12% (4) supported but with concerns / amendments.

How might this proposal affect you?

3.11.3 Comments made were generally negative about the proposal and the impact it may have on those affected.

> *"Appalling idea, unfair bias towards hardworking people who have paid into a system whereas others haven't tried or wanted to."*

> *"Charging for a request to change a care provider may mean that some people will be stuck with unsuitable care. They may be reluctant to change provide due to the cost."*

3.11.4 There were also comments relating to the proposed cost.

> *"These costs must be reasonable."*

> *"Lower the fees. I agree in principle but it seems too high."*

> *"There are enough costs involved and I feel that these are not reasonable costs especially as what little they are saving."*

Alternative suggestions for how this saving could be made or income generated

3.11.5 A variety of alternative proposals were suggested.

> *"Reduce or remove free use of leisure services to unemployed. There must be a processing cost and wear and tear cost."*
>
> *"Look at cutting the packages of people who are claiming too many hours that are paid for by local authorities."*
>
> *"Charge individual and care provided equally."*
>
> *"Look elsewhere for savings such as the heating in the civic centre or the Enabling Technology as I'm sure costs could be saved here instead."*

3.12 **P11: Introduce council tax penalty charges for falling to notify a change of circumstance**

3.12.1 Although this is listed as a policy proposal, under Council Tax legislation there is no legal requirement to consult on this issue, however as a policy proposal it has been included as part of budget consultation.

3.12.2 38 people commented on this proposal. Of those that provided demographic information most respondents were aged over 35 and the majority of respondents (59%) that commented on this proposal were male.

*Overall opinion following consultation: **Support.***

3.12.3 Overall 68% (26) people supported this proposal and a further 13% (5) supporting but with concerns / amendments. 7 people (18%) do not support it.

How might this proposal affect you?

3.12.4 Comments made reflected the opinions of respondents rather than any actual impact on them personally.

> *"This does not affect me directly but I support this because residents should ensure that the council has full information as it affects their council tax liabilities."*
> *"Might annoy me less with people getting away with it."*
> *"If the current situation has impacted the council budget it has certainly effected households much more! Increase in council tax and introducing penalties is being absolutely inconsiderate of circumstances."*

Alternative suggestions for how this saving could be made or income generated.

3.12.5 Alternative suggestions made were connected to council tax.

> *"Examine other areas around the collection of council tax that could raise more revenue and deter late or non-payment, in addition to this proposal."*

"Follow up none payment of Council Tax and stop letting the same people off."

"This is a good idea but must be well advertised as a policy change and not apply to vulnerable groups,"

3.13 **P13: Consider ceasing pest and animal control service**

3.13.1 39 people commented on this proposal. Of those that provided demographic information most respondents (28) were aged over 35 and the majority of respondents (63%) that commented on this proposal were male.

Overall opinion following consultation: ***Against.***

3.13.2 Overall 51% (20) people do not support this proposal whilst 31% (12) indicated they fully supported the proposal. A further 18% (7) supporting but with concerns / amendments.

How might this proposal affect you?

3.13.3 Comments made highlight concerns about cost and impact on cleanliness in the borough.

"Ceasing this service could bring a surge in prices of alternative providers as there would be less competition. This could mean that people choose not to deal with the pest problems which would create a greater problem."

"Animal and pest control assists in the cleanliness of the town. I believe the borough will suffer if this service is removed."

"A service we have used before but would not be able to afford services provide by a private company. In times of increasing poverty this problem is going to get worse."

3.13.4 Some comments focused on the council's reputation and responsibilities.

"Alternative providers charge an arm and a leg for their services. The council has a responsibility to ensure people can live safe and without worrying about pests in their houses. If families are struggling with everyday expenses, they cannot afford to pay for such services, especially when they have children who can be affected."

"The council has more accountability to the public and is therefore trusted by Walsall residents and won't overcharge unnecessarily and other private companies may not provide the same level of service or have the same accountability if things go wrong. Private companies may also overcharge residents and rip them off."

"Most people know that they go to the council for these services. If they are no longer available, people might not want to use a private provider and the pest situations will escalate."

Alternative suggestions for how this saving could be made or income generated.

3.13.5 Alternative suggestions made were connected to costs and charges.

> *"If the council ensure the local housing providers, i.e. Whg etc. provide deep cleans in between changes of tenancy the other services can then become a cost to the tenant or property owner."*

> *"Increase the charges to be in-line with alternative providers. Keeping it in house at the council provides resident with the knowledge that they are paying a fair price and are not overcharged."*

> *"Sell the service correctly, ensure that people know it exists – people I have suggested it to thought it had ceased a long time ago!"*

> *"The service for rat infestations should be free. It is going to get worse. This should be supported by an increase in could tax. It should also be supported by all households not just working families."*

3.14 **P14: Bereavement services – the sale of keepsake memorials and a range of personal memorabilia.**

3.14.1 27 people commented on this proposal. Of those that provided demographic information most respondents were aged over 35 and the majority of respondents (73%) that commented on this proposal were male.

*Overall opinion following consultation: **Support**.*

3.14.2 Overall 59% (16) support this proposal whilst 33% (9) indicated they did not support the proposal. A further 7% (2) supporting but with concerns / amendments.

How might this proposal affect you?

3.14.3 Although 59% of respondents indicated support for the proposal, comments made highlighted concerns about quality and competition from existing providers.

> *"There are already companies that provide this service, it does not generate enough income to make it worth it."*

> *"This will bring in even less income that he pest control service you wish to scrap. People won't buy these from the council as it's normally done from the funeral providers."*

> *"Just no."*

> *"The idea seems plausible but the way it is described makes it sound really tacky and inappropriate."*

> *"Promote it a bit, if done in a tasteful way I believe it could be quite popular."*

Alternative suggestions for how this saving could be made or income generated.

3.14.4 No alternative suggestions were made.

3.15 **Thoughts on paying more council tax**

3.15.1 As well as specific questions about draft policy and operational proposals, the generic survey sought feedback on paying a bit more council tax. Consultation was conducted before the Autumn Spending Review 2020 (25 November) when the Chancellor announced that local authorities will be able to levy a three per cent adult social care precept. The consultation referenced a potential 1.99% increase in council tax, the maximum allowed before triggering a referendum.

3.15.2 Results show that of the 79 people who responded 40 (51%) feel that paying more council tax would have a big impact on them and 26 (33%) some impact. 11 (14%) felt it would have no impact and 2 people did not know.

3.15.3 Many comments from those who say it would have a big impact on them related to the lack of wage increases in line with increases in council tax.

> *"My pension doesn't increase in line with all the bills I have to pay."*
>
> *"My wage hasn't gone up in 5 years yet all my bills have."*
>
> *"You call it "a bit more" but wages are not increasing at the same way in which household bills are."*
>
> *"We're a one income family and the rise in council tax is a big strain on our monthly outgoing's."*
>
> *"Council Tax has constantly risen much higher than my wages. Because I have a large family and earn average wage I have to pay in full. It is already my largest bill other than food."*

3.15.4 Some comments reflect the negative impact Covid-19 has had on their household finances.

> *"Since COVID we have lost our income through redundancy and it would put us to the bread line if not over it with another increase."*
>
> *"10% reduction in wages, then have been on 80% of this reduced rate for months then council wants to up bills…"*

3.15.5 Amongst respondents who feel an increase would have some impact on them some say that increasing council tax appears to be the easy way to find money and say that more should be done to find savings from within the council.

> *"At this time, losing more money is never going to be good. This is the easy route though, rather than charge us more why don't you take a good long look at yourselves and what you're doing and make the savings there instead?"*
>
> *"It appears this is the easiest way to obtain funds, should we not be*

concentrating on other ways…?"

3.15.6 Some question what they are getting in return.

"I don't feel we are getting value for money. There is no improvement in council services so what are we paying for?"

"As a long-time resident of Walsall I have seen the standard of service drop as the council tax increases. We are all under pressure in a day to day activities to get the maximum value and increase efficiency. Many of us now expect little of WMBC and this low expectation appears to have been validated by many, many years of experience…..It's quite simple really, we pay you to provide services, if you are unable to achieve these services then say so and give a valid reason why."

3.15.7 Others feel a small increase would have no impact on them and are more open to an increase.

"45p a week is not a massive increase and if it results in better service provision then I am for it."

"The increase would be minimal and would be no different than the large increase in the WMP precept levied this year. If charging more can secure services, or perhaps even increase some, then it is a price worth paying. It's no good residents complaining about reduction in services without being willing to pay more - either in Council Tax or other taxes."

"Even for band C it's only just over £2.50 per month, the price of a coffee (that we're not allowed to buy)".

3.16 **Statutory consultation on the draft budget and council tax**

3.16.1 As part of the council's statutory duty to consult[2] with representatives of local non-domestic ratepayers (NDRP), businesses and community and voluntary organisations were consulted on the current and preceding years' expenditure proposals, as well as the proposed council tax increase for 2021/22.

3.16.2 On 17 December, emails outlining the draft budget and explaining the adult social care precept were distributed electronically to 3,199 businesses and 734 community and voluntary organisations (One Walsall CVS network). As well as providing a link where further information could be found the email invited people to have their say via an online form.

3.16.3 This information was also made available on the council's budget consultation pages: www.walsall.gov.uk/budgethaveyorusay

3.16.4 By the final closing date of 7 January 2021, 4 responses had been received. 3 responses were from residents and 1 from a housing association. 2 residents fully supported a 1.99% increase and 1 did not support it. One suggested that the increase should be used to help support the vulnerable.

[2] http://www.legislation.gov.uk/ukpga/1992/14/section/65

"We need to support those elderly/disabled more."

3.16.5 The resident who did not support a 1.99% increase in council tax said;

"The current premium is already higher than other local authorities in the same bandings." And that "Any increase is hard to take in the current economic climate."

3.16.6 One resident supported a 4.99% increase (inclusive of 3% precept for adult social care), whilst 2 did not support it.

"Massive increase on top of other essential utility bills. A lot more than inflation and the increase in the average salary."

3.16.7 Whg (housing association) supported a 1.99% increase but with concerns / amendments and made the following comment;

"Our community is already financially deprived with many families struggling to feed themselves or heat their homes. We have seen record rises in the number of people using the food bank and new claimants of Universal Credit. The economic situation is still very difficult and it is expected to remain so for a long time. The government's furlough scheme is due to end and we should expect further economic deprivation and hardship as a result. Any increase in council tax is only going to add to the pressure felt by our communities and will push some families into further hardship."

Section A - Part 3 – Budget proposals 2021/22 – assessing equality impact

1.0 Cabinet, on 28 October 2020 (*Draft Revenue Budget 2021/22-2023/24 and in-year Position 2020/21*) agreed a summary of new revenue policy savings for consultation. All managers responsible for policy proposals, and operational proposals with the confirmed requirement for EqIA, were requested to carry out an assessment.

1.1 An EqIA is the Walsall Council chosen procedure for checking lawfulness of decisions in relation to the impact on people with certain characteristics protected by the Equality Act 2010. These are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion and belief
- Sex
- Sexual orientation

<u>Information required in the EqIA</u>

1.2 An EqIA must contain relevant data and sufficient analysis to enable members to understand the equality implications of a proposal and any alternative options. It must have satisfactory and appropriate information and be presented to decision makers in time for them to understand the effects of the proposal on people with protected characteristics. It must also;

- Consider whether action can be taken to mitigate any identified potential adverse impacts. Some proposals will affect everyone, but others will affect people from different equality groups;
- Consider whether action can be taken to enable the policy or decision to advance equality of opportunity for people who share a relevant protected characteristic;
- Request further research, consultation, or action is necessary.

<u>What course of action does the EqIA suggest?</u>

1.3 An EqIA should clearly identify the option(s) chosen and their potential impacts as well as document the reasons for this decision. There are four possible outcomes:

A - No major change required

1.4 When no adverse impact is identified and all opportunities to promote equality have been taken. To make this judgement, concrete evidence must be provided that people with protected equality characteristics (all groups) will not be affected adversely.

B - Adjustments are needed to mitigate adverse impact and to better promote equality

1.5 A plan is required which must include specific deadlines for actions to be completed in order for the decision to be implemented, e.g. alternative ways of providing the service, signposting to other providers and ongoing monitoring of the impact. If there are further concerns following adjustments, the decision must be reviewed and action taken.

C - Continue despite possible adverse impact

1.6 Compelling reasons will be needed and mitigating actions are required to minimise adverse impact. An action plan is required which must include specific deadlines by which mitigating actions need to be completed in order for the decision to be implemented, e.g. alternative ways of providing the service, signposting to other providers and ongoing monitoring of the impact. If there are further concerns following adjustments, the decision must be reviewed and action taken.

D - Stop and rethink the proposal

1.7 When an EqIA shows actual or potential unlawful discrimination and needs to be reviewed immediately.

1.8 17 policy proposals for 2021/22 were considered for their impact on protected characteristic groups. Following consultation and feedback analysis, policy proposals had an equality screening resulting in a number not requiring further assessment as there was no perceived impact on protected characteristics. However, 6 policy proposals were required to undergo in-depth Policies, Procedures and Services (PPS) EqIA.

1.9 In addition, operational proposals were considered for equality impact and 48 will require an assessment prior to implementation, however, these largely do not impact on residents or members of public and are concerned with internal efficiencies. A summary of this work is briefly referred to in the sections Emerging Technology and Proud Programme.

1.10 The table below shows the emerging outcomes for the assessed policy proposals.

Ref	Decision	Number of EqIAs
A	No major change required – implement	0
B	Adjustments needed to mitigate adverse impact and to better promote equality – adjustments implemented	5 - 3 relate to 2022/23 and will be subject to further review
C	Continue despite possible adverse impact – action plan in place and monitoring undertaken	1
D	Stop and rethink the proposal	0

1.11 The EqIAs that resulted in B or C outcomes are further reviewed by the Equality and Diversity team and considered by Cabinet members, giving opportunity to comment and, where applicable, amend the budget in terms of its fairness, equality duties and objectives, as well as future shaping of the services.

In-depth Analysis of the 2021/22 Policy Proposals

1.12 The policy proposals for implementation in 2021/22 were reviewed as follows:

Ref Number	Proposal	EqIA Decision	Update/ Comments
P1	Change, Grow, Live Contract – bring service back in house.	C	EqIA identified negative impact on a group of children and young people with either a disability or Special Educational Needs and Disabilities (SEND). As a mitigation it was agreed that the children will continue to receive support within their home, school or new location. In addition a proportion of parents/carers currently using the service have a disability or illness. As a mitigation the parents will be receiving Early Help one to one dedicated support. This support will be offered within their own home and where internet access is available all parenting courses will be also online.
P2	Finance - Adult Social Care Client Care Team - introduce charge for appointeeship management / support	B 2022/23 proposal	Initial assessment undertaken suggesting adjustments are needed to mitigate adverse impact and to better promote equality - adjustments will be identified and implemented and the EqIA updated in 2021 in advance of the 2022/23 budget setting cycle.
P3	Finance - Adult Social Care Client Care Team - introduce charging for administration of deaths for appointees	B 2022/23 proposal	Initial assessment undertaken suggesting adjustments are needed to mitigate adverse impact and to better promote equality - adjustments will be identified and implemented and the EqIA updated in 2021 in advance of the 2022/23 budget setting cycle.
P4	Organisational redesign to deliver Intelligent Client Model across Asset Management, Capital Projects and Facilities Management	Not Required	No perceived impact on protected characteristics.
P5	Redesign of Occupational Health contract	B	EqIA identified potential negative impact for employees with disability related conditions, pregnant women and older employees seeking specialist advice on reasonable adjustments. Mitigation includes better communication and training for managers about OH referral thresholds and providing more detailed HR advice on reasonable adjustments. Consultation with Trade Unions is currently ongoing.
P6	Re-profile the highway maintenance mainstream budget for 2021/22	Not required	No perceived impact on protected characteristics.

Ref Number	Proposal	EqIA Decision	Update/ Comments
P7	Increased capitalisation of staff costs	Not required	No perceived impact on protected characteristics.
P8	Increased capitalisation of highway works	Not required	No perceived impact on protected characteristics.
P9	Charge developers for travel plans	Not required	No perceived impact on protected characteristics.
P10	Charge self-funders to arrange care via adult social care commissioners (brokerage service)	N/A	An Eqia will now be undertaken as part of the ASC Charging model review.
P11	Introduce council tax penalty charges for failing to notify a change of circumstance	Not required	No perceived impact on protected characteristics.
P12	Reduction to voluntary organisation	B 2022/23 proposal	Initial assessment undertaken suggesting adjustments are needed to mitigate adverse impact and to better promote equality - adjustments will be identified and implemented and the EqIA updated in 2021 in advance of the 2022/23 budget setting cycle.
P13	Consider ceasing pest and animal control service	B	Whilst there is no clear impact on protected characteristics, the project will continue to review any possible adverse impacts as the council approaches implementation. This will include a review of low income pockets in Walsall to determine any possible link between low income and any protected characteristic. The Equality team will monitor this action.
P14	Bereavement services – the sale of keepsake memorials and a range of personal memorabilia	Not required	No perceived impact on protected characteristics.
P15	Finance - change to minimum revenue provision	Not required	No perceived impact on protected characteristics.
P16	Biodiversity	Not required	No perceived impact on protected characteristics.
P17	Active Living Centres - External marketing & promotion partnership development	Not required	No perceived impact on protected characteristics.

2.0 **Summary of findings from the Cumulative EqIA (including organisational change)**

2.1 As well as policy proposals there are 104 operational proposals in relation to 2021/22 and 2022/23 relating to operational changes such as staffing restructures, the use of new technology and new ways of working. Most operational proposals do not impact directly on the public as the changes are 'behind the scenes' however they may introduce new way of working or change current systems and processes.

2.2 While the operational proposals are savings that the service can decide to implement and they do not require Cabinet approval or formal consultation, the proposal owners were required to consider equality impact of these changes in 91 of the proposals. Some of the emerging trends have been summarised as follows:

Emerging Technology

2.3 Equality, diversity and inclusion in the workforce leads to more innovation, more opportunities for all, better access to talent, and better business performance. Therefore, emerging technology offers opportunities to train people to harness new ways of working, promote equality, diversity and inclusion, and learn new skills for the digital age. We carried out several organisational change EqIAs linked to organisational change budget proposals 2021/22. These assessments relate to technological advances within services. Digital transformation can support equality and diversity by designing in these requirements right at the start of any new process or service design.

2.4 The tech industry is arguably one of the biggest drivers of social innovation, so championing change around the perception of women in the workplace should probably come as second nature. However, globally, the tech industry has a long way to go in closing the skills gap, as well as the perception gap around women in technical and leadership roles.

2.5 People with disabilities should also benefit from emerging technology. Inclusive approaches will ensure that such technology makes a difference in the lives of all potential users. Technology can lower barriers that people with disabilities encounter in their daily and working lives, such as speaking, travelling, reading, and writing. It can allow them to participate and enjoy the benefits of the digital society, with the same access to information as everyone else. And, perhaps most importantly, new technology can allow people with disabilities to act more independently from others if they wish.

2.6 We will also see new technology being utilised for Members, as paperless meetings will become the norm, in due course. This will be monitored for impact on anyone with a disability.

3.0 **Proud Programme**

3.1 The work of the Walsall Proud Programme can be seen in a number of proposals, particularly around efficiencies arising from the reviews and consolidation of administration and business support functions across the council into a single hub and with the customer access management (CAM) programme. The latter will see a link into emerging technology. Both of these areas are subject to consultation, but it is clear that we will be seeing redesign in the services we provide, internally and externally, that will impact on people with protected characteristics. Improving customer experience is at the heart of the Proud Programme and, as such, the council is developing ways of working that meet customer expectations and reflect changing demands for the future. Through CAM, the council has embarked on a programme of work in relation to how customers contact us and access the council's services. This will deliver significant improvements to customer experience, outcomes and efficiencies across the whole council, whilst increasing accessibility and convenience for customers, including through the use of digital channels.

4.0 Impact of those with disabilities and mental health conditions

4.1 OP 81 - Concessionary "Move It" leisure scheme annual fee increase - The eligibility criteria for accessing the Move It scheme is:

- Over 60 years old;
- Household income of under £18,500;
- Having a medical condition that a GP has advised would benefit from increased physical activity;
- Have been advised by a health professional that future health is at significant risk due to excess weight;
- Full time student;
- Being a parent of a junior who meets any of the above criteria.

4.2 The increase in fees, whilst not exorbitant, could have a direct impact on people with health conditions, those overweight, as well as Students and Carers. This is notwithstanding the potential to impact on people over 65 and those with disabilities. Consultation demonstrated a general acceptance that fees may need to be increased, whilst acknowledging possible adverse effect. Subsequently, the Service will be continuing to review the impact of these change upon implementation and will also be monitoring the uptake on subscriptions.

5.0 Parents and carers of children and youth with disabilities

5.1 Efficiencies within the Parenting Team - Over the past 12 months Early Help has been reviewing the parenting programme, methods of delivery and impact, with the recent Covid-19 situation the adaptive ways of delivery has also encouraged the overall reflection, taking on board 'self-help tools' virtual delivery, on line courses and 121 direct intervention. Parents/carers with disabilities or who have children with disabilities or additional SEND needs will be offered a range of interventions and ways to attend the parenting/information and training awareness sessions to suit individual needs.

5.2 Review of Black Country Women's Aid contract - The Proud programme plans set out a number of key developments which will need to be considered to inform the future commissioning of Domestic Abuse services, as well as a number of wider partnership developments to inform the future commissioning of a Children's Services funded DV provision. Currently going through consultation, this may have an implication on sex and will be monitored to ensure any negative impact is mitigated.

6.0 **Children and young people with disabilities or SEND (0-19)**

6.1 Policy Proposal (P1) Change, Grow, Live Contract - bring service back in house. Change, Grow, Live (CGL) is commissioned to deliver a 0-19 years Early Help whole family service to those families most in need in the Central and South locality. In order to make part year savings in 2021/2022, it is proposed that the council take on the delivery of these services with staff transferring. Whilst there would be no change to service provision, the service will need to re-locate. 15 of the children and young people have either a disability or SEND. These children will continue to receive support within their home, school or new location. 17 of the parents/carers have a disability or illness, so all parents receiving Early Help one to one dedicated support are offered support within their own home and, if internet access is available, within their home. All parenting courses are available on line.

6.2 After careful consideration of engagement and consultation data, together with service user feedback and statistics, the outcome for this proposal was 'C' - continue despite possible adverse impact.

6.3 The proposal also identified adverse impact on a substantial group of parents with disabilities or illness which would make it harder for them to access the services after the relocation of the locality teams into one central hub. A number of other issues have been highlighted in relation to transport and distance from different communities.

6.4 The EqIA resulted in extensive action plan and monitoring schedule. The plan includes exploring alternative community venues, more extensive outreach and home visits and more research into demographic data on changing communities.

6.5 The affected children will continue to receive support within their home, school or new location. 17 of the parents/carers have a disability or illness. All parents receiving Early Help one to one dedicated support are offered support within their own home and if internet access is available within their home all parenting courses are available on line.

7.0 **Workforce impact – older age, pregnancy and disabled employees**

7.1 Another policy proposal that identified potential adverse impact in relation to workforce was the Occupational health contract (P5), proposing some changes to the criteria for occupational health referrals.

7.2 The initial EqIA showed a negative effect in relation several protected characteristics, including:

- older employees to be adversely impacted by inability to access OH service (i.e. for conditions more likely to affect older employees) or fore reasonable adjustments where these may relate to an age-related condition;
- Impact on employees who require specialist support or advice regarding reasonable adjustments as a result of a disability-related condition;
- Potential impact on employees who are pregnant and who may require assessment of reasonable adjustments required as part of a pregnancy-related condition.

7.3 The mitigation action plan includes guidance for managers/employees and HR confirming the criteria to be used for OH referral threshold. Managers should ensure that they give full consideration as to whether the case meets OH threshold criteria and to discuss with Senior HR Advisor if any questions or concerns. The communication regarding the changes will be made available in other languages on request for employees whose first language is not English.

7.4 Alternative formats (audio and Easy Read) for disabled employees will be made available on request. Liaison will also be as required with the appropriate Council procured services; audio formats from Walsall Society for the Blind and Easy Read from the Community, Equality and Cohesion team, via the ITTE service.

7.5 P2 - Adult Social Care Client Care Team - introduce charge for appointeeship management / support and P3 - Adult Social Care Client Care Team - introduce charging for administration of deaths for appointees; are 2022/23 proposals and further consultation and equality impact assessment will be carried out prior to consideration for implementation as part of the 2022/23 budget setting cycle.

7.6 P12 (Reduction to voluntary organisation) has submitted an initial EqIA as a year 2 (2022/23) proposal. Initial suggestions are that the proposal will provide a neutral impact, as the focus of savings will be on non-added value activities or activities delivered through other sources. However, this will be confirmed following further consultation, particularly with One Walsall.

7.7 P13 (Consider ceasing pest and animal control service) - Whilst there is no clear impact on protected characteristics, the project will continue to review any possible adverse impacts as the Council approaches implementation. From the consultation, this will include a review of low income pockets in Walsall to determine any possible link between low income and any protected characteristic. The Equality team will monitor this action.

8.0 Ongoing EqIAs and implementation

8.1 EqIAs are live processes that continue to be updated and monitored during the budget considerations as well as during the implementation. Some will not have completed full consultation and engagement. The Equalities team has engaged with proposal holders and are working with them and their proposals to ensure that equality is being considered throughout the process. An update will be provided for the Corporate Management Team (CMT) and Corporate Equality Group (CEG) quarterly.

9.0 Equalities Monitoring Process

9.1 Findings from the cumulative impact assessments and corrective actions are monitored quarterly by Equality Champions, Departmental management teams, CMT and CEG where updates will be provided as appropriate.

9.2 The Equality team will carefully consider the full impact of all EqIAs, particularly those linked to the Proud Programme and Technological changes introduced, with the support of CMT and CEG. Emphasis will be placed on managing and mitigating any adverse impact to the services, within available budgets, and in consultation with their service users with protected characteristics. Managers implementing the service changes where potential impact has been identified will be responsible for any mitigating actions outlined. Progress will continue to be tracked quarterly by CEG and reports provided to Cabinet/CMT as required.

SECTION B – Part 1

For Approval by Cabinet and Recommendation to Council:

Corporate Budget Plan, incorporating the Capital Strategy, and Treasury Management and Investment Strategy

2021/22 to 2023/24

February 2021

Contents | **Page No**

Part 1 – Revenue and Capital Budget Plan

1. Financial planning and management: matching resources to the vision and delivering outcomes

Walsall Council exists to serve the people and communities of Walsall, by representing and working with them to protect and improve the quality of life for all, particularly the most vulnerable. Walsall Council will provide strong, fair, open and honest leadership for the borough and its people and work with any organisation willing to work in the best interests of Walsall. We do this with limited resources and so must always work to ensure that public money is targeted to where it is most needed and used in the most efficient way possible. We are led by the communities we serve who help shape the services we provide and we help those communities to make a positive difference to their own lives through active civic engagement and co-operation.

The council's budget is a financial representation of the organisation's plans for the forthcoming financial year and beyond. In times of economic uncertainty, it is imperative that the council plans over the medium term. This budget looks over the spending round for 2021/22 and the following 2 years to 2023/24, and is constructed as an integral part of the council's planning processes.

It is aligned to its priorities and objectives and specifically the council's corporate plan and the council's Proud Programme of transformational change. It aims to achieve this through the delivery of efficiencies, income reviews and service reviews and redesigns to redirect existing and reducing resources to areas of high council priority in order to deliver the council's outcomes.

This budget has been prepared using the council's high level purpose and priorities as outlined in the council's Corporate Plan. A one year Corporate Plan running for 2021/22 is proposed, building on the current corporate plan, agreed areas of focus, outcomes and markers of success. This will allow for the council to undertake further research, analysis and to listen to our communities to inform the Corporate Plan 2022 to 2025. The council's financial plan and budget will therefore be reviewed and aligned to the new Corporate Plan in the next budget cycle. The 2021/22 Plan has the vision of *Inequalities are reduced and all potential is maximised.* The plan sets out 5 areas of focus (EPICC), 10 outcomes and 20 markers of success to assess progress in delivery of the plan. This budget plan, cash limits, savings and investments are aligned to EPICC and specifically the 10 outcomes which are as follows:

Economic Growth

- Creating an environment where business invests and everyone who wants a job can access one
- Education, training and skills enable people to fulfil their personal development

People

- People live a good quality of life and feel they belong
- People know what makes them healthy and they are encouraged to get support when they need it

Internal Focus

- Internal services deliver quality and adapt to meet the needs of customer facing services

- Services are efficient and deliver value for money

Children

- Children thrive emotionally, physically, mentally and feel they are achieving their potential
- Children grow up in connected communities and feel safe everywhere

Communities

- Housing meets all people's needs, is affordable, safe and warm
- People are proud of their vibrant town, districts and communities

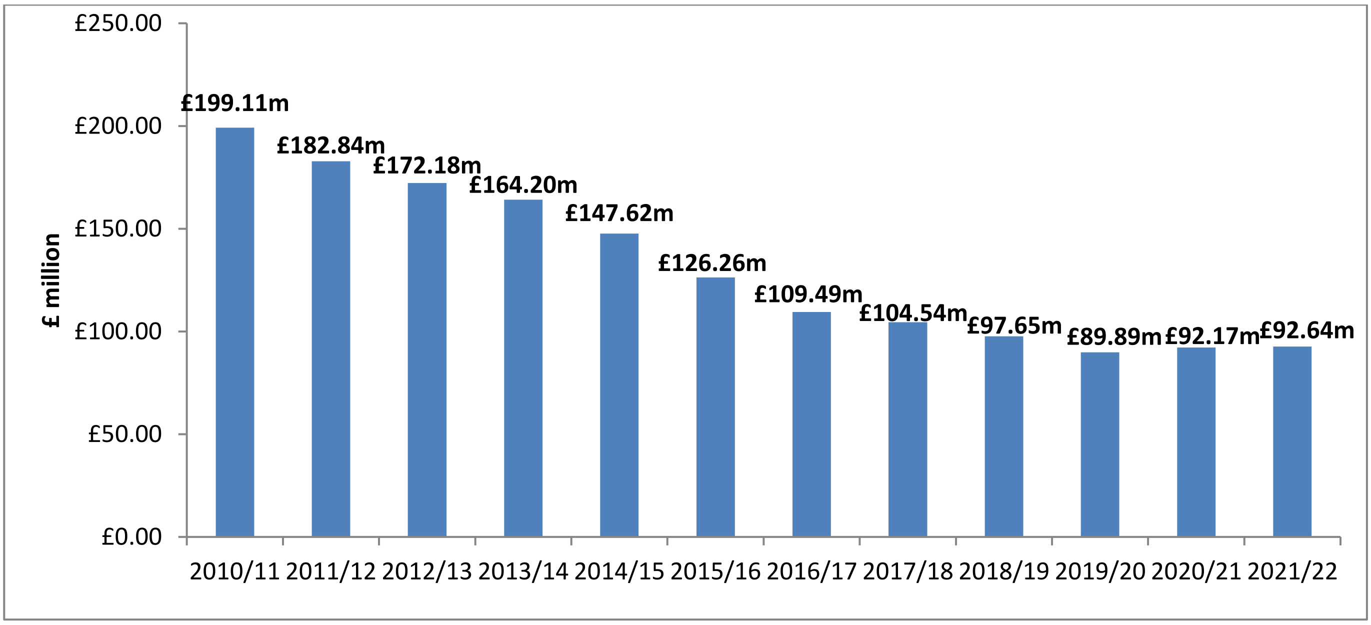
The council will be a key enabler of improvements to Walsall and its' Districts as a place to live, learn and work; working innovatively and collaboratively with strong and resilient communities, public sector partners, schools and businesses to shape services that deliver real and sustainable improvements to people's lives. The council will by necessity be smaller, doing fewer things, and those services that we continue to provide will be delivered in a very different way to how they are now. Our efforts will be focussed on reducing health, social and economic inequalities and creating an environment where the potential of the area, local businesses, communities and people can be maximised.

1.1 Our Challenges

1. Core Government Funding

Around half of Walsall's funding comes from Government grant (55.87% - top up, schools DSG and some specific service grants). In 2010, Walsall received £199.11m of Government core funding support to deliver services, alongside income generated from council tax. Between 2010/11 and 2021/22, Government has cut funding by c£106.47m. Alongside cost pressures over the same period, savings totalling over £230m have had to be identified and implemented.

Government Funding 2010/11 to 2021/22



Total forecasts for core funding are shown below, which compares the baseline funding for 2021/22 (as advised in the draft local government settlement received on 18 December 2020) with comparative data for 2020/21, and forecast assumptions for future years. This includes the spreading of the predicted business rates deficit for 2020/21 over the following three years. The impact of Covid-19, including the issuing of business rates reliefs are expected to be covered by specific government grants, which will impact on the distribution of funds identified below. We are expecting the Spending Round during 2021 for 2022/23 onwards to confirm impact on core funding for the next review period.

This shows an expected increase of c£220k in core funding over the period to 2023/24.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total (Reduction) / Increase £m
Business Rate Retention (BRR)	74.61	74.61	74.61	74.61	0.00
Top Up Grant	17.99	18.09	18.45	18.83	0.84
Baseline Funding *	92.60	92.70	93.06	93.44	0.84
Adjustment against baseline	(0.43)	(1.16)	(0.05)	(1.05)	(0.62)
Total adjusted baseline	**92.17**	**91.54**	**93.01**	**92.39**	**0.22**
2021/22 Decrease		**(0.63)**			
2022/23 Increase **			**1.47**		
2023/24 Decrease **				**(0.62)**	
Total Increase					**0.22**

** Government set Walsall a baseline figure under the business rates retention scheme (Settlement Funding Assessment – SFA as referred to in table 4). The 'adjustment against baseline' takes into account our estimate of what Walsall will collect.*
*** We await confirmation of the Government Spending Round to confirm core funding allocations for 2022/23 onwards. Current assumptions are that ongoing increases will be in line with inflation.*

The Government replaced the way it funds councils with a new scheme known as Business Rate Retention (BRR) from April 2013. A review of the scheme by government to amend the % of retained business rates from 49% to 75% was due to be finalised by 2020/21 but due to delays this has not been fully undertaken and introduced. The review is still on-going with changes expected in 2022/23.

From 2017/18, Walsall has been part of the West Midlands Combined Authority (WMCA) 100% business rate retention (BRR) pilot. Government agreed that this would be at 'no detriment' to participating authorities; however, there remains some uncertainty as to the future final impact of national policy in respect of BRR.

The council's second largest source of funding is council tax (20.15% of the council's gross spend is funded from council tax), which continues to be subject to Government restrictions on the amount that can be raised from this income stream, previously through 'capping', and now through the referendum principles. The budget currently assumes council tax increases of 1.99% over the next three years, with an additional 3% in 2021/22 for Adult Social Care activity, in line with current referendum principles.

The provisional settlement for 2021/22 was announced on 18 December 2020. The future financial environment therefore continues to be challenging for councils for 2022/23 and beyond, with significant uncertainties in future grant, including public health, better care fund, etc. One of the major thrusts has been that local authorities can now keep a share of the business rates generated within their area rather than pooling for national redistribution, however this benefit is limited by other parts of the funding mechanism, such as Government top slicing of funds to meet new burdens, safety net authorities, national capitalisation targets, etc.

Additionally, as part of BRR, the Government is consulting on transferring additional responsibilities to local authorities. This could lead to further pressures if these are not fully funded.

2. Impact of Covid-19

2020/21 has been a particularly challenging year, with the global pandemic impacting greatly on service delivery and financially. Emerging service pressures and Covid-19 have required action to be taken to limit the council's financial exposure. These actions continue to ensure that the budget is balanced at year-end, with a sufficient level of reserves to manage existing liabilities and emerging risks which may arise in 2021/22, including the unknown ongoing impact of Covid-19.

The council continues to respond to the unprecedented financial challenges imposed by Covid-19. Government committed to fully compensating councils for the costs of authorities' responses to Covid-19 and has to date allocated £46.35m of funding (plus £115.15m of support to Walsall residents and businesses) in 2020/21 to help support those costs in Walsall. As well as the initial costs of funding the council's response, the impact of Covid-19 includes significant loss of income following closure of services and facilities; a considerable impact on the council tax and business rates income; and delays to the delivery of approved budget savings as the council has refocused its resources on its response to Covid-19.

The council is able to manage the financial impact of Covid-19 in 2020/21 within allocated funds, *providing* Covid-19 cost pressures and income losses remain within the predicted scenario as reported to Cabinet, however should cost pressures and income losses substantially exceed this, then additional further action will need to be taken. Given the current nation-wide position, the risk of further impact increases, not only for the remainder of 2020/21, but also into 2021/22.

The 2020/21 budget was predicated on delivery of £8.77m from the Proud Programme from the adoption of new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. Planned activities within the Walsall Proud Programme (WPP) were reviewed in order to determine those activities which can continue and those which should be delayed as the council responded to the Covid-19 situation. As part of this review, an assessment of the financial impact has also been undertaken in relation to those work streams due to deliver savings in 2020/21 alone. The current assessment is that up to £8.02m of savings will now be delivered in 2021/22. This is in the main due to: a refocus of programme resource into managing the council's Covid-19 response; an inability to generate fee and charge increases due to facility closures and a reduced client base on reopening some services; and an inability to commence consultation on a number of organisational redesigns. This is factored into the financial plan for 2021/22.

Government, in the Spending Round published on 25 November 2020, announced a further £3bn of funding to be made available in 2021/22 to include support for the first quarter of the year for income losses, and for support for tax revenue losses;

- £1.55bn to meet additional Covid-19 pressures. The provisional Settlement on 17 December 2020 confirmed Walsall's allocation as £9.23m. This is aimed at covering Covid-19 costs and loss of income not recoverable from the sales, fee and charges grant (which is only payable for the first three months of the financial year).
- £0.67bn additional grant funding to help local authorities support the continuing cost of helping households that are least able to afford council tax payments. Walsall's allocation is £4.52m.
- £0.76bn to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020/21 that would otherwise need to be funded through local authority budgets in 2021/22 and later years i.e. collection fund deficits being dispersed (the impact is dependent on submission of final council tax and business rates returns for 2020/21, with current estimates being £3.99m).
- £0.02bn for extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further three months until the end of June 2021 (the financial grant figure will be subject to actual losses incurred in 2021/22 as they arise).
- At this point, further impacts of the pandemic are unclear, as such whilst the above is welcome, an assurance from Government that they will fund all pressures and income losses in relation to Covid-19 would be welcome.

3. Demand and other cost pressures

Alongside reductions in funding, the council also faces increasing cost pressures due to both increasing demand (for example, as a result of welfare reforms reducing individuals disposable incomes further, the numbers of older people requiring support to remain independent, etc), new burdens imposed by Government, but without the corresponding full funding given, and the continuing impact of Covid-19. The following summarises initiatives, demand and other pressures that have and will continue to have financial implications for the council over the coming years:

- Increases in demand:
  - ➢ From an ageing population putting strain on local authority systems both in financial and operational terms. For example, adult social care packages and placements costs have risen by £15.87m from £56.21m in 2010/11 to £72.08m in 2020/21;
  - ➢ For looked after children (LAC), and the associated impact on numbers of social workers, and costs required to support these children. There were 629 LAC in March 2016, compared to 683 by December 2020;
- Increased demand for support from our most vulnerable community members from the impact of Covid-19;
- Increased costs to support the response to Covid-19 such as personal protective equipment, maintaining social distancing requirements, etc;
- The potential impact of the UK leaving the EU on costs, including labour costs and inflationary pressures on good and services;
- Welfare reform, including universal credit;
- Increased corporate costs, including costs in relation to pay and pension inflation and reforms.

- Continued reductions in core funding, for example:
  - Impact of full business rate retention (BRR) as part of the West Midlands pilot, and changes to the Government's intention to move to 75% retention for all non-pilots;
  - Impact of the Government's next Spending Review/Round during 2021, and the impending 'Fair funding' review of council services, to include the setting of new baseline funding allocations;
  - Government reliance on individual council's ability to raise income through council tax increases, rather than providing national ongoing funding to support social care pressures, which will become unsustainable in the longer term;
  - Public Health grant – this was expected to be transferred fully into BRR from 2020/21, and become un-ringfenced, but no further guidance has been issued as to when this may occur. There is limited intelligence as to how this will impact, and we expect that this will be addressed as part of the next spending review. Once subsumed into BRR, a significant chunk of this could be lost in future funding reviews;
  - Continuation or otherwise of other specific grants e.g. improved better care fund, social care, troubled families, etc;
  - Uncertainty as to how much the Government will reimburse us for actual income losses/cost pressures in relation to Covid-19 in 2021/22 and potentially beyond.

Further information on cost pressures and how these are being managed within the medium term financial outlook are outlined in section 2 and summarised in **Annex 5**.

1.2 The Medium Term Financial Strategy (MTFS)

The MTFS is a strategic framework and policy document within which the council's finances are constructed and managed. It is part of a suite of policy documents that together comprise the council's approach to effective sound governance and good practice. It is the translation of our vision, aims and objectives into a financial plan, which thereby facilitates delivery of these through the portfolio planning process.

The MTFS is a key document in bringing together the level of available resources with the demands for service delivery and investment, facilitating sound financial and service risk and opportunity management. It also links to the impact on the council's capital resources and external funding opportunities.

Figure 1 shows the relationship between the various components of the financial framework. The MTFS is the overarching corporate financial policy sitting below the Corporate Plan and above the other elements of the financial cycle. It is the driver for all other financial activity. Below the MTFS sit the other financial strategies; the Capital Strategy and the Treasury Management and Investment Strategy.

Figure 1: Financial Framework

<table>
<tr><th colspan="6">THE FINANCIAL FRAMEWORK</th></tr>
<tr><th>CATEGORY</th><th>OVERALL</th><th>REVENUE</th><th>CAPITAL</th><th>TREASURY MANAGEMENT</th><th>RISK MANAGEMENT</th></tr>
<tr><td rowspan="2">Strategies</td><td colspan="5">Medium Term Financial Strategy</td></tr>
<tr><td></td><td>Tax Strategy</td><td>Capital Strategy</td><td>Treasury Management (TM) Strategy</td><td>Risk Management Strategy</td></tr>
<tr><td>Guidance</td><td>CIPFA and technical guidance</td><td>Budget Guidelines</td><td>Capital Guidelines</td><td>CIPFA Code of Practice for TM</td><td>Risk Management Toolkit</td></tr>
<tr><td>Plans</td><td>MTFO</td><td>Annual Budget</td><td>Capital Programme and Asset Management Plan</td><td>Treasury Policy Statements</td><td>Risk Management Action Plans</td></tr>
<tr><td rowspan="2">Governance</td><td>Constitution</td><td colspan="2">Budget Management and Control Manual and the Annual Governance Statement</td><td>Prudential Indicators & Annual Report</td><td>Risk Register reporting and regular review</td></tr>
<tr><td colspan="4">Contract and Finance Rules</td><td>Audit Committee Reports and Annual Report</td></tr>
<tr><td></td><td colspan="5">Internal and External Audit Plans and our response to inspection and audit</td></tr>
</table>

The council adopts a policy-led, medium term approach to financial planning, seeking to ensure our budgets are clearly linked to our vision, aims and objectives. We are committed to maintaining financial stability and delivering value for money through effective and efficient services.

The main objective for the council is to maintain good long-term financial health. Achieving this allows us to deliver good quality, value for money services, shaped by our customer demand. Services that are modern, efficient, effective, and fit for purpose. This requires a framework that delivers both continuous, adaptive improvement and core strength.

How we will achieve this is through:

- Financial Governance and Leadership
- Financial Planning
- Finance for Decision making
- Financial Forecasting and Monitoring
- Financial Reporting

Financial governance and leadership

1. Our senior management will be financially literate and able to understand fully the financial environment in which the council operates.

Financial planning

1. Our financial planning will be inextricably linked to the council's strategic and corporate planning process. Our financial plans will reflect the councils key strategic priorities.
2. An annual medium term financial outlook, covering a four year time horizon, will integrate current expenditure plans and investment programmes, with cash-flow and

balance sheet projections, developed in the context of a longer-term strategy, which supports the council's strategic plan.

Finance for decision making

1. In developing our strategic and corporate plan we will consider the value for money achieved by allocating resources to different activities.
2. We will understand the financial implications of current and potential alternative policies, programmes, and activities.
3. We will analyse our cost profiles and cost drivers and how they will behave under different circumstances.
4. We will understand the whole-life costs associated with capital investment.
5. We will consider all tax related implications, as outlined in the council's tax strategy, in all decisions made.

Financial monitoring and forecasting

1. Management will assure itself that financial performance to date and forecast financial outturns are in line with the plan, including cash-flow and balance sheet projections.
2. Variances will be identified as soon as possible, so that management can either take corrective action to manage unfavourable variances or apply any favourable variances to corporate priorities.
3. The underlying costs of the organisation's key activities and how these are profiled over time will be monitored and reviewed.
4. Financial information will be integrated with non-financial performance and activity information. Together, such information forms the basis for financial forecasts and enables value for money to be monitored.
5. The financial information used both for setting the budget and internal accountability, monitoring and forecasting throughout the year is derived from the same systems that are used to generate the results reported externally in the organisation's statutory financial statements.

Financial reporting

1. To run the organisation effectively, management will have up-to-date financial and non-financial performance information on a timely basis.
2. Reports will be presented in a form that is tailored to user needs, are easy to understand and highlight the key financial issues that they need to be aware of.
3. For its part, management needs to provide timely, accurate and balanced information about its stewardship and use of resources and its non-financial performance to the organisation's different stakeholders. Such information will be presented in a form tailored to meet their needs.

2. <u>Summary of the 2021/22 Revenue Budget</u>

The budget has been prepared for the period 2021/22 to 2023/24 to extend beyond the current Parliament. The 2020/21 position is reported regularly to Members. The current position is a forecast underspend of c£260k, excluding the impact of Covid-19. Covid-19 cost pressures / income losses are expected to be funded from Covid-19 grants made available by the Government, subject to the unknown impact for the remainder of 2020/21, the risks of which are being monitored on a regular basis.

The focus in this plan is 2021/22, as this is the year for which Full Council are required to set the forthcoming financial envelope (the 'statutory determinations' or gross expenditure and gross income), the council tax requirement and the band D council tax level. Section 4 provides further detail on 2022/23 and beyond.

2.1 2021/22 Revenue Budget Headlines

The revenue budget is constructed in accordance with the council's Medium Term Financial Strategy (MTFS), the Corporate Plan, and all relevant corporate financial protocols and presents a draft balanced budget, with:

- A focus on a policy-led, medium term, risk assessed budget setting approach using priorities established by Cabinet;
- A total net council tax requirement of **£132.55m**;
- A 4.99% council tax increase, equivalent to a Band D Council Tax of **£1,871.87** (excluding precepts) and **£2,112.46** (including precepts) subject to confirmation of final precepts;
- Investment of **£3.28m** for Adult Social Care cost pressures primarily to cover demographic changes;
- Investment of **£5.95m** for Children's Services cost pressures primarily to cover Looked after Children, management of caseloads, demographic changes and contractual inflation;
- Provision for other known budget pressures, including cost pressures, reduced levels of income or grant, and pay changes of **£19.46m**;
- Bringing total investment to **£28.69m**;
- Savings of **£28.90m**;
- Appropriate use of prudential borrowing to support capital investment where affordable and sustainable with revenue costs being reflected in this report;
- Opening general reserves of c**£16.64m** as assessed and recommended by the S151 Officer.

The financial implications arising from the financing of the capital programme for 2021/22 are contained within this revenue budget.

2.2 Net Council Tax Requirement

The gross revenue expenditure budget for 2021/22 will be **£657.73m**, and gross income will be **£525.18m**, resulting in a net council tax requirement of **£132.55m**.

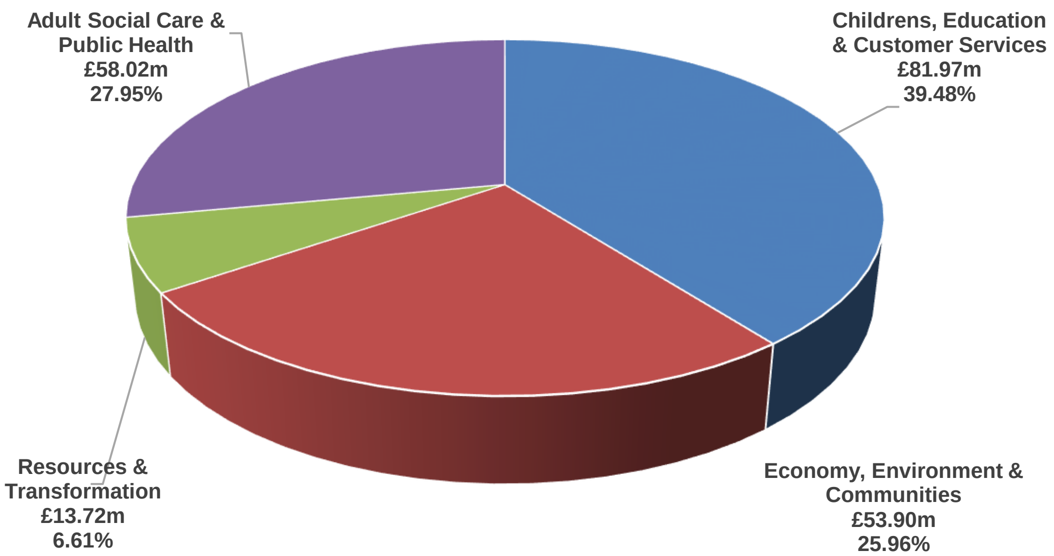
It has been possible to commit to **£28.69m** of investment to address key priorities in 2021/22, funding of essential cost pressures, provision to fund inflationary pressures (i.e. pay and contractual) and corporate cost pressures to fund for example, pension costs. Income targets have also been realigned where ongoing shortfalls have arisen.

The change in council tax requirement from 2020/21 to 2023/24 is shown in **Table 1.**

Table 1: Council Tax requirement (Movements)

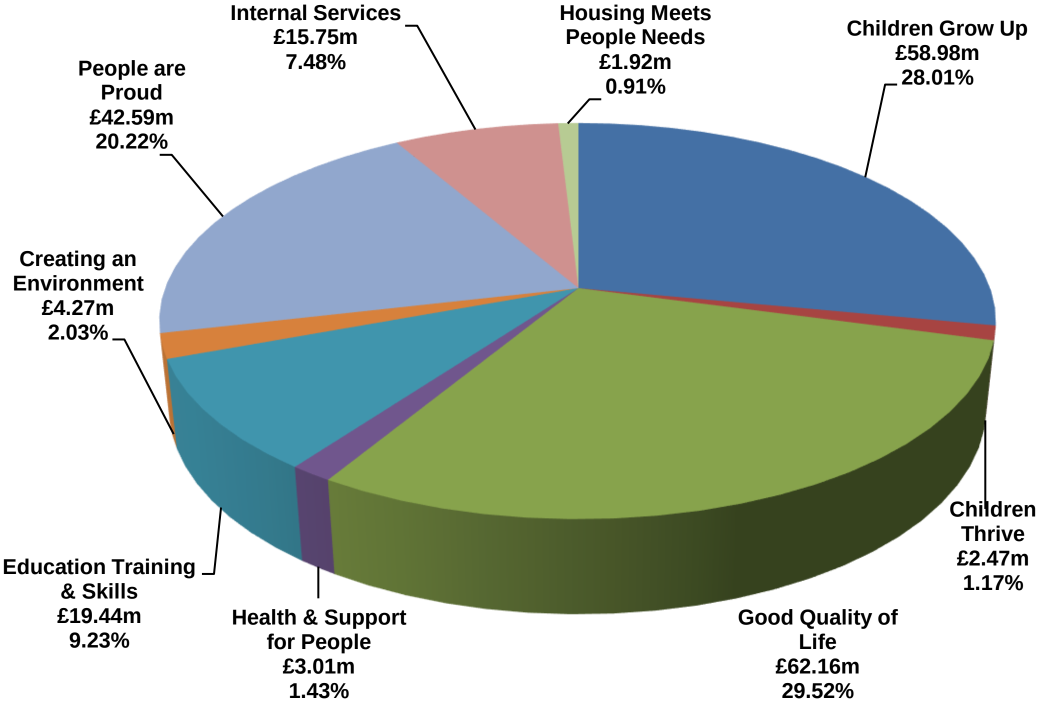
	2021/22 £m	2022/23 £m	2023/24 £m
Council tax Requirement	**127.57**	**132.55**	**136.14**
Cost Pressures:			
Growth / Investment **(Annex 5)**	28.69	18.55	12.34
Savings plans identified (Annex 7)	(28.90)	(19.10)	(4.47)
Proud savings for which delivery plans are being identified		(2.91)	(10.05)
Other movements / funding changes:			
Other changes including grants / income	4.26	6.98	0.16
Core Funding changes	(1.07)	(1.47)	4.12
Collection fund (surplus) / deficit	(0.47)	1.93	
Transfer to / (from) reserves	2.47	(0.39)	1.58
Revised Council Tax Requirement	**132.55**	**136.14**	**139.82**
Council Tax Increase	4.99%	1.99%	1.99%

Figure 2a – Net council tax requirement by directorate



Note: Figure 2a excludes centrally held and capital financing budgets

Figure 2b – Net council tax requirement by outcomes



Note: Figure 2b excludes centrally held and capital financing budgets

This results in a band D council tax for the Walsall Council element only of £1,871.87, representing an increase of 4.99% from 2020/21 levels. Most properties in Walsall (67.54%) are in bands A or B (**Annex 3**).

2.3 Levies and Precepts

Table 2 shows the levy to be made on Walsall Council by the West Midlands Combined Authority for transport, and the levy by the Environment Agency.

Table 2: Levies 2021/22				
Levy	**2020/21 £**	**2021/22 £**	**Increase / (Decrease) £**	**Increase / (Decrease) %**
West Midlands Combined Authority Levy (Transport)	11,146,812	11,183,812	37,000	0.33
Environment Agency	82,739	82,739	0	0.00

Walsall's precepting authorities are the West Midlands Police and Crime Commissioner, and West Midlands Fire and Rescue Authorities, as shown in **Table 3** below.

Table 3: Precepts 2021/22				
Precepting Authority	**2021/22 Amount £**	**Band D 2021/22 £**	**Band D 2020/21 £**	**Band D Increase %**
WM Police and Crime Commissioner	12,572,211	177.55	162.55	9.23
WM Fire and Rescue	4,463,825	63.04	61.81	1.99

Table 4 shows the Council Tax calculation at Band D.

Table 4: Net Council Tax Requirement and Council Tax Levels 2021/22		
Element of budget	**2021/22 budget £**	**Council Tax Band D £**
WMBC element - required from council tax	**132,545,781**	**1,871.87**
Police & Crime Commissioner precept	12,572,211	177.55
Fire & Rescue precept	4,463,825	63.04
Total from council tax	**149,581,817**	**2,112.46**

NB: based on an approved council tax base of 70,809.41 band D equivalents.

2.4 Council Tax – Referendum principles

In recent years Central Government has capped the level of council tax rises. Capping principles are determined on a year by year basis. Since 2012/13, each authority is required to determine whether their council tax increase requires a referendum, which would require the seeking of support from the local electorate. Schedule 5 of the Localism Act introduced a new chapter into the Local Government Finance Act 1992, making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding a set of principles determined by the Secretary of State and agreed by the House of Commons.

The local government finance settlement announced on 15 December 2016 outlined plans for local authorities to relax the referendum rules on the social care precept element of the council tax (2% introduced in 2016/17) to allow local authorities to increase the precept element to 3% in 2017/18 (increase of 1%), as long as the increase over the three year period to 2019/20 was no more than 6%. Walsall increased its Social Care precept by 3% in 2017/18, 2% in 2018/19, and 1% in 2019/20.

The provisional local government settlement for 2020/21, as announced on 20 December 2019, confirmed the council tax referendum limit of up to 4%, inclusive of 2% continuation of the social care precept. Walsall increased its council tax by 3.99% in 2020/21.

The provisional local government settlement for 2021/22, as announced on 17 December 2020, confirmed a council tax referendum limit of up to 5% (4.99% maximum), inclusive of 3% for a social care precept. This would mean if a local authority seeks to raise its relevant basic amount of council tax by 5% or more for 2021/22, local people would have the right to vote to keep council tax bills down through a binding referendum veto.

Walsall proposes to increase council tax by 4.99% (1.99% general increase and 3% precept for Adult Social Care), within the referendum limits set by Government.

The Government's advertised 4.5% increase in spending power for local government in 2021/22 is heavily reliant on councils making the maximum council tax increase as well as the number of properties eligible to pay council tax continuing to grow at pre-pandemic levels. Overall, £1.9bn of the £2.2bn spending power increase first announced at the spending review comes from council tax. Given the scale of the challenge in 2021/22, with an initial funding gap of £33.6m, Walsall has opted to increase the council tax by the maximum permitted, as this secures ongoing funding to support essential service delivery.

This equates to a council tax increase of £1.71 per week or 24p a day for a band D property or a £1.14 increase per week (16p per day) for a band A. 67.5% of residents are in band A and B increasing to 83.5% including band C. It is recognised that the above may have an impact on residents' income. Where residents are on low incomes, they may be entitled to council tax reduction, may be offered welfare benefits and/or money management advice. The council also has a discretionary scheme in place to help those who need support. The council will continue to monitor impact.

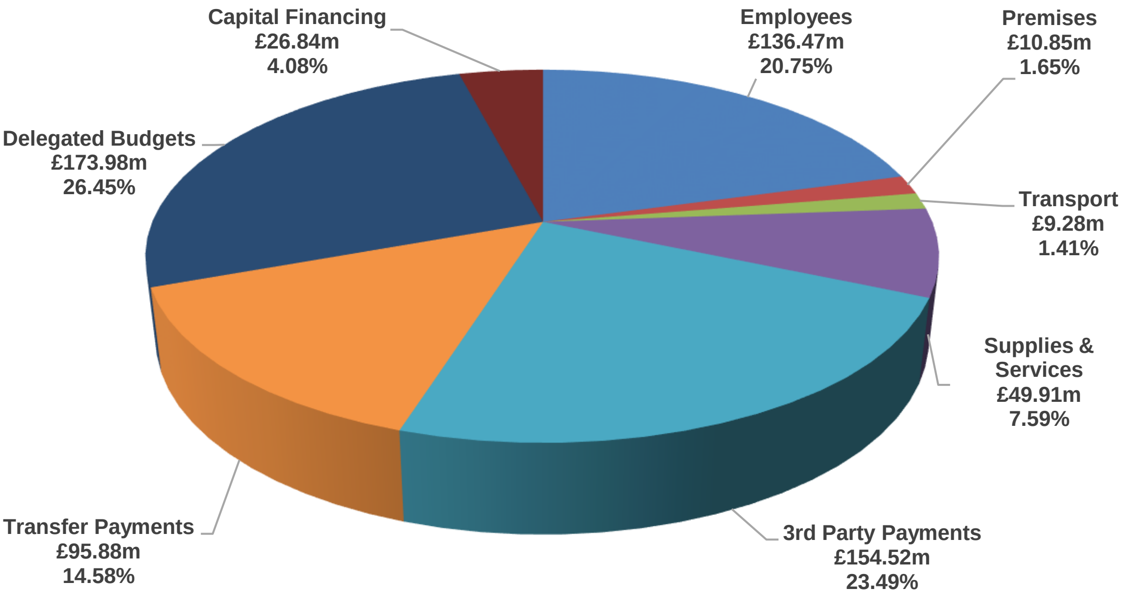
2.5 Expenditure and Income

Expenditure analysis

The council analyses its expenditure by category, as referred to in **Table 5,** and illustrated in **figure 3.**

Table 5: Expenditure by Category of Spend	
Type of Expenditure	**£ million**
Employees	136.47
Premises and Transport	20.13
Supplies and Services	49.91
Third Party Payments	154.52
Delegated Budgets	173.98
Leasing and Capital Financing	26.84
Transfer Payments	95.88
Total Expenditure (excluding Internal Recharges)	**657.73**

Figure 3 – Spend by Type of Expenditure

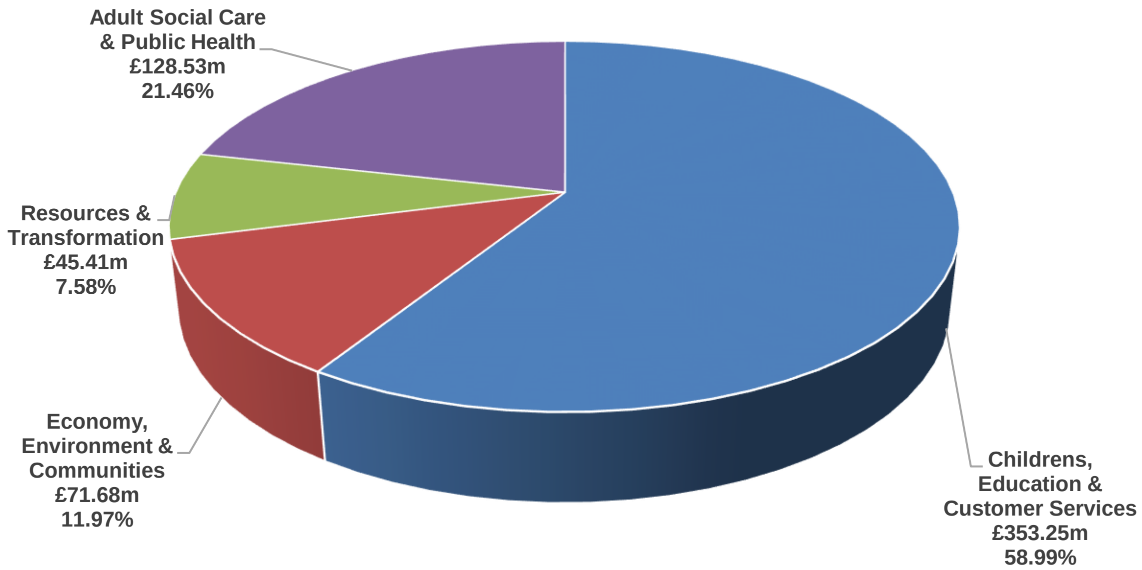


Notes

- *Transfer payments include expenditure such as housing benefits, rent allowances and social services direct payments – for example payments for which no goods or services are received in return by the local authority.*
- *Delegated budgets include budgets for schools, community associations and allotments.*
- *Third Party Payments include payments to external contractors.*

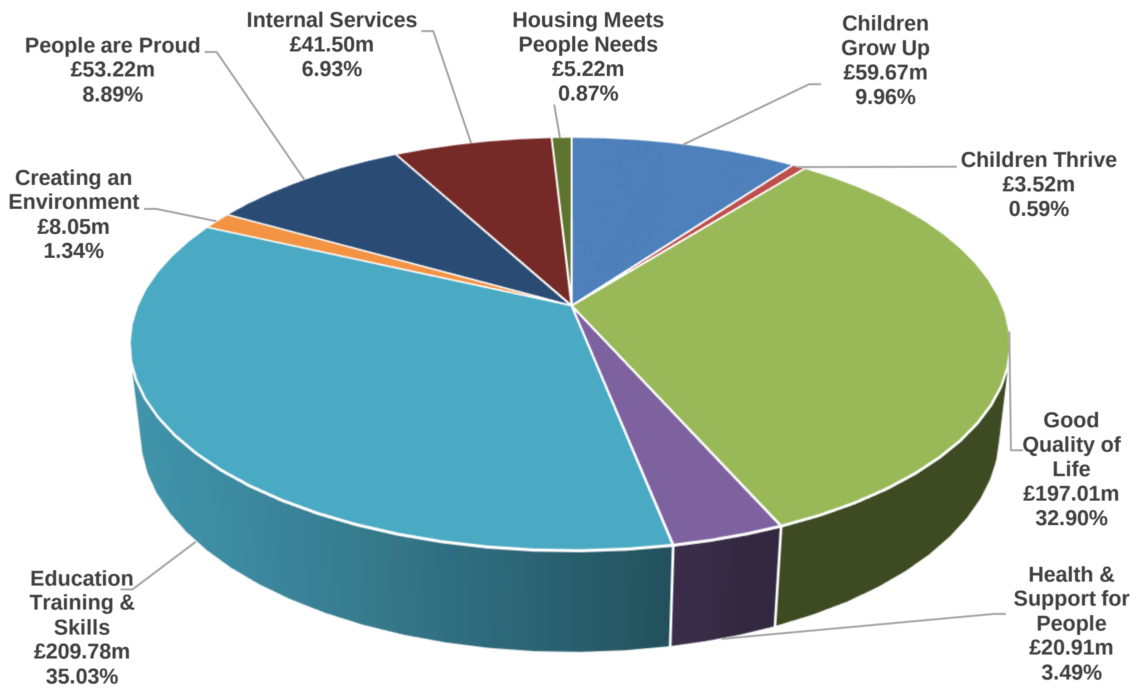
The total council expenditure is analysed by directorate in **figure 4a** and outcome in **figure 4b**. For Children's Services, 20.45% of the £353.25m relates to Housing Benefit payments and 49.25% relates to Schools.

Figure 4a – Gross expenditure by directorate



Note: Figure 4a excludes centrally held and capital financing gross expenditure budgets

Figure 4b – Gross expenditure by outcome



Note: Figure 4b excludes centrally held and capital financing gross expenditure budgets

Income analysis

The council receives income from a number of sources including council tax, Central Government grant and specific grants to help pay for certain services including schools and social care. The council also charges for some services, such as parking, use of leisure facilities, etc. In 2021/22 the council tax will account for 20.15% of total income. **Figure 5** shows all the main sources of income, which is analysed by directorate at **Figure 5a** and by outcome at **Figure 5b**.

Figure 5 – Sources of income

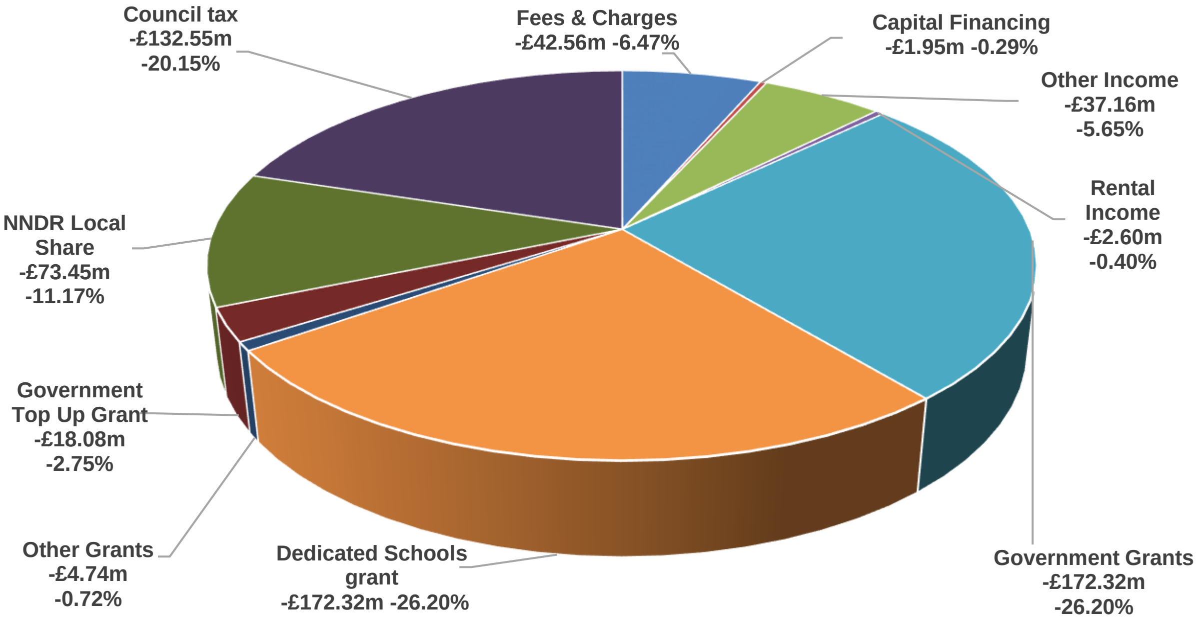
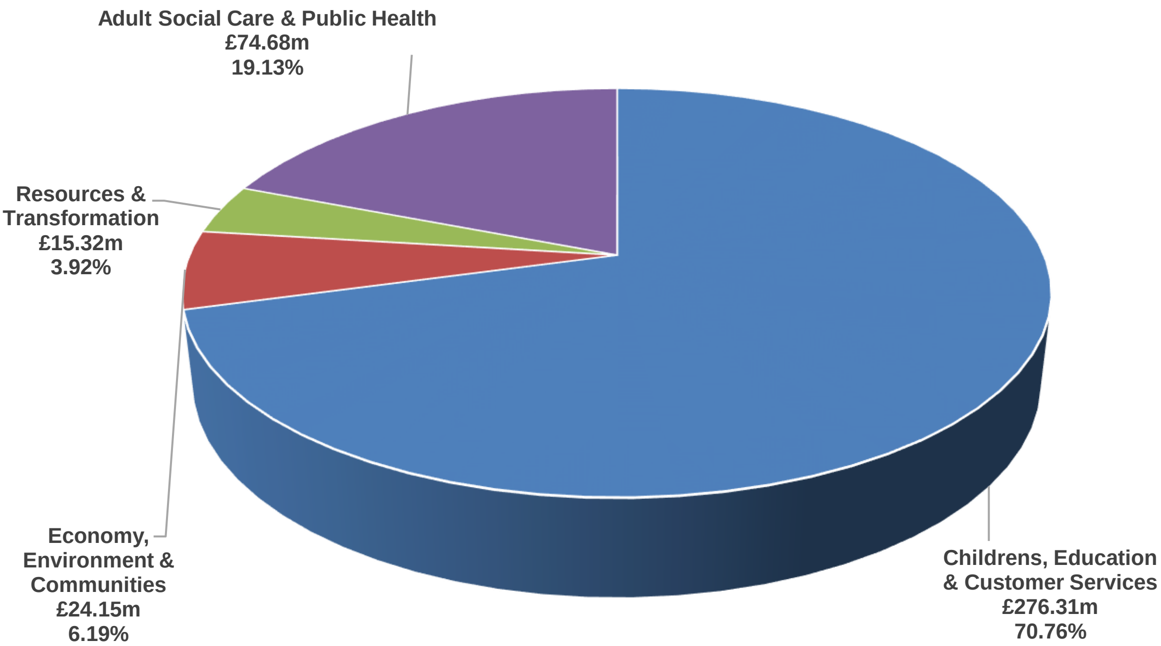
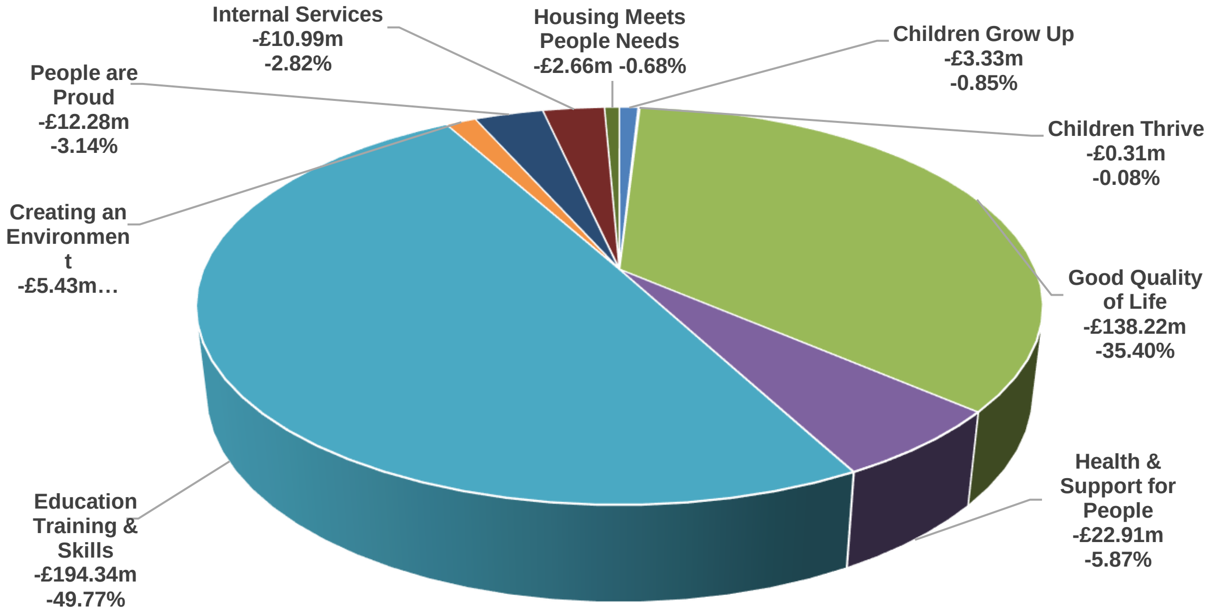


Figure 5a – Gross income by directorate



Note: Figure 5a excludes centrally held and capital financing gross income budgets

Figure 5b – Gross income by outcome



Note: Figure 5b excludes centrally held and capital financing gross income budgets

2.6 Government central funding and business rate retention

The Government provides funding to councils through a grant redistribution system (previously referred to as formula grant) which includes the redistribution of business rates collected and revenue support grant.

The Government replaced the way it funds councils with a new scheme known as Business Rate Retention (BRR) from April 2013. A review of the scheme by government to amend the % of retained business rates from 49% to 75% was due to be finalised by 2020/21 but due to delays this has not been fully undertaken and introduced. The review is still on-going with changes expected in 2022/23.

Areas that have agreed a Devolution Deal had the opportunity to be involved in a 100% business rates retention pilot, which began from 1 April 2017. This provides the opportunity to shape national thinking about the eventual scheme, and to take forward further devolution. Walsall, along with the other six West Midlands Authorities, has been piloting the scheme from 1 April 2017. This means that Walsall retains 99% of business rates collected with the other 1% being paid over to the Fire Authority.

There is a change in funding under the 100% business rates scheme in that revenue support grant (RSG) is no longer paid to the authority. Funding will continue to be paid to the authority through a top up grant and retained business rates into 2021/22.

The Spending Round (SR20), announced on 25 November 2020, confirmed that the Government will not proceed with the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021/22. The reset of accumulated business rates growth will also not take place in 2021/22. These decisions were reported as allowing both the Government and councils to focus on meeting the immediate public health challenges posed by the Covid-19 pandemic. There therefore remains considerable uncertainty in respect of the amount of income we will receive in Government funding from 2022/23 onwards.

The 2021/22 provisional finance settlement announced on 17 December 2020 represents the ninth year in which the BRR scheme is the principal form of local government funding, summarised as follows:-

- Business rates local share - £74.61m in 2021/22 – this is an estimate of what Walsall will bill in business rates. This local share is guaranteed and is based on the council retaining 99% of what is expected to be billed in 2021/22, as part of the pilot scheme, including the local share amount of approximately £28m of the Extended Retail, Leisure and Hospitality Reliefs provided by the Government in response to Covid-19.
  Government set Walsall a baseline figure under the business rates retention scheme of £92.70m for 2021/22 which is made up of the business rates local share and top up grant. They also set a safety net threshold of £89.92m for 2021/22. If the safety net threshold is triggered, then any income loss below the threshold is funded by government. Any shortfall between £92.70m and £89.92m has to be borne by the council (99%), and fire authority (1%). Walsall is currently estimating the baseline to be £91.54m, slightly below the government baseline and so no safety net would be payable. Volatility in business rates will therefore need careful monitoring throughout the year.
- Top up grant – **£18.08m** in 2021/22. Some authorities collect more business rates than their calculated baseline funding level, and are therefore required to pay a tariff to Government in excess of their allocated share. Council's like Walsall have a greater baseline funding level than the business rates they can collect and will be paid a top up grant from Government to meet the shortfall.

The West Midlands Combined Authority has been piloting 100% business rates retention since 2017/18. This will be without detriment to the resources that would have been available to individual authorities under the current local government finance regime (with any "detriment" payments funded from outside the Settlement).

Government measure local authority expenditure by "*core spending power*". Spending power is based on each local authority's power to influence and not control local spending levels. This will include income raised through council, business rates retention, specific grants and NHS funding for social care (the latter being spend which the council may have an influence over but does not control).

Walsall's direct funding, as determined by government, represents an increase of 0.1% from 2020/21 to 2021/22. This is the second real increase in government core funding since 2010/11. Direct funding under the pilot scheme, compared to funding received in previous years, is set out in **Table 6**.

Table 6 : Government Settlement funding Assessment

	2019/20 £m	2020/21 £m	2021/22 £m
Revenue Support Grant	**0.0**	**0.0**	**0.0**
Business Rates Baseline (99% retained from 2017/18 including effect of revaluation)	**73.4**	**74.6**	**74.6**
Top Up Grant	**17.7**	**18.0**	**18.1**
Total Government Settlement	**91.1**	**92.6**	**92.7**
Adjusted Settlement Funding Assessment	**97.6**	**91.1**	**92.6**
Grant increase/-decrease (adjusted) - £m	**(6.5)**	**1.5**	**0.1**
Grant increase/-decrease (adjusted) - %	**-6.6%**	**1.6%**	**0.1%**

2.7 Collection Fund

The collection fund is accounted for separately to the revenue general fund and accounts for income collected from council tax and business rates. In January of each financial year, an in-depth appraisal is undertaken to assess the estimated level of collection (as aggregated to include that relating to the current and previous years), the likely balance of the fund and to advise the precepting authorities (Fire and Police) of their share of the council tax surplus/deficit to enable them to take this into account in their own budget calculations.

The assessment undertaken in January 2021, which incorporated the impact of Covid-19 on lost council tax and business rate, calculated the following:

- Council Tax - an estimated in year deficit of £1.82m for Walsall (total estimated deficit for 2020/21 of £2.05m including preceptors) which in accordance with regulations put in place due to Covid-19 can be spread over the next three years. This is partly offset by a brought forward surplus of £1.93m from 2019/20 (total actual surplus of £2.17m including preceptors) meaning there is a net surplus of £108k for Walsall (total actual net surplus for 2020/21 of £122k, less the required contribution of £14k to the West Midlands Police and Fire & Rescue);
- Business Rates – an estimated in year deficit of £3.91m for Walsall (total estimated deficit for 2020/21 of £3.95m), which, in accordance with regulations put in place due to Covid-19 can be spread over the next three years. In addition there is a brought forward deficit of £239k for Walsall (total actual deficit of £242k), meaning there is a net deficit of £4.15m (total actual net deficit for 2020/21 of £4.19m, less the required contribution towards the deficit of £42k from the West Midlands Fire & Rescue).

Changes to council tax base

Council tax base is to be set at 70,809.41 Band D equivalents (71,549.80 in 2020/21). Although the overall number of households in the borough has not reduced, the decline in the council tax base (which measures the number of Band D equivalent properties) is mainly due to a large increase in residents applying to the Council Tax Reduction Scheme (CTRS) throughout 2020/21 as a result of Covid-19.

Changes to collection rates

In year collection for council tax is expected to reduce to 92.4% in 2020/21, down from 94.0% in 2019/20, mainly as a result of Covid-19 and the short term impact on people's ability to pay. However over the longer period 97.8% of debt is still expected to be collected, in line with budgeted expectations.

Collection rates for business rates are expected to be significantly down on budgeted expectations as a result of the ongoing pressures businesses are seeing due to Covid-19. Uncollected debt for the 2020/21 billing year as at 31 March 2021 is expected to be approximately £4m compared to £2m in 2019/20. Collection rates performance for business rates in 2020/21 are not comparable to prior years due to a number of rates reliefs being made available by Government to support businesses during the pandemic, with approximately £27m of the £74m billed for business rates during 2020/21 being covered by Retail, Leisure and Hospitality Grants.

Smoothing of collection fund losses

The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 came into force on 1 December 2020 allowing the repayment of collection fund deficits arising in 2020/21 to be spread over the next three years rather than the usual period of one year, and these Regulations apply separately to each of the council tax and non-domestic rates collection fund balances.

2.8 Other specific grants / pooled funding

The council receives a large number of external grants which make up 55.87% of the councils total funding. The main grants are summarised below:

- Dedicated Schools Grant – this is passported directly to schools under a specified formulae – the council is expecting to receive c£172.32m in 2021/22 with future allocations dependent on final pupil numbers.
- Public Health Grant - Local Authorities in England took responsibility for the commissioning of some Public Health services from the National Health Service (NHS) on April 1st 2013. The grant is £18.04m, and is expected to continue at this level for future years, although the final allocation is still subject to confirmation.
- Additional Social Care grant - on 29 October 2018 an additional £410m was announced to council's for adults and children's social care, and the SR19 confirmed the continuation of funding into 2020/21, along with a further £1bn to be distributed using the existing Adult Social Care Relative needs Formula for 2020/21. The local allocation for Walsall is £8.8m in 2020/21. SR20 on 25 November 2020 confirmed that this will continue into 2021/22, along with an extra £1bn to fund adult and children's social care. This new £1bn is primarily made up of local council tax revenues (via the ability to raise a precept of 3% on council tax) and £300 million of new grant funding for adult and children's social care – the provisional settlement on 17 December 2020 confirmed Walsall's allocation as £2.4m.
- Better Care Fund (BCF) – The authority is the lead for the BCF pooled budget which involves partnership working between adult social care and Walsall Clinical Commissioning Group (WCCG), with both parties making a contribution into the fund. BCF (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 spending round, at a national value of £5.3bn, to ensure a transformation in integrated health and social care. It creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. The 2015/16 financial year was the first year of the BCF, with the Improved Better Care Fund (iBCF) introduced in 2017/18. For 2021/22, £9.38m will be received for BCF and £13.76m for iBCF.
- New Homes Bonus (NHB) - £1.15m is held centrally to support the budget, a reduction of £883k for 2021/22, with predicted ongoing reductions included in the MTFO for future years. NHB is currently under review, with future allocations to be confirmed.
- Troubled Families Grant has been confirmed as being extended into 2021/22, with an indicative allocation of £1.08m.
- Housing Benefit grant of £72m, expected to reduce annually as we continue to move to Universal Credit.
- Grants of £3bn to support councils in 2021/22 for the continued impact of Covid-19, as announced in SR20 on 25 November 2020, as follows:

    - £1.55bn to meet additional Covid-19 pressures. The provisional Settlement on 17 December 2020 confirmed Walsall's allocation as £9.23m. This aims to cover Covid-19 costs and loss of income not recoverable from the sales, fee and charges grant (which is only payable for the first three months of the financial year).
    - £0.67bn additional grant funding to help local authorities support the continuing cost of helping households that are least able to afford council tax payments. Walsall's allocation is £4.52m.
    - £0.76bn to compensate local authorities for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020/21 that would otherwise need to be funded through local authority budgets in 2021/22 and later years i.e. collection fund deficits being dispersed (the impact is dependent on submission of final council tax and business rates returns for 2020/21, with current estimates being £3.99m).
    - £0.02bn for extending the existing Covid-19 sales, fees and charges reimbursement scheme for a further three months until the end of June 2021 (the financial grant figure will be subject to actual losses incurred in 2021/22 as they arise).
    - At this point, further impacts of the pandemic are unclear, as such whilst the above is welcome, an assurance from Government that they will pay for all pressures and income losses in relation to Covid-19 would be welcome.
- A new Lower Tier Services Grant of £111m has been made available for 2021/22 as announced at provisional settlement on 17 December 2020 – Walsall allocation confirmed as £439k;
- Other grants are expected to continue at current levels – these include specific grants for schools (Pupil Premium, 6th Form, Teachers' pay/pensions), Street Lighting, and Leisure related funding.

2.9 Growth and Investment

The following key financial planning assumptions are included and are based on best professional estimates. The draft budget 2021/22 – 2023/24 includes provision for investment and cost pressures of c£47.38m, as shown in **Annex 5**, which are proposed to address service demand pressures linked to council priorities in the council's Corporate Plan, and the prioritisation of key services.

Primarily, investment covers:

1. *Provision for pay and pensions (corporate cost pressures held centrally, which will be allocated to services in year) and inflation:*
    - Provision for pay and increments;
    - Impact of pension auto-enrolment and tri-annual employer pensions contributions based on the latest valuation information. Work is currently being undertaken by the pension fund to provide details for the next 3 years, therefore best estimate shave been used;
    - Provision for contractual increases;
    - No provision for general inflation – services are required to manage this within existing budgets.

2. *Demand and demographic changes within services (demand led cost pressures):*
   - Increases in placements/costs for looked after children;
   - Increased care packages/costs within adult social care arising from an increased ageing population;
   - Management and inclusion of ongoing service pressures and income shortfalls from the current year.

3. *Changes in Government funding:*
   - Core funding has reduced by c£106.47m between 2010/11 and 2021/22. There remains considerable uncertainty in respect of the amount of income we will receive in Government funding from 2022/23 onwards. The local government provisional settlement announced on 17 December 2020 outlined government spending plans for 2021/22 – an increase of £0.1m in our core funding;
   - Core funding via top up grant has halved, from c£32m in 2017/18 to £18m in 2021/22;
   - Comparison of actual business rates income compared with what the Government anticipated the council to collect, along with provision for appeals against rate valuations, means that actual income is roughly in line with Government estimates;
   - Changes in the value of business rates retained by local authorities (currently 100% for Walsall as part of the pilot for 2021/22, although under review by Government in the longer term with an assumption of a minimum 75% retention), the risk to the council increases, as the council will be required to fund more of the cost of appeals, which have proved a significant cost to councils' to date;
   - Impact of Covid-19 on the collection fund.

2.10 Savings requirement

In order to set a balanced budget, and after a review of available resources from central Government grant and local resources, and taking into account additional known and likely pressures, total revenue reductions of just over £8.76m were approved by Council in February 2020 for 2020/21. Due to the impact of Covid-19, there has been a delay in the full implementation of approved savings into 2021/22 as set out in previous sections.

For 2021/22 and future years, the council's medium term financial outlook has been updated to reflect the predicted changes to direct government funding, the collection fund and other known cost pressures set out in the previous sections of this report, resulting in a revised requirement to make changes to service delivery to meet a three year funding shortfall of c£65.43m as follows:

2021/22 - £28.90m
2022/23 - £22.01m
2023/24 - £14.52m

2.11 Walsall Proud Programme

Our approach to setting the budget from 2020/21 was different to previous years. The new approach set the overall financial savings expected to be delivered via Proud Programme work stream activity.

The Walsall Proud Programme (WPP) is an extensive and ambitious programme of change designed to modernise the way the council works and deliver improved services to customers. The launch of the programme in April 2019 marked the beginning of a period of intensive activity designed to deliver sustainable improvements to both the council's existing ways of working and as a consequence, its long term budget position. As such, these improvements are set to last well beyond the term of the programme putting the council in a sustainable position for the future, able to attract great employees, balance competing demands for scarce resource, provide easy access to council services and play a vital role in the future of our communities.

The Proud Promise is a key feature of the Programme and guides the decisions of the Walsall Proud Programme Board. The Proud promise is:

- Improve outcomes and customer experience
- Improve employee satisfaction and engagement
- Improve service efficiency and performance

To deliver this ambitious programme of change, the council contracted with PricewaterhouseCooper as a Strategic Transformation Partner. The aim of this arrangement is to bring much needed critical capability and capacity to the council to work in partnership with the council to design and drive change.

The WPP will deliver the enabling capabilities for Directors' to deliver the required savings for 2021/22 and beyond – the extent of savings being dependent on the pace of change and the level of ambition. The Proud Programme covers all council services and consists of nine key work streams. The high level financial opportunity (£) attached to each of the work streams is as follows, totalling £70.26m:

1. Outcomes, Service Levels and Delivery Models (work stream currently under review) - £5.69m;
2. Commissioning, Procurement & Contract Management (Third Party Spend) - £19.41m;
3. Communication, Change and Culture & Behaviours – £ is nil as this is an enabler for other services and work streams;
4. Customer Access and Management - £17.44m;
5. Designing the Ways of Working – Hubs and Enabling Support Services - £9.94m;
6. Enabling Technology - £ is nil as this is an enabler for other services and work streams;
7. Income Generation & Cost Recovery - £15.45m;
8. Connected Working (Perform+) - £2.33m;
9. Corporate Landlord - £ is nil as this is an enabler for other services and work streams.

Further details of the work streams and activity are shown in **Annex 6**. Cabinet approved a total investment cost to benefit ratio of 1:2.5 for Proud (for every one-off £1 invested, this will deliver £2.50 of recurring additional benefit which can be used to support the council's financial position or be reinvested into services).

The programme is developed around the following ten key outcomes, aligned to council Corporate Plan priorities:

Economic Growth;

- Creating an environment where business invests and everyone who wants a job can access one
- Education, training and skills enable people to fulfil their personal development

People;

- People live a good quality of life and feel they belong
- People know what makes them healthy and they are encouraged to get support when they need it

Internal Focus;

- Internal services deliver quality and adapt to meet the needs of customer facing services
- Services are efficient and deliver value for money

Children;

- Children thrive emotionally, physically, mentally and feel they are achieving their potential
- Children grow up in connected communities and feel safe everywhere

Communities;

- Housing meets all people's needs, is affordable, safe and warm
- People are proud of their vibrant town, districts and communities

Proud savings of £28.90m are required in 2021/22 to balance the budget and these have been identified. These are summarised at **Annex 7**, split into two categories;

A. **Policy Proposals** - with a direct impact on services, and which require an Executive (Cabinet) decision to proceed, these are referred for stakeholder consultation and equality impact assessment prior to decisions being made to include these in Cabinet's final budget proposals.
B. **Operational Proposals** – savings which officers have delegations to implement; examples include restructures, back office savings, operational efficiencies.

These savings are summarised by Proud Programme Outcomes in **Table 7:**

Table 7: 2021/22 Indicative Savings by WPP Outcome			
Outcome	**Policy savings Annex 7A £m**	**Operational savings Annex 7B £m**	**Total savings £m**
Creating an environment where business invests and everyone who wants a job can access one	0.00	(0.25)	(0.25)
Education, training and skills enable people to fulfil their personal development	0.00	(0.56)	(0.56)
People live a good quality of life and feel they belong	(0.24)	(14.68)	(14.92)
People know what makes them healthy and they are encouraged to get support when they need it	(0.06)	(0.88)	(0.94)
Internal services deliver quality and adapt to meet the needs of customer facing services / Services are efficient and deliver value for money	(3.09)	(2.77)	(5.86)
Children thrive emotionally, physically, mentally and feel they are achieving their potential	0.00	(0.08)	(0.08)
Children grow up in connected communities and feel safe everywhere	(0.12)	(4.46)	(4.58)
Housing meets all people's needs, is affordable, safe and warm	0.00	(0.26)	(0.26)
People are proud of their vibrant town, districts and communities	(0.73)	(0.72)	(1.45)
Total Savings / efficiencies	**(4.25)**	**(24.65)**	**(28.90)**

The impact of Covid-19

In March 2020, the council along with the communities it serves and its partners, faced the Covid-19 crisis. As a provider of public services and in its civic leadership role, the council quickly responded by re-prioritising services, responding to Government announcements, working in partnership and immediately redirecting resources to achieve the necessary crisis response.

As part of this response, the council conducted a review of the WPP in order to determine those activities which could continue and those which should be delayed whilst the council responded to the Covid-19 situation. The following criteria was used:

- ***Care -*** Employees and residents are already experiencing disruption to their lives and significant amounts of uncertainty. Therefore, we will not conduct activities which may add to this;
- ***Manage disruption -*** We will identify those activities which can continue over the coming months so that we can continue to progress towards delivering the Programme benefits where possible;
- ***Working remotely -*** Our teams will work remotely and use the technology available to collaborate on projects and deliver outputs. Exceptions to this will be managed and the impact on progress monitored.

Throughout the Covid-19 period, work continued on the Programme where possible. It was also possible to identify examples of changes in working practices which having taken place in response to Covid-19 were in line with the aspirations of the Proud Programme. These included introducing new ways of working, making the best use of technology, challenging existing processes and procedures, working in partnership and demonstrating the best of what our teams can achieve.

Over recent months, activity within the Programme has restarted. This includes preparing for employee consultations; completing outstanding design work within the Enabling Support Services work stream; continuing with procurement activities within the Enabling Technology work stream; commencing work on the council's Asset Management Strategy and providing Connected Working tools and techniques to support teams. In parallel and complementary to the Resilient Communities service transformation plan (STP); public consultation has begun on the Resilient Communities proposals, in conjunction with the resident's survey, and engagement activities have commenced with partners. Both activities had been delayed due to lockdown restrictions and council priorities as a result of the coronavirus pandemic. Consultation with employees also re-commenced in autumn 2020. There remains a risk that any significant further waves of Covid-19 will impact on the deliverability of the Programme at a most critical time.

Service Transformation Planning process (STP)

The council identified an opportunity to bring together the work of the Proud Programme and the work taking place in each directorate in response to Covid-19. As part of the Outcomes, Service Levels and Delivery Models work stream, the Proud Programme has worked with services to establish a desired direction of travel for service delivery. Drawing on good practice and applying Walsall context, a number of common themes have been identified which will support the future delivery of council services:

- Using effective marketing and communications to change behavior;
- Using local assets and empowering communities to deliver outcomes;
- Partnering in an effective way where a council-only response is not enough;
- Providing one, clear, unified offer for council-only delivered services

These themes will help transformation planning for the council as a whole in order to best deliver the Corporate Plan priorities and outcomes. In line with this, the Programme has been supporting Directors to develop Service Transformation Plans (STPs) to deliver both financial and non-financial benefits. Each Director was asked to prepare an STP identifying:

- The strategic direction of travel for their service(s);
- How the service(s) would deliver against the 3 KPIs of the Proud Programme;
- How each service would use the new ways of working and capabilities delivered by the Programme to deliver the 3 KPIs;
- Savings to be delivered over 2021/22 to 2022/23.

Directors worked within a compressed timeframe to deliver their STPs, including the undertaking of Directors test and challenge sessions. This process has enabled Directors to consider the practical application of the original Proud Programme business case within their individual area and as a result generate the budget proposals set out within this report.

Analysis is continuing to ensure that:

- The council's Corporate Plan objectives and proposed direction of travel for each area has been considered;
- All future options for the application of new ways of working has been considered within each service transformation plan; and,
- Further options for service transformation in future are clearly identified including opportunities to bring that activity forward, where applicable.

This analysis is required as the council seeks to address the budget position for the years' beyond 2021/22. It also ensures that the Proud Programme business case (agreed in 2018) which sets out the benefit opportunities (including financial) to be delivered though investment in the programme can be delivered. The Programme is now entering a critical period as it moves broadly from design and into implementation. For a period, the council will be required to manage the implementation of STP's whilst continuing to deliver new ways of working through the work streams, for example, implementation of the Customer Access and Management capability is underway at the same time as Director's will be seeking to use that capability as part of delivering their plans. This will put additional strain on resourcing throughout the organisation and will require a joined up approach to change management both internally and externally.

Annex 1 outlines the indicative cash limit for 2021/22 by directorate, and **Annex 2** by outcome. **Annex 4** outlines indicative cash limits by directorate.

2.12 General / Earmarked Reserves and Contingencies

The council's MTFS sets out how the council will structure and manage its finances now and in the future to ensure it continues to demonstrate financial stability and to ensure this facilitates delivery of the council's corporate plan objectives.

The council's statutory S151 Officer produces the strategy, and advises on the level of reserves, in accordance with statute, best practice, professional opinion and the council's MTFS. In accordance with Section 25 of the Local Government Act 2003 and to comply with CIPFA guidance on local authority reserves and balances, the S151 Officer is required to formally consider and report to members upon the adequacy of reserves in respect of the 2021/22 budget, as outlined in **Annex 12**.

Additionally, this requirement covers reporting on the robustness of the estimates used for the purpose of calculating the budget.

The Government is fundamentally changing the way in which local government is funded, which increases the financial risk to the council. As such, and in accordance with statute and best practice, the level and nature of reserves have been reviewed as part of the budget process.

3. Summary of the 2021/22 Capital Programme

Following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017, there is a requirement for councils to produce a Capital Strategy. This should "*set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk, reward and impact on the achievement of priority outcomes."* The revised Capital Strategy is set out at **Annex 8**.

The council has an asset portfolio of around £515m. Therefore managing and maintaining these assets is a key issue for the council to ensure they continue to be fit for purpose and their value is maintained. The capital programme is key to delivering the council's vision and priorities.

Due to the diverse nature of capital expenditure, each capital scheme impacts on residents in different ways according to their use of council facilities and services. The capital programme has been constructed within the principles outlined in our Capital Strategy. This document drives the construction and management of the capital programme. The Strategy reflects and enables delivery of the council's vision and priorities and approved schemes must deliver that aim. It also requires the council to optimise successful partnership working for example through the Walsall Partnership, NHS Walsall, registered social landlords and regionally with other councils.

The 2021/22 capital programme totals £103.76m, detailed in **Annex 9**, and is presented in two parts:

A. Council funded programme (£57.05m) - funded through borrowing and capital receipts (**Table 8/9**). Of this £1.33m is identified for council wide schemes, funding to support essential works including health and safety and other projects that cannot be guaranteed at the start of the year.

   A further £28.00m provision is made for council pipeline investment opportunities, including emerging regeneration schemes, where funding or match funding is required, and major capital projects. To access these funds, an outline business case will need to be approved by the council's Strategic Investment Board, (which is currently being set up), followed by a full business case which will require Cabinet approval.

B. Non-council funded programme (£46.71m) - funded from capital grants **(Table 10)**.

In addition, the council's leasing programme for 2021/22 is £4.6m, the revenue costs of which are funded from services own budgets **(Table 11).**

Capital resources will continue to be limited in the future, inevitably placing more pressure on our ability to make future capital investment decisions. Funding will be more reliant on the council's ability to secure capital receipts from sale of land and buildings or affordable additional borrowing. A strategic review of assets will be undertaken as part of the Corporate Landlord work stream of the Proud Programme, which will inform the revision of the Capital Strategy and formulation of future years capital programmes.

Following consultation during 2020, HM Treasury have now revised access requirements for local authorities seeking to access borrowing from the Public Works and Loans Board (PWLB). These revisions mean that Local Authorities will not be able to access PWLB borrowing to buy investment property with the primary aim of 'generating yield', and specifically to access PWLB funding authorities will need to submit three year capital plans to PWLB, with the S151 officer confirming that there is no intention to buy investment properties primarily for yield at any point within those three years.

If there are any intentions by the authority to buy investment properties primarily for yield within the three year capital programme then PWLB will not be able to lend to the authority for the period of that programme. HM Treasury have also confirmed that where local authorities do seek to pursue debt-for-yield projects which they finance in other ways, such as through the use of internal cash balances or borrowing from other financial institutions, they would then not be able to access PWLB borrowing to refinance this element of debt going forwards.

As interest rates on PWLB borrowing are normally more favourable than other forms of borrowing, being unable to access PWLB and having to seek borrowing from other financial institutions is therefore likely to increase the overall revenue costs required to fund the elements of the councils capital programme which are funded from borrowing – for example every 1% increase in interest costs on a three year capital programme including circa £120.00m of capital spending funded from borrowing (similar to the level included within this report) would add £1.20m of additional ongoing revenue costs per year by the end of the three year period.

Council Funded Programme: Funded from Walsall's own resources

Funding

The council funded element of the capital programme is normally financed from borrowing, capital receipts and the carry forward of unspent allocations from previous years.

Borrowing is required to be funded from the council's own resources – generated through savings, and/or paid for via council tax. (This is also commonly known as unsupported or Prudential borrowing). Councils are allowed to borrow in accordance with the Treasury Management Code of Practice. The current capital financing / services cash limit is forecast to be able to support £54.53m of additional borrowing to fund high priority items in 2021/22.

An allocation of £1.50m is assumed from capital receipts each year, which is monitored in year by property colleagues. Any additional receipts received in year (excluding those earmarked for specific schemes) will be considered to fund projects identified on the reserve list of schemes. Additionally, **Annex 11** sets out the council's Flexible Use of Capital Receipts Strategy, which will utilise eligible new receipts to fund elements of the council's Proud Programme. **Table 8** shows planned resources to fund the mainstream capital programme for the three years from 2021/22.

Table 8: Mainstream Capital Programme (Council Funded)			
Category	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Capital receipts projected	1.50	1.50	1.50
Earmarked capital receipts	0.00	0.00	0.00
General borrowing	9.84	10.32	6.70
Revenue contribution to capital	0.02	0.02	0.02
Prior year underspends	1.00	0.00	0.00
Borrowing for Regional Materials Recycling Facility	4.76	2.72	0.00
Borrowing / Capital Receipts for Proud investment	0.00	0.00	0.00
Borrowing for Waste Strategy	8.89	3.00	0.00
Borrowing – Enterprise Zones*	2.94	13.94	4.07
Borrowing – Pipeline investments	28.00	8.00	4.00
Borrowing – High Streets Fund	0.10	4.24	14.68
Total Mainstream resources	**57.05**	**43.74**	**30.97**

*Requirement to cash flow prior to generation of business rates.
Further £4m provision for Flexible use of Capital Receipts carried forward from 2020/21.

Capital Schemes

For 2021/22 services were asked to review current and future schemes included in the capital programme approved by Council in February 2020. Requests for new allocations were considered in line with council priorities and the work of the Proud Programme. Details can be found in **Annex 9A** and are summarised by directorate in **Table 9** below.

Table 9: Mainstream Capital Programme 2021/22 by Directorate (Council funded)				
Directorate	**Rolling Programme £m**	**Prior / Current Year Approval £m**	**New Allocations £m**	**Total Mainstream £m**
Adult Social Care and Public Health	0.00	0.00	0.00	0.00
Children's, Education and Customer Services	0.48	0.33	0.00	0.81
Economy, Environment and Communities	2.82	18.87	0.17	21.86
Resources and Transformation	0.00	4.18	0.87	5.05
Centrally held budgets *	1.00	0.00	28.33	29.33
Total Council Funded Capital	**4.30**	**23.38**	**29.37**	**57.05**

**Centrally held relates to £1.00m funding to support essential works, including health and safety e.g. retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self-insured property damage, along with £0.33m of additional funding to support new health and safety requirements such as social distancing and security measures as a result of Covid-19. A further £28.00m is set aside for pipeline investment opportunities, which will be allocated in year subject to a full business case being approved by Cabinet.*

Schemes are recommended to go ahead for a number of reasons:

- Address policy including;
  - Support with cost of living
  - Creating jobs and helping people get new skills
  - Improving educational achievements
  - Helping local high streets and communities

   - ➢ Help create more affordable housing
   - ➢ Promoting health and wellbeing
   - ➢ Ensuring a modern effective council (including ICT infrastructure)
- Return on investment / Asset management - schemes that unlock external investment in the borough; drive out long term revenue savings; support the strengthening of the borough's economy; deliver an efficient and effective operational estate; and invests in assets to grow future income streams for the council;
- Supports the delivery of ongoing benefits identified through the Proud Programme;
- Capital insurance reserves: to protect the council's position, for which funding is available should the need arise to draw it down;
- Priority schemes for which external funding can be drawn down and which may or may not require a contribution from the councils own resources.

All capital schemes were reviewed by the Corporate Management Team and Asset Strategy Group, prior to formal consideration by Cabinet for recommendation to Council. The draft capital programme was scrutinised by Overview and Scrutiny Committees. Whilst the overall demand for resources usually exceeds those available, schemes deemed to be a high priority in terms of reflecting the council's priorities can be funded, representing a balanced programme for 2021/22 with indicative allocations which are subject to further review for 2022/23 onwards.

A number of 2020/21 schemes **(Annex 10)** are expected to be carried forward into 2021/22, totalling £34.84m. This will be reported to Cabinet for approval.

Externally Funded Programme

Full details of externally funded schemes are found in the draft capital programme at **Annex 9B** and are summarised in **Table 10** below. Many of these are indicative allocations pending formal notification from the respective funding bodies, and the capital programme will be adjusted in year to reflect final allocations. Certain schemes can go ahead as these are either fully funded by grant or have the necessary mainstream match funding already approved. If grant or mainstream funding is unavailable then the scheme will not go ahead.

Table 10: Externally Funded Capital Programme 2021/22 by Directorate

Directorate	Government Funding £m	Third Party / External* £m	Total Funding £m
Adult Social Care and Public Health	0.00	0.00	0.00
Children's, Education and Customer Services	8.44	0.00	8.44
Economy, Environment and Communities	3.48	8.55	12.03
Resources and Transformation	26.24	0.00	26.24
Centrally held budgets	0.00	0.00	0.00
Total Externally Funded Capital	**38.16**	**8.55**	**46.71**

**Walsall is Accountable Body for Growth Deal and Land & Property Investment Fund.*

Leasing Programme

The 2021/22 leasing programme totals £4.60m and is summarised in **Table 11** below. Leasing minimises the call on capital resources by spreading the acquisition cost over a number of years. Revenue funds are required to finance operating leases, and are included in the revenue budget.

Table 11: Leasing Programme 2021/22		
Directorate	**Asset cost**	**Revenue Leasing**
	£m	**£m**
Economy, Environment and Communities		
Refuse Vehicles	1.86	0.65
Light Commercial Vehicles	1.93	0.36
Tractors & Agricultural Machinery	0.29	0.23
Welfare Vehicles	0.52	0.06
Equipment	0.00	0.12
Total draft leasing programme	**4.60**	**1.42**

4. Medium term financial outlook – 2022/23 onwards

Revenue

Key sources of funding, in particular fees and charges, Government grant and specific grant are assessed on a regular basis, along with emerging cost pressures. The focus is on forward planning to ensure financial risk is managed and mitigated and all known liabilities are funded, including the cost of capital investment decisions.

As referred to in section 2, Walsall Council, via the West Midlands Combined Authority, has been designated a pilot for the 100% business rates retention scheme, which has been confirmed will continue into 2021/22.

A review of the scheme by government to amend the % of retained business rates from 49% to 75% was due to be finalised by 2020/21 but due to delays this has not been fully undertaken and introduced. The review is still on-going with changes expected in 2022/23.

The Government expects national increases in growth in rate yields to fully offset the reduction in core funding. The reality is that Walsall, due to its relative need and business rate yield, will be unable to fully cover this further significant funding shortfall. This is exacerbated further by the ongoing impact of the pandemic. Assumptions have been made in our medium term financial outlook around overall changes to Government spending for this period, along with known cost reductions and pressures.

Beyond 2021/22, funding allocations still remain uncertain. A further Spending Review is expected in 2021 to cover the period from 2022/23, along with the outcome of the Fair Funding review of local authority finance, both of which are expected to impact on our medium term financial outlook.

A balanced budget is reported for 2021/22, with savings of £28.90m to be delivered through the Proud Programme. Draft balanced budgets are presented for 2022/23 and 2023/24, with £22.01m of savings required in 2022/23 and £14.52m in 2023/24. The majority of 2022/23 savings have been identified (£19.10m), with a further £2.91m for which delivery plans are currently being worked up. The position for 2022/23 and 2023/24 is summarised in **table 12.**

Table 12 : Indicative savings		
Work stream / STP activity	**Savings 2022/23 £m**	**Savings 2023/24 £m**
Savings as shown on Annex 7	**(19.10)**	**(4.47)**
Indicative savings:		
Customer Access & Management	(0.81)	(3.13)
Designing Ways of Working - Hubs	(0.12)	(0.46)
Designing Ways of Working - Enabling Support Services	(0.17)	(0.66)
Enabling Technology	0.00	0.00
Income Generation & Cost Recovery	(0.95)	(3.67)
Third Party Spend	(0.86)	(2.13)
Total savings	**(22.01)**	**(14.52)**

This provides the council with a sound opportunity to plan ahead and seek to rebalance the budget to deliver its corporate plan priorities, and allows it flexibility to adapt to an ever changing climate.

As referred to in Section 2, further details on the work streams and current activity are shown in **Annex 6.**

Annex 4 outlines indicative cash limits by directorate and the required phasing of implementation of the Proud Programme to deliver a balanced budget over the period to 2023/24, summarised in **Table 13**.

Table 13 : Revenue Cash Limits by Directorate

Directorate	Indicative 2021/22 £m	Indicative 2022/23 £m	Indicative 2023/24 £m
Adult Social Care and Public Health	58.02	57.18	41.26
Children's, Education and Customer Services	81.97	76.99	64.01
Economy, Environment and Communities	53.90	52.85	49.83
Resources and Transformation	13.72	11.63	5.87
Net Portfolio Cash Limits	**207.61**	**198.65**	**160.97**
Levies	11.27	11.27	11.27
Central budgets *	(86.33)	(73.78)	(32.42)
Council Tax Requirement	**132.55**	**136.14**	**139.82**

**Central budgets includes direct Government funding and business rates.*

Capital

Capital programme resources are limited. The financing for capital expenditure on new investments is heavily reliant on grants and other funding received from the Government. The Government is clearly, in the medium term, planning to significantly reduce government financed capital spending.

The remaining flexibility is currently through capital receipts and borrowing. Capital receipts projections however are limited, and fully dependent on when council assets are sold. Earmarking of capital receipts beyond what we are statutorily obliged to do is not recommended without overall strategic consideration of the entire capital programme. Use of unsupported borrowing incurs ongoing revenue debt charges and impacts on council tax payers.

Capital allocations and grants from Government and other sources have not yet been published, therefore best estimates have been used, based on published information to date. Any further reduction in funding will require amendments to the draft programme.

Despite the above difficulties, significant investment is planned and funded over the three years 2021/22 to 2023/24 and the capital programme is balanced for each year, subject to annual review. The council is able to fund all existing commitments and has, through prioritisation of bids and resources and sound treasury management, been able to support new investment into key services, and areas of capital investment need.

The list of capital schemes included in the capital programme for 2021/22 to 2023/24 are shown in **Annex 9**. **Table 14** shows the capital programme against predicted available resources. **Table 15** summarises the capital programme by directorate.

Table 14 : Capital Programme			
Anticipated Capital Resources	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Council resources as shown in table 8	57.05	43.74	30.97
External Funding	46.71	18.82	10.83
Total capital resources	***103.76***	***62.56***	***41.80***
Capital Bids			
Rolling Programme Schemes	4.30	4.30	4.30
Prior Year Approvals	14.23	23.93	7.99
Current Year Approvals (2020/21)	9.15	3.00	0.00
Proud Investment	0.02	0.17	0.00
New capital allocations	29.35	12.34	18.68
Total council funded schemes	***57.05***	***43.74***	***30.97***
Externally funded schemes	46.71	18.82	10.83
Total draft capital programme	***103.76***	***62.56***	***41.80***
Funding shortfall (surplus)	**0.00**	**0.00**	**0.00**

Table 15 : Capital Programme by directorate			
Directorate	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Adult Social Care and Public Health	0.00	0.00	0.00
Children's, Education and Customer Services	9.25	8.43	8.43
Economy, Environment and Communities	33.89	38.83	18.34
Resources and Transformation	31.29	6.30	10.03
Centrally held budgets *	29.33	9.00	5.00
Draft Capital Programme	**103.76**	**62.56**	**41.80**

**Centrally held relates to an annual allocation of £1.00m funding to support essential works, including health and safety e.g. LSVT retained housing land, asbestos removal, statutory testing, legionella, fire risk, demolition of redundant buildings, planned maintenance, risk management and self- insured property damage, along with £0.33m of additional funding to support new health and safety requirements such as social distancing and security measures as a result of Covid-19. A further £42.00m over the three years is set aside for pipeline investment opportunities, which will be allocated in year subject to a full business case being approved by Cabinet.*

Part 1 Annex 1: Summary of Corporate Revenue Budget 2021/22 by Directorate

DIRECTORATE	2020/21 REVISED FORECAST £	BASE BUDGET ADJUSTMENTS £	INVESTMENT AND PRESSURES (Annex 5) £	INDICATIVE SAVINGS * (Annex 7) £	2021/22 FORECAST BUDGET £
Adult Social Care	**66,136,706**	2,158,590	3,275,208	-13,550,981	**58,019,523**
Children's Services	**82,134,249**	842,774	5,954,319	-6,962,523	**81,968,819**
Economy, Environment & Communities	**53,729,238**	493,566	2,216,451	-2,537,333	**53,901,922**
Resources & Transformation *	**16,321,235**	-1,281,926	1,637,375	-2,958,411	**13,718,273**
TOTAL SERVICES	**218,321,428**	**2,213,004**	**13,083,353**	**-26,009,248**	**207,608,537**
Non-service specific prudence/central items/capital financing	**-102,670,618**	4,349,370	14,748,535	-2,889,000	**-86,461,713**
Levies: West Midlands Combined Authority Transport Levy	**11,146,812**	37,000	0	0	**11,183,812**
Environment Agency	**82,739**	0	0	0	**82,739**
NET REVENUE EXPENDITURE	**126,880,361**	**6,599,374**	**27,831,888**	**-28,898,248**	**132,413,375**
(Use of)/contribution to reserves	**685,777**	**-553,371**	**0**	**0**	**132,406**
TOTAL COUNCIL TAX REQUIREMENT	**127,566,138**	**6,046,003**	**27,831,888**	**-28,898,248**	**132,545,781**

**There is further investment of £860k in 2021/22, £4.52m in 202/23 and £6.82m in 2023/24 relating to pay and pensions to be allocated to services.*

Part 1 Annex 2: Summary of Corporate Revenue Budget 2021/22 by Outcome

OUTCOME	2020/21 REVISED FORECAST £	BASE BUDGET ADJUSTMENTS £	INVESTMENT AND PRESSURES * (Annex 5) £	SAVINGS (Annex 7) £	2021/22 FORECAST BUDGET £
Creating an environment where business invests and everyone who wants a job can access one	**5,312,624**	-1,132,096	336,447	-250,981	**4,265,994**
Education, training and skills enable people to fulfil their personal development	**18,412,025**	-151,172	1,738,168	-557,390	**19,441,631**
People live a good quality of life and feel they belong	**71,174,954**	1,997,990	3,907,467	-14,917,195	**62,163,216**
People know what makes them healthy and they are encouraged to get support when they need it	**2,933,638**	763,553	249,655	-937,143	**3,009,703**
Internal services deliver quality and adapt to meet the needs of customer facing services / Services are efficient and deliver value for money	**-77,394,172**	4,680,184	16,283,861	-5,860,860	**-62,290,987**
Children thrive emotionally, physically, mentally and feel they are achieving their potential	**2,672,494**	-20,795	-100,000	-84,352	**2,467,347**
Children grow up in connected communities and feel safe everywhere	**59,055,130**	304,291	4,204,923	-4,582,347	**58,981,997**
Housing meets all people’s needs, is affordable, safe and warm	**2,132,999**	43,289	0	-256,751	**1,919,537**
People are proud of their vibrant town, districts and communities	**43,266,446**	-439,241	1,211,367	-1,451,229	**42,587,343**
TOTAL COUNCIL TAX REQUIREMENT	**127,566,138**	**6,046,003**	**27,831,888**	**-28,898,248**	**132,545,781**

**There is further investment of £860k in 2021/22, £4.52m in 202/23 and £6.82m in 2023/24 relating to pay and pensions to be allocated to services.*

Part 1 Annex 3: Council Tax Data 2021/22

1. COUNCIL TAX EXCLUDING PRECEPTS (WALSALL COUNCIL ONLY)

A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)

BAND	WEIGHT	2020/21 C.TAX	2021/22 C.TAX	ANNUAL CHANGE	OF WHICH ASC RELATED	ANNUAL INCREASE	WEEKLY INCREASE	DAILY INCREASE
		£	£	£	£	%	£	£
A	6/9	**1,188.60**	**1,247.91**	59.31	35.66	4.99%	1.14	0.16
B	7/9	**1,386.70**	**1,455.90**	69.20	41.60	4.99%	1.33	0.19
C	8/9	**1,584.80**	**1,663.88**	79.08	47.54	4.99%	1.52	0.22
D	**9/9**	**1,782.90**	**1,871.87**	**88.97**	**53.49**	**4.99%**	**1.71**	**0.24**
E	11/9	**2,179.10**	**2,287.84**	108.74	65.37	4.99%	2.09	0.30
F	13/9	**2,575.30**	**2,703.81**	128.51	77.26	4.99%	2.46	0.35
G	15/9	**2,971.50**	**3,119.78**	148.28	89.15	4.99%	2.84	0.41
H	18/9	**3,565.80**	**3,743.73**	177.93	106.97	4.99%	3.41	0.49

2. OVERALL COUNCIL TAX INCLUSIVE OF PRECEPTS

A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)

				ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
BAND	WEIGHT	2020/21 TOTAL C.TAX	2021/22 WMBC C.TAX	2021/22 FIRE PRECEPT	2021/22 POLICE PRECEPT	2021/22 TOTAL C.TAX
		£	£	£	£	£
A	6/9	**1,338.17**	**1,247.91**	42.03	118.37	**1,408.31**
B	7/9	**1,561.20**	**1,455.90**	49.03	138.09	**1,643.02**
C	8/9	**1,784.22**	**1,663.88**	56.03	157.82	**1,877.73**
D	**9/9**	**2,007.26**	**1,871.87**	**63.04**	**177.55**	**2,112.46**
E	11/9	**2,453.31**	**2,287.84**	77.05	217.01	**2,581.90**
F	13/9	**2,899.36**	**2,703.81**	91.06	256.46	**3,051.33**
G	15/9	**3,345.43**	**3,119.78**	105.07	295.92	**3,520.77**
H	18/9	**4,014.51**	**3,743.73**	126.08	355.10	**4,224.91**

B. LEVELS FOR PROPERTIES WITH ONE RESIDENT (25% DISCOUNT) (33% of Properties)

				ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)
BAND	**WEIGHT**	**2020/21 TOTAL C.TAX**	**2021/22 WMBC C.TAX**	**2021/22 FIRE PRECEPT**	**2021/22 POLICE PRECEPT**	**2021/22 TOTAL C.TAX**
		£		**£**	**£**	**£**
A	6/9	1,003.63	935.94	31.52	88.78	**1,056.23**
B	7/9	1,170.90	1,091.92	36.77	103.57	**1,232.27**
C	8/9	1,338.17	1,247.91	42.03	118.37	**1,408.31**
D	**9/9**	**1,505.44**	**1,403.90**	**47.28**	**133.16**	**1,584.34**
E	11/9	1,840.00	1,715.89	57.79	162.75	**1,936.43**
F	13/9	2,174.52	2,027.86	68.29	192.35	**2,288.49**
G	15/9	2,509.08	2,339.84	78.80	221.94	**2,640.58**
H	18/9	3,010.89	2,807.81	94.56	266.33	**3,168.69**

3. SPREAD OF PROPERTIES

The proportion of properties within Walsall MBC within each Council Tax band at 1st December 2020 is as follows:

BAND	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**TOTAL**
PROPERTIES (No)	**50,804**	**27,126**	**18,417**	**10,335**	**5,567**	**2,381**	**828**	**51**	**115,509**
PROPERTIES (%)	**44.08**	**23.46**	**15.95**	**8.89**	**4.82**	**2.05**	**0.71**	**0.04**	**100**
CUMULATIVE TOTALS	**67.54** (A–B)								
	83.49 (A–C)								
	92.38 (A–D)								

Part 1 Annex 4 : Revenue Cash Limit 2021/22 to 2023/24 by Directorate

This annex outlines the indicative cash limits by directorate, including portfolio responsibilities. These will be updated in year to reflect any movement in directorate/portfolio responsibilities. Savings plans for 2023/24 will be realigned to services when agreed.

1. Adult Social Care and Public Health Directorate

- ***Adult Social Care Portfolio***
  Care services for older people and people with learning disabilities, people with physical disabilities and people with mental health needs, health partnership, commissioning and CCG/health interface lead supporting people, protection for vulnerable adults, transition arrangements between Children's and Adult Social Care.
- ***Health and Wellbeing Portfolio***
  Public Health and member of Health and Wellbeing Board.
- ***Leader of the Council Portfolio***
  Overall responsibility for Council strategy, the corporate plan, communications and public relations, government relations and liaison with local MPs and West Midlands leaders.
- ***Personnel and Business Support Portfolio***
  Procurement, print and design.
- ***Resilient Communities Portfolio***
  Engagement and consultation.

	2021/22 £	2022/23 £	2023/24 £
Opening cash limit	66,136,706	58,019,523	57,177,259
Base budget adjustments			
- Falls prevention	(36,875)	0	0
- Other pay changes / service realignments	2,195,465	0	0
Investment / Pressures – see Annex 5	3,275,208	5,176,727	3,652,586
Less Proposed Savings Plans – see Annex 7	(13,550,981)	(6,018,991)	(19,569,972)
Adult Social Care draft cash limit	**58,019,523**	**57,177,259**	**41,259,873**

2. Children's, Education and Customer Services Directorate

- ***Children's Portfolio***
  Services for children in need of help and protection, children looked after and care leavers, early help, schools meals commissioning, involvement of children and young people, transition arrangements between Children's and Adult Social Care, Walsall Children's Safeguarding Board and Chair of Corporate Parenting Board.
- ***Education and Skills Portfolio***
  Schools and education services, interagency cooperation, involvement of children and young people, special educational needs, disabilities and inclusion. Adult learning.
- ***Personnel and Business Support Portfolio***
  Complaints.
- ***Regeneration Portfolio***
  Money Home Job.

	2021/22 £	2022/23 £	2023/24 £
Opening cash limit	82,134,249	81,968,819	76,987,804
Base budget adjustments - Home to school transport - Social workers invest to save - Other pay changes / service realignments	 (250,000) (100,000) 1,192,774	 (250,000) 0 0	 (250,000) 0 0
Investment / Pressures – see Annex 5	5,954,319	4,672,386	3,640,602
Less Proposed Savings Plans – see Annex 7	(6,962,523)	(9,403,401)	(16,365,924)
Children's Services draft cash limit	**81,968,819**	**76,987,804**	**64,012,482**

3. ***Economy, Environment and Communities Directorate***

- ***Leader of the Council Portfolio***
  Emergency planning, West Midlands Combined Authority, Association of Black Country Authorities and Black Country Joint Committee.
- ***Clean and Green Portfolio***
  Gateways and corridors, pollution control, waste strategy, refuse collection, recycling, street cleaning, parks (maintenance) and the council's vehicle fleet.
- ***Health and Wellbeing Portfolio***
  Healthy Spaces (Green Spaces Strategy and Development).
- ***Regeneration Portfolio***
  Economic development, physical development, markets, town and district centres, planning policy. Strategic housing role. Traffic and transportation, car parks, strategic transport and highways.
- ***Resilient Communities Portfolio***
  Locality co-ordination, community development, community associations, voluntary and community sectors, Community Safety, community cohesion, Safer Walsall Partnership. Leisure and culture services including the New Art Gallery, libraries, sports and museums, Cemeteries and crematoria, public protection.

	2021/22 £	2022/23 £	2023/24 £
Opening cash limit	53,729,238	53,901,922	52,852,061
Base budget adjustments - Street Lighting one off funded from reserves - Other pay changes / service realignments	 450,000 43,566	 (450,000) 0	 0 0
Investment / Pressures – see Annex 5	2,216,451	126,813	240,000
Less Proposed Savings Plans – see Annex 7	(2,537,333)	(726,674)	(3,264,007)
Economy, Environment and Communities draft cash limit	**53,901,922**	**52,852,061**	**49,828,054**

4. ***Resources and Transformation Directorate***

- ***Leader of the Council Portfolio***
  Transformation and digital. Finance including payroll and pensions, insurance, risk management, policy led budgeting. Financial Regulations, Audit, Legal and Democratic Services, Performance. Member Development.
- ***Personnel and Business Support Portfolio***
  HR, equalities, hard facilities management, catering, cleaning, caretaking and Town Hall events, information governance, administration and business support.
- ***Regeneration Portfolio***
  Property and asset management, Black Country Consortium, sub regional regeneration issues, local development framework, business liaison and skills.

	2021/22 **£**	**2022/23** **£**	**2023/24** **£**
Opening cash limit	16,321,235	13,718,273	11,632,283
Base budget adjustments			
- Elections	(250,000)	250,000	0
- Economic Growth Programme	(1,000,000)	0	0
- Other pay changes / service realignments	(31,926)	0	0
Investment / Pressures – see Annex 5	1,637,375	766,045	300,000
Less Proposed Savings Plans – see Annex 7	(2,958,411)	(3,102,035)	(6,060,446)
Resources and Transformation draft cash limit *	**13,718,273**	**11,632,283**	**5,871,837**

* Includes the review of administration across the council, so will be achieved from the realignment of services in year.

Part 1 Annex 5 : Summary of New Growth and Investment 2021/22 – 2023/24 aligned to Proud Programme Outcomes

Directorate	Ref No	Details of Growth by outcome	2021/22 £	2022/23 £	2023/24 £
People live a good quality of life and feel they belong					
Adult Social Care	**1**	Additional Social Care demand / cost pressures	3,185,050	3,153,075	3,652,586
	2	Better Care Funding iBCF2 fall out of grant	0	2,023,652	0
	31	New Ways of Working/Staff Reconfiguration. Customer Access Management/ Resilient Communities – linked to saving OP89	50,000	0	0
	32	Benefit maximisation project – linked to saving OP96	40,158	0	0
Children's Services	**3**	Reduction in Council Tax administration grant	39,038	0	0
	4	Reduction in Housing Benefit administration grant	57,190	0	0
	33	Restructure within Money Home Job - Process Improvement – linked to saving OP98	15,000	0	0
Economy, Environment & Communities	**6**	Taxi licensing – shortfall in income	52,000	0	0
	7	Licensing – shortfall in income	51,000	0	0
	8	Bereavement Services – shortfall in income	114,000	0	0
	34A	Resilient communities management posts	104,031		
	35	Regulatory Services new Community Protection Enforcement team	200,000	0	0
Total People live a good quality of life and feel they belong			**3,907,467**	**5,176,727**	**3,652,586**
Creating an environment where business invests and everyone who wants a job can access one					
Economy, Environment & Communities	**5A**	Organisational redesign – Development Management	234,398	0	0
Resources & Transformation	**5B**	Organisational redesign – Programme Management	102,049	0	0
Creating an environment where business invests and everyone who wants a job can access one			**336,447**	**0**	**0**
People know what makes them healthy and are encouraged to get support when they need it					
Economy, Environment & Communities	**9**	Active Living - shortfall in income	188,155	0	0
	36	Increase membership retention by utilising new customer experience centre provision – linked to saving OP82	31,500	-12,500	0
	37	External Marketing & Promotion Partnership Development – linked to saving P17	30,000	0	0
Total People know what makes them healthy and are encouraged to get support when they need it			**249,655**	**(12,500)**	**0**
Children grow up in connected communities and feel safe everywhere					
Children's Services	**10**	Additional Looked after Children demand / cost pressures	2,948,000	3,454,000	2,559,000
	11	Troubled Families	0	542,000	0
	12	Ongoing staffing resource for Children's Commissioning and Placements function to support Looked After Children controls/savings/placement	67,500	0	
	13	Taxis for children in care	100,000	0	0
	15	Foster care inflation	65,311	66,441	66,602
	16	Regional Adoption Agency	194,455	0	0
	38	Crisis support	0	0	500,000

Directorate	Ref No	Details of Growth by outcome	2021/22 £	2022/23 £	2023/24 £
Children's Services	**39**	Development of locality partnership offer in Early Help – linked to saving OP3	199,587	-158,587	0
	40	Mother & Baby - Daisy Project – linked to saving OP7	222,338	0	0
	41	Family drugs and alcohol court – linked to saving OP10	0	94,910	0
	42	Foster carer support - placement disruption – linked to saving OP11	193,580	0	0
	43	Mocking Bird – Increase in number of social workers	79,004	20,790	0
	44	Placement sufficiency - recruitment & retention – linked to saving OP12	85,148	0	0
	45	Grandparents plus - build in for future years – linked to saving OP13	50,000	50,000	0
Total Children grow up in connected communities and feel safe everywhere			**4,204,923**	**4,069,554**	**3,125,602**
Children thrive emotionally, physically, mentally and feel they are achieving their potential					
Children's Services	**18**	Educational psychologists	(100,000)	0	0
Total Children thrive emotionally, physically, mentally and feel they are achieving their potential			**(100,000)**	**0**	**0**
Education, training and skills enable people to fulfil their personal development					
Children's Services	**17**	Home to school transport	1,422,000	648,000	515,000
	19	Removal of revenue target for attendance fines	77,000	0	0
	46	Home to school transport - route optimisation – linked to saving OP5	159,168	(45,168)	0
	47	Reduction in use of agency and temporary staff – linked to saving OP17	80,000	0	0
Total Education, training & skills enable people to fulfil their personal development			**1,738,168**	**602,832**	**515,000**
People are proud of their vibrant town, districts and communities					
Economy, Environment & Communities	**5C**	Organisational redesign – Engineering / Clean & Green	186,553	0	0
	34B	Resilient communities management posts	104,031	0	0
	20	Economy and Environment contractual inflation	339,313	239,313	240,000
	21	Fall out of leasing for extended vehicles	35,019	0	0
	22	Unauthorised encampment works	100,000	0	0
	23	Engineering / rights of way – shortfall in income	10,000	0	0
	24	Emergency Planning – shortfall in income	30,000	0	0
Economy, Environment & Communities	**48**	Communities and Partnerships – new prevent role	56,451		
	49	Planning enforcement	100,000	(100,000)	0
	50	Communities and Partnerships – new Community Safety team	250,000	0	0

Directorate	Ref No	Details of Growth by outcome	2021/22 £	2022/23 £	2023/24 £
Total People are proud of their vibrant town, districts and communities			**1,211,367**	**139,313**	**240,000**
Internal Services deliver quality and adapt to meet the needs of customer facing services					
Resources & Transformation	**14**	Legal costs	250,000	0	0
	25	Human Resources – licences due to extension of One Source	(56,000)	0	0
	26	Integrated Facilities Management – shortfall in traded services income	250,000	0	0
	51	Integrated Facilities Management – centralised maintenance	0	250,000	0
	52	Webcasting and hybrid council meetings	15,000	15,000	0
Directorate	**Ref No**	**Details of Growth by outcome**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Resources & Transformation	**53**	Organisational redesign to deliver Intelligent Client Model across Asset Mgt, Capital Projects and Facilities Management - linked to saving P4	477,326	0	0
	54	Additional staffing for IT operating model	379,000	94,000	0
	55	Finance - Phased review and restructure of accountancy team management posts – linked to saving OP39	120,000	0	0
	56	Finance - review and reduction in transactional activity within finance following implementation of One Source – linked to saving OP44	0	207,045	0
	57	Finance - Adult Social Care Client Care Team - introduce charge for appointeeship management / support – additional advocacy support linked to saving P2	100,000	(100,000)	0
	58	Cloud / Microsoft licences	0	300,000	300,000
Central / Capital Financing	**27**	Capital financing - review of debt portfolio	7,986,493	437,000	600,000
	28	Revenue implications of capital programme	500,000	500,000	500,000
	29	Covid-19 cost pressures / loss of income	5,761,042	353,558	(5,414,600)
	30	Proud Investment Programme	0	2,000,000	2,000,000
	59	Hub investment linked to work stream activity	501,000	0	0
Total Internal Services deliver quality and adapt to meet the needs of customer facing services			**16,283,861**	**4,056,603**	**(2,014,600)**
Total Growth and investment			**27,831,888**	**14,032,529**	**5,518,588**

Additionally, there is £860k of pay (increments) and pension related investment to be allocated to services in 2021/22, £4.52m in 2022/23 and £6.82m in 2023/24.

Part 1 Annex 6: Proud Programme Work Streams and Activity

1. Outcome, Service Levels and Delivery Models

Cabinet in September 2019 agreed to the ten refreshed corporate outcomes; the cross cutting themes (components) that the Proud Programme will focus on;

Economic Growth
- Creating an environment where business invests and everyone who wants a job can access one
- Education, training and skills enable people to fulfil their personal development

People
- People live a good quality of life and feel they belong
- People know what makes them healthy and they are encouraged to get support when they need it

Internal Focus
- Internal services deliver quality and adapt to meet the needs of customer facing services
- Services are efficient and deliver value for money

Children
- Children thrive emotionally, physically, mentally and feel they are achieving their potential
- Children grow up in connected communities and feel safe everywhere

Communities
- Housing meets all people's needs, is affordable, safe and warm
- People are proud of their vibrant town, districts and communities

The indicative three year timetable for the roll out of the component elements and transformation projects was also outlined. Service redesign of planning has commenced and the new Resilient Communities model is also being established.

2. Commissioning, Procurement and Contract Management (Third Party Spend)

To identify opportunities that will enable us to financially support our current and future services, especially those developed by the Walsall Proud Programme. It will do this by reviewing and reducing third party spend and improving the 'Procure to Pay' process and systems. We are implementing two Strategic Sourcing Plans - 1) Efficient Council (printing, energy, post, cleaning, fleet and fuel) and 2) Procurement Control; Contract Oversight Committee.

3. Communication, Change, Culture and Behaviours

All organisations, services and staff have cultures and behaviours, good and bad. This work stream looks at how individuals make decisions, initially in the context of staff undertaking and supporting the Walsall Proud Programme. It will then implement approaches and processes that will encourage and boost the good, and challenge and change the bad.

Activity includes accelerating ambition, creativity and innovation; support to establish the 'creativity' function; workforce development/training to embed the innovation mind set; specific suppliers to implement new innovations or projects. Leadership coaching and training; workforce development and training; cultural and behavioural analysis and custom-design support.

4. Customer Assessment and Management

This will address the mechanisms available to us to manage a single view of the customer, improve their experience and introduce efficiencies in our ways of interacting with them. This work stream is currently developing a blueprint for the new customer operations centre and prioritising phasing of processes to go live within the centre.

Activity includes customer journey mapping; redesign of end to end processes; functional and technical support for implementing the new customer management model; staff training.

5. Designing the Ways of Working – Hubs and Enabling Support Services

This will consider how our 'hubs', including 'communications, marketing and engagement', 'Business Intelligence' and 'Commissioning, Procurement and Contract Management', work to support service providers. The detailed design it will produce will change these hubs' 'Ways of Working' to make them more effective. Blueprints have been developed and preparation for transition and implementation has begun.

Activity includes implementing new ways of working design; options analysis for back office; Also for Hubs: business intelligence - Support to implement new insight/strategy/policy model; staff training to embed new ways of working; setup bespoke dashboards/visualisations; communications and marketing support.

6. Enabling Technology

This will underpin and enable technology benefits envisaged throughout the Walsall Proud Programme, as well as the overall technology and digital offer for our customers. We are producing a roadmap for our future technology, translating our business strategy into a technological strategy. We are building and testing, and will roll out the initial processes for the customer relationship management platform. The telephony platform specification has been produced. The dashboard is being built in the business intelligence platform.

Activity includes tech support for possible configuration of online procurement processing; adoption and innovation of emerging technology i.e. Artificial intelligence, drones etc; Support to define the CAM technology architecture, define and procure core platform; Implement the digital first technology platform to support triage and customer query workflow, and single customer record fully integrated with back office systems; configuration of the platform; delivery of an environment that allows for continued service and application build out via capacity building; Support to pilot and deliver robotic processes automation in back office and support services; Hubs - configuration and integration of technology stack to pull data from multiple sources and make accessible dash-boarding visualisations; Support to put in place platforms/workflow that supports performance improvement.

7. Income generation and Cost Recovery

This is focusing on finding ways of boosting our income through the recovery of expenditure across services. Doing this will lead to a greater and more sustainable income for these services and the organisation. Cabinet in September approved the council's income and commercial policy and corporate debt policy; and approved consultation on a number of new income generating proposals. A revised fees and charges register has been implemented, and a number of business cases are being implemented to support future sustainability of services, such as traded services, adult social care benefits maximisation and charging.

Activity includes review of income generation and cost recovery options, options analysis, commercialisation.

8. ***Connected Working (Perform+)***

This is looking at how we work, as teams and as individuals. ‘Perform+’ has been rolled out in Money, Home, Job, and in Adult Social Care. Diagnostics for wave2 have commenced in a number of services and the council is setting up the Perform Academy for sustainable future roll out. This people-centred approach uses one-on-one coaching of managers and team leaders and the introduction of new workplace tools and techniques to make sure employees have the skills, support and resources needed to deliver against aspirations.

Activity includes performance improvement support; implementing service delivery models to improve quality and reduce failure demand.

9. ***Corporate Landlord***

Activity included optimising assets based on new ways of working practices. Cleanse and enhance property data and dash boarding; develop and implement estates strategy.

Part 1 Annex 7 : Benefits Realisation (Savings) for Proud Programme activity by Outcome

A : Summary of Policy Proposals

Directorate	Ref No	Detail of Policy Proposals by Outcome	2021/22 £	2022/23 £	Total £
Children grow up in connected communities and feel safe everywhere					
Children's Services	P1	Change, Grow, Live Contract - bring service back in house	(122,714)	(467,714)	(590,428)
Total Children grow up in connected communities and feel safe everywhere			**(122,714)**	**(467,714)**	**(590,428)**
Internal Services deliver quality and adapt to meet the needs of customer facing services					
Resources & Transformation	P2	Finance - Adult Social Care Client Care Team - introduce charge for appointeeship management / support	0	(72,800)	(72,800)
	P3	Finance - Adult Social Care Client Care Team - introduce charging for administration of deaths for appointees	0	(6,000)	(6,000)
	P4	Organisational redesign to deliver Intelligent Client Model across Asset Management, Capital Projects and Facilities Management.	(195,921)	(42,726)	(238,647)
	P5	Redesign of Occupational Health contract	(7,500)	(7,500)	(15,000)
Central / Capital Financing	P15	Finance - change to minimum revenue provision	(2,889,000)	148,000	(2,741,000)
Total Internal Services deliver quality and adapt to meet the needs of customer facing services			**(3,092,421)**	**18,974**	**(3,073,447)**
People are proud of their vibrant town, districts and communities					
Economy, Environment & Communities	P6	Re-profile the highway maintenance mainstream budget for 2021/22	(300,000)	300,000	0
	P7	Increased capitalisation of staff costs	(46,000)	0	(46,000)
	P8	Increased capitalisation of highway works	(300,000)	0	(300,000)
	P9	Charge developers for travel plans	0	(30,000)	(30,000)
	P16	Biodiversity – rewilding of urban grass	(88,249)	0	(88,249)
Total People are proud of their vibrant town, districts and communities			**(734,249)**	**270,000**	**(464,249)**
People live a good quality of life and feel they belong					
Children's Services	P11	Introduce council tax penalty charges for failing to notify a change of circumstance	(150,000)	0	(150,000)
Economy, Environment & Communities	P12	Reduction to voluntary organisation	0	(51,300)	(51,300)
	P13	Cease pest and animal control service	(87,606)	0	(87,606)
	P14	Bereavement services – the sale of keepsake memorials and a range of personal memorabilia	(1,000)	0	(1,000)
Total People live a good quality of life and feel they belong			**(238,606)**	**(51,300)**	**(289,906)**
People know what makes them healthy and they are encouraged to get support when they need it					
Economy, Environment & Communities	P17	Active Living Centres - External marketing & promotion partnership development	(62,000)	0	(62,000)
Total People know what makes them healthy and they are encouraged to get support when they need it			**(62,000)**	**0**	**(62,000)**
Total Policy Proposals			**(4,249,990)**	**(230,040)**	**(4,480,030)**

B: Summary of Operational Proposals by Outcome 2021/22 – 2022/23

Directorate	Ref No	Detail of Operational Proposals by Outcome	2021/22 £	2022/23 £	Total £
Children grow up in connected communities and feel safe everywhere					
Children's Services	**OP1**	Efficiencies within the parenting team	(25,000)	0	(25,000)
	OP3	Development of locality partnership offer in Early Help	0	(643,156)	(643,156)
	OP6	Review of current establishment and reduction in the use of agency staff, following recruitment of permanent staff	(395,763)	(747,820)	(1,143,583)
	OP7	Mother & Baby - Daisy Project	(739,980)	(443,988)	(1,183,968)
	OP8	Strengthening families, protecting children	(189,783)	(338,711)	(528,494)
	OP9	Adolescent service - Turning Point - reduce number of adolescents coming into care	(835,205)	(759,933)	(1,595,138)
	OP10	Family drugs and alcohol court	(88,183)	(136,916)	(225,099)
	OP11	Foster carer support - placement disruption	(1,717,687)	(1,554,022)	(3,271,709)
	OP12	Placement sufficiency - recruitment & retention	(150,797)	(107,712)	(258,509)
	OP13	Grandparents plus - build in for future years	(67,235)	(67,236)	(134,471)
	OP107	Independent Living	(250,000)	(250,000)	(500,000)
Total Children grow up in connected communities and feel safe everywhere			**(4,459,633)**	**(5,049,494)**	**(9,509,127)**
Children thrive emotionally, physically, mentally and feel they are achieving their potential					
Children's Services	**OP5**	Home to school transport - route optimisation	0	(216,204)	(216,204)
	OP15A	Review of structure - access and achievement	(41,352)	0	(41,352)
	OP17	Reduction in use of agency and temporary staff	0	(120,000)	(120,000)
	OP24	Seek contribution from Walsall CCG towards the provision of a Special Education Needs and/or Disability Information, Advice and Support Service (SENDIASS)	(43,000)	0	(43,000)
Total Children thrive emotionally, physically, mentally and feel they are achieving their potential			**(84,352)**	**(336,204)**	**(420,556)**
Creating an environment where business invests and everyone who wants a job can access one					
Economy, Environment & Communities	**OP19**	Increase in fee paying services planning development and building control	(37,000)	0	(37,000)
	OP20A	Restructure within planning development and strategic planning	(85,000)	0	(85,000)
	OP21	Capitalisation of posts - maximise external funding	(120,000)	(25,000)	(145,000)
	OP30	Removal of expenses and training budgets - regeneration	(8,981)	0	(8,981)
Creating an environment where business invests and everyone who wants a job can access one			**(250,981)**	**(25,000)**	**(275,981)**

Directorate	Ref No	Detail of Operational Proposals by Outcome	2021/22 £	2022/23 £	Total £
Education, training and skills enable people to fulfil their personal development					
Children's Services	**OP15B**	Review of structure - access and achievement	(87,390)	0	(87,390)
	OP16	Re-negotiation and joint procurement of moderation and school improvement contract	(40,000)	0	(40,000)
	OP25	Increase traded services to schools	(20,000)	(55,000)	(75,000)
	OP26	High needs funding review and provide specialist support to children with additional needs via use of DSG grant	(250,000)	(250,000)	(500,000)
	OP27	Review of structure and functions and provide in-house support to 2, 3 and 4 year olds	(50,000)	0	(50,000)
	OP28	Review and streamline the provision of specialist inclusion services and support	0	(41,283)	(41,283)
Directorate	**Ref No**	**Detail of Operational Proposals by Outcome**	**2021/22 £**	**2022/23 £**	**Total £**
Economy, Environment & Communities	**OP20B**	Restructure within planning development and strategic planning	(50,000)	0	(50,000)
	OP73	Efficiency savings within the libraries service	(60,000)	0	(60,000)
Total Education, training and skills enable people to fulfil their personal development			**(557,390)**	**(346,283)**	**(903,673)**
Internal Services deliver quality and adapt to meet the needs of customer facing services					
Adult Social Care	**OP32**	Paperless council meetings - savings to be made from eliminating paper agendas completely	(13,449)	(9,276)	(22,725)
Children's Services	**OP29**	Children's - To develop Power BI reports to create efficiencies	0	(119,961)	(119,961)
Resources & Transformation	**OP4**	Efficiencies arising from the review and consolidation of admin & business support functions into a single hub (children's wide)	(163,181)	0	(163,181)
	OP18	Implementation of education health and care plan hub	(2,474)	0	(2,474)
	OP22	Efficiencies arising from the review and consolidation of admin & business support functions into a single hub (EE&C directorate support)	(125,611)	0	(125,611)
	OP31	Efficiencies arising from the review and consolidation of admin & business support functions into a single hub (communications, finance, legal and ICT)	(143,101)	0	(143,101)
	OP33	Review charges in relation to school admission appeals	(20,000)	0	(20,000)
	OP34	The modernisation of an electronic enrolment and canvassing system	(5,000)	(5,000)	(10,000)
	OP35	Efficiencies savings with legal services	(66,666)	(33,334)	(100,000)
	OP36	Become member of the Barristers Framework	(35,000)	0	(35,000)
	OP37	Increase income from School SLA's for legal advice	(7,000)	0	(7,000)
	OP38	Efficiencies in relation to the purchase of law library books	(15,000)	(10,000)	(25,000)
	OP39	Restructure of Finance Function to strengthen strategic financial planning, financial system teams and phased review of accountancy team management posts and review of external funding opportunities; and general efficiencies	(240,657)	(20,000)	(260,657)
	OP40	Review of treasury / debt management costs recharge against investment returns delivered	(60,172)	(1,203)	(61,375)

	OP41	Accounts Payable - Use of automated invoice validation process within One Source	(52,148)	(48,311)	(100,459)
	OP42	Finance - Adult Social Care Charging & Payments and Client Care Teams - Impact of connected working on financial transactions council wide work stream	0	(21,667)	(21,667)
	OP43	Insurance Team - Review of insurance team to deliver focus on reducing claim costs and reduction in insurance fund charges	(99,319)	(1,287)	(100,606)
	OP44	Finance - review and reduction in transactional activity within finance following implementation of One Source	(172,792)	(123,423)	(296,215)
	OP45	Finance - Schools Traded Service team cost recovery review	(19,449)	(19,449)	(38,898)
Directorate	**Ref No**	**Detail of Operational Proposals by Outcome**	**2021/22 £**	**2022/23 £**	**Total £**
Resources & Transformation	**OP46**	Finance - Implementation of Walsall Supplier Early Payment Scheme	(92,000)	(92,000)	(184,000)
	OP47	ICT - Reduced photocopier usages and print reduction	(65,000)	0	(65,000)
	OP48	Infrastructure & Technology Changes - Cloud Navigation / Fibre	(155,000)	0	(155,000)
	OP49	Centralise all IT related expenditure across the council in order to identify and generate efficiencies and consolidate shadow IT capability and general programme efficiencies	(64,000)	(271,000)	(335,000)
	OP50	Sell some IT services to other councils and organisations	0	(21,000)	(21,000)
	OP51	Efficiencies arising from the review and consolidation of admin & business support functions into a single hub (facilities management)	(2,894)	0	(2,894)
	OP52	Facilities management - school catering and caretaking traded services review	(140,395)	(15,200)	(155,595)
	OP53	Facilities management - review of prices and service standards across all internal and traded units and review ways of working for relief caretakers	(191,476)	(58,344)	(249,820)
	OP54	Facilities management - review of structure and ways of working in the post room and centralisation and rationalisation of postage costs	(95,903)	(13,000)	(108,903)
	OP55	Facilities management - review administration structure and ways of working	(22,000)	0	(22,000)
	OP56	Facilities management - Improved value for money on repairs and maintenance contracts	(90,000)	0	(90,000)
	OP57	CPM - review structure and ways of working	(52,951)	(25,791)	(78,742)
	OP58	Efficiencies arising from the review and consolidation of admin & business support functions into a single hub (HR)	(16,002)	0	(16,002)
	OP59	HR restructure	(100,000)	(50,000)	(150,000)
	OP60	Consider ceasing of physio contract	(12,000)	(12,000)	(24,000)
	OP75	Efficiencies arising from the review and consolidation of admin & business support functions into a single hub (communities & partnerships)	(6,720)	0	(6,720)
	OP85	New Ways of Working/Staff Reconfiguration. Admin Hub and Enabling support services	(92,079)	0	(92,079)
	OP108	Review of mobile phones contract	(29,000)	(31,000)	(60,000)

	OP109	Cross council efficiencies relating to administration and business support	(300,000)	(2,100,000)	(2,400,000)
Total Internal Services deliver quality and adapt to meet the needs of customer facing services			**(2,768,439)**	**(3,102,246)**	**(5,870,685)**
People are proud of their vibrant town, districts and communities					
Economy, Environment & Communities	**OP61**	Increasing the number of fixed penalty notices issued	(50,000)	0	(50,000)
	OP62	Abandonment of current 'silo' roles within waste service	0	(363,682)	(363,682)
	OP63	Increase MOT charges	(19,975)	0	(19,975)
	OP64	Events income generation	(10,000)	0	(10,000)
	OP65	Management restructure	0	(320,000)	(320,000)
	OP66	Covid-19 reset of the street cleansing service	0	(49,320)	(49,320)
Directorate	**Ref No**	**Detail of Operational Proposals by Outcome**	**2021/22 £**	**2022/23 £**	**Total £**
Economy, Environment & Communities	**OP67**	Private sector or sponsorship funding of Christmas lights	(5,000)	0	(5,000)
	OP70	Review of permit scheme charges within statutory cap - permit costs to utilities companies for works on highways	(40,000)	0	(40,000)
	OP71	Section 38 fees increase	(45,806)	0	(45,806)
	OP72	Restructure of Resilient Communities to include community safety, area partnerships and cohesion service	(406,558)	0	(406,558)
	OP74	Heritage and culture / Arts and events - increase fees and charges	(9,351)	(9,351)	(18,702)
	OP101	Restructure in Voluntary & Community Sector Service	(63,682)	0	(63,682)
	OP102A	Restructure and efficiencies within regulatory services & community protection	(7,026)	0	(7,026)
	OP105	Review of CCTV contract	(42,772)	0	(42,772)
	OP110	Increased charges for dropped kerbs	(8,000)	0	(8,000)
	OP111	MOT service full cost recovery	(8,810)	0	(8,810)
Total People are proud of their vibrant town, districts and communities			**(716,980)**	**(742,353)**	**(1,459,333)**
People know what makes them healthy and they are encouraged to get support when they need it					
Adult Social Care	**OP2**	Review of Black Country Women's Aid contract	(188,886)	0	(188,886)
	OP77	New Ways of Working/Staff Reconfiguration - Public Health Operating Model	(74,495)	0	(74,495)
	OP112	Public Health	(475,000)	(800,000)	(1,275,000)
Economy, Environment & Communities	**OP78**	Cost effective procurement of new fitness equipment	0	(34,646)	(34,646)
	OP79	Bloxwich Active Living Centre landing development	0	(80,820)	(80,820)
	OP80	Management restructure across Active Living Centres	(28,762)	0	(28,762)
	OP81	Concessionary "Move It" leisure scheme annual fee increase	(63,000)	0	(63,000)
	OP82	Increase membership retention by utilising new customer experience centre provision	(45,000)	0	(45,000)
Total People know what makes them healthy and they are encouraged to get support when they need it			**(875,143)**	**(915,466)**	**(1,790,609)**

People live a good quality of life and feel they belong					
Adult Social Care	**OP83**	New Ways of Working/Staff Reconfiguration. Resilient Communities	(112,988)	(112,988)	(225,976)
	OP84	New Ways of Working/Staff Reconfiguration. Customer Access Management	(37,663)	(37,663)	(75,326)
	OP86	New Ways of Working/Staff Reconfiguration. IT Operating Model	(16,475)	0	(16,475)
	OP87	New Ways of Working/Staff Reconfiguration. Commissioning Hub	(149,394)	0	(149,394)
	OP88	General efficiencies	(187,668)	0	(187,668)
	OP89	New Ways of Working/Staff Reconfiguration. Customer Access Management/ Resilient Communities	(1,139,894)	(1,178,407)	(2,318,301)
	OP90	Review of Older People existing long term and new residential nursing & domiciliary placement costs support packages for learning disabilities including supported living and mental health	(2,424,243)	(4,400,928)	(6,825,171)
	OP91	Reduction of day care funded by direct payments	(690,893)	(356,471)	(1,047,364)

Directorate	Ref No	Detail of Operational Proposals by Outcome	2021/22 £	2022/23 £	Total £
Adult Social Care	OP92	All Age Disability	(156,000)	(156,000)	(312,000)
	OP93	Transfer of direct payment clients back to a commissioned service so reduction in direct payment standing order fees	(25,000)	0	(25,000)
	OP94	Controlling cost and maximising income generation. Clear joint funding arrangements (with CCG) and recharge processes and review and re-profiling of better care fund/ winter pressures	(5,575,933)	1,532,742	(4,043,191)
	OP95	Review for learning disabilities joint funding	(1,500,000)	0	(1,500,000)
	OP96	Benefit maximisation project	(783,000)	0	(783,000)
	OP97	Review of resources including Goscote and shared lives	0	(500,000)	(500,000)
Children's Services	OP14	Customer Access Management System (CAMS)	(9,063)	0	(9,063)
	OP23	Efficiencies arising from the creation of an integrated customer contact centre	(80,441)	0	(80,441)
	OP68	Efficiencies arising from the creation of an integrated customer contact centre	(1,739)	0	(1,739)
	OP69	Transfer of all non-technical contact with customers to the customer contact centre - Planning, Engineering & Transport	(9,630)	0	(9,630)
	OP76	Efficiencies arising from the creation of an integrated customer contact centre (communities & partnerships)	(22,293)	0	(22,293)
	OP98A	Restructure within Money Home Job	(668,517)	(166,745)	(835,262)
	OP99	Accuracy for checking claims income	(150,000)	0	(150,000)
	OP100	Bespoke webpage and web data entry form	0	(18,000)	(18,000)
	OP113	Council wide efficiencies relating to Customer Access Management	(500,000)	(2,899,000)	(3,399,000)
Economy, Environment & Communities	OP102B	Restructure and efficiencies within regulatory services & community protection	(288,537)	0	(288,537)
	OP103	Review of existing fees and charges within resilient communities	(115,522)	(44,315)	(159,837)
	OP104	Provide pre license surgeries to individuals and businesses to support license applications	(7,350)	(7,350)	(14,700)
	OP106	Charging for change of name deeds (registrars)	0	(10,890)	(10,890)
	OP114	Out of hours burial service full cost recovery	(3,575)	0	(3,575)
	OP115	Extended burial hours 24/7	(2,771)	0	(2,771)
	OP116	Taxi licensing process improvement	(20,000)	0	(20,000)
Total People live a good quality of life and feel they belong			**(14,678,589)**	**(8,356,015)**	**(23,034,604)**
Housing meets all people's needs, is affordable, safe and warm					
Children's Services	OP98B	Restructure within Money Home Job – Supported Housing	(256,751)	0	(256,751)
Total Housing meets people's needs, is affordable, safe and warm			**(256,751)**	**0**	**(256,751)**
Total Operational Proposals			**(24,648,258)**	**(18,873,061)**	**(43,521,319)**

Total Savings	2021/22 £	2022/23 £	Total £
Policy Savings	(4,249,990)	(230,040)	(4,480,030)
Operational Savings	(24,648,258)	(18,873,061)	(43,521,319)
Total Savings	**(28,898,248)**	**(19,103,101)**	**(48,001,349)**

A further £4.47m has been identified for 2023/24 which relates to the Customer Access Management work stream of the Proud Programme. There is also a further £2.91m of savings in 2022/23 and £10.05m in 2023/24 for which delivery plans are being developed – as set out in Section 4 - Medium term financial outlook – 2022/23 plus.

Part 1 Annex 8 – Capital Strategy

1. INTRODUCTION

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a Capital Strategy to demonstrate how capital expenditure, capital financing and treasury management activity contribute to the provision of desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

1.2 The Strategy forms part of the framework for financial planning and is integral to both the Medium Term Financial Outlook (MTFO) and the Treasury Management Strategy and considers the funding implications of the capital programme and where borrowing is required. It sets out how capital investment will play its part in delivering the ambitious long term strategic objectives of the council, how associated risk is managed and the implications for future financial sustainability. The Strategy is also in line with the Ministry of Housing, Communities and Local Government's (MHCLG) 2018 statutory guidance on local government investments.

2. AIM AND OBJECTIVES

2.1 The Capital Strategy forms a key part of the council's overall corporate planning framework by which capital and investment decisions will be made with a focus on protecting the council's assets and delivering the council's corporate objectives. The overarching aim of the 2021/22 to 2023/24 Capital Strategy is to provide a framework within which the council's capital investment and financing decisions can be aligned with the council's corporate priorities and objectives over the medium term. The Strategy recognises uncertainties, especially in relation to funding in later years.

2.2 In order to reflect the council's corporate priorities the Capital Strategy is driven by the Corporate Plan 2018-2021 which sets out the councils Vision, Purpose, Guiding Principles and Strategic Priorities.

The main sections of the Capital Strategy link to the Corporate Plan in the following key areas:

- **Asset Management Planning** – is aligned to the Corporate Plan by reviewing service needs to ensure that quality services are delivered, and to further protect the Council's assets.

- **School Estate Planning** – is aligned to the Corporate Plan by investing in Schools to providing the best start in life for the boroughs children.

- **Investment in Regeneration** – is aligned to the Corporate Plan by a focus on economic growth by supporting key strategic projects that will deliver business growth and jobs across the bourough.

- **Investment in ICT and digital services -** is aligned to the Corporate Plan by enabling services to meet the needs of the customer, to be efficient and deliver value for money.

3. Capital Expenditure

3.1 Setting the Capital Programme

3.1.1 The council's capital programme covering the period 2021/22 to 2023/24 is set out within **Annex 9** of this Corporate Budget Plan.

3.1.2 The basis of the Capital Programme is driven by the budget and service planning process. This process begins early in each financial year, usually around June. The size of the Capital Programme is determined by:

- The need to incur capital expenditure
- Capital resources available
- The revenue implications flowing from the expenditure.

3.1.3 As part of the budget and service planning process, services are required to review capital needs locally, and to align with service priorities. Where directorate capital and asset groups agree these requirements, then a formal 'capital mandate' form is required to be completed for each proposal. These mandates are required to be completed in line with the published budget process timelines, and will include the following information:

- Project background, including context, key dates and requirements
- Project objectives and outputs
- Scope of the project
- Justification of the project, draft profile of spend by financial year, source of funding, and revenue implications
- References to background papers and key documentation
- Anticipated project sponsor and project manager
- Interested parties, including users and stakeholders

3.1.4 All project mandates are collated for reporting to Corporate Management Team (CMT) for initial scrutiny prior to reporting to the Asset Strategy Group (ASG), who prioritise projects according to council priorities and against available resources, and subject to a detailed business case being completed for larger Strategic capital investment proposals. Supported projects are summarised for initial review and prioritisation by Asset Strategy Group against available resources, who then recommend a draft Capital Programme for consideration by Cabinet. For 2021/22 onwards, large scale Strategic capital projects will be required to complete an outline business case to report to the (newly created) Strategic Investment Board, followed by a full business case to Cabinet to release investment funds.

3.1.5 Business cases, where requested to be completed, will be subject to formal review and assessment. A business case will include more detailed information on the proposed scheme, along with options where applicable, and would expect to include the following:

- Why the project is proposed?
- Options appraisal
- Preferred option and financial information
- Assumptions and dependencies
- Review of risks
- Key milestones
- Outcomes – savings and benefits
- Governance and project management

3.1.6 Cabinet determine the projects to be included within the Capital Programme in the light of the relative priorities and the overall impact on the revenue budget. Schemes that require use of the council's own capital resources (such as prudential borrowing or capital receipts), are categorised according to the following, in order to assist the decision making process:

- Level One Priority – relates to schemes that are unavoidable to meet statutory and legislative requirements in the provision of services. It includes items such as health and safety, new legislation etc. By their nature, these schemes are a first call on available resources. It also includes supported borrowing allocations which are ring fenced to a specific programme of activity.

- Level Two Priority – relates to schemes that unlock external investment in the borough; drives out long-term revenue savings; support the strengthening of the borough's economy; delivers an efficient and effective operational estate linked to the Asset Management programme; and invests in assets to grow future income streams for the council.

3.1.7 The council's policy is to agree the Capital Programme on an annual basis at the Council meeting in February. Once approved, the budget report is made available on the council's website, and published on the finance pages of the council's intranet.

3.2 Managing the Capital Programme

3.2.1 The council's contract/financial procedure rules and constitution provide a clear framework on how all capital projects are to be managed.

3.2.2 Regular monthly monitoring reports are submitted to directorate management teams and then to Corporate Management Team, and to ASG, Cabinet and Overview and Scrutiny Committees, showing actual expenditure compared with budget. This enables high-level scrutiny of the delivery of capital objectives against the plan and for action to be taken to ensure the longer term programme reflects emerging priorities.

3.2.3 To support in year opportunities and commitments the authority will hold a central contingency/project reserve, which is administered by corporate finance. Projects that were deemed worthwhile through the bidding process may be held on a reserve list and commenced if sufficient funding becomes available in year. The protocol around funding unforeseen and pipeline projects and use of contingency is outlined in section 6 (L) of the MTFS.

3.2.4 The potential use of contingency and reserves for specific projects will be reported to Asset strategy Group. This will also include the request to use council funds as match funding towards external funded schemes, and the funding to support essential works including health and safety schemes that cannot be programmed at the start of the financial year.

3.3 Restriction on Borrowing and Use of Capital Receipts

The council funded element of the Capital Programme is normally financed from borrowing, capital receipts and the carry forward of unspent allocations from previous years.

There is no restriction on the level of borrowing that the council can undertake, subject to compliance with the Treasury Management Code of Practice. However subject to this compliance, borrowing is required to be funded from council's own resources - generated through savings, and/or paid for via council tax (this is also commonly known as unsupported or Prudential borrowing).

Capital receipt projections for 2021/22 are £1.5m and are based on professional estimates of property colleagues. Any additional receipts received in year (excluding those earmarked for specific schemes) will be considered to fund projects identified on the reserve list of schemes or transformation projects in line with the Flexible Use of Capital Receipts Strategy.

3.4 Asset Management Planning

The council has a typical local authority property portfolio consisting of operational property, investment property and property held for specific community or regeneration purposes. The council currently manages its portfolio under the guidance of its Corporate Asset Management Plan (currently under review). In this same period, the council has adopted the current MTFO and embarked on a transformation agenda (Walsall Proud Programme) to support the delivery of the Corporate Plan. Both of these may have an impact on the way services are delivered or upon the strategic priorities of the organisation that in turn may require the Council to re-consider how it manages and operates the corporate property portfolio to meet these changing needs. In recognition of this, the council has sought to understand how fit for purpose its current asset management planning and function is and has identified improvements that may be needed to meet the emerging corporate agenda.

An external and independent review was undertaken in mid 2017/18 under the previous Transformation Programme theme of "Our Assets". A high level review of the asset management operating model was undertaken concentrating upon;

- A review of operational assets
- A review of existing property portfolio and service needs linked to four year medium term financial plan
- A review of the council's investment portfolio.

In October 2017 Cabinet / CMT received a presentation of the findings from the Stage 1 Asset Management Review; this review of the council's current asset management practices and capabilities resulted in a series of recommendations for improvement and provided a Draft Improvement Plan containing key activity to bring about the transformation of the Council's corporate asset management function. The review made recommendations that would reaffirm a Strategic Corporate Asset Management Approach (Now known as the Corporate Landlord work stream under the Proud Programme) to the way in which the council manages its operational and non-operational land and property portfolio, and provide the governance, capacity, systems, and skills to ensure our asset management strategy is aligned to corporate plans and objectives.

Since this time, and to prepare for the emerging Case for Change arising from the corporate Stocktake, the asset management governance have been refreshed to provide a platform for overseeing the implementation of any improvement plan and to put into place the right forums for the Strategic Corporate Landlord approach to flourish. The adoption of a Strategic Corporate Landlord model will enable the council to make more informed and joined-up decisions regarding the use of its land and property, and enable strategic decisions such as the adoption of a planned preventative maintenance programmes or land assembly to support regeneration activity, or the purchase of investment property (subject to the new regulations in respect of investing for yield and an appropriate return on investment) to be made in consideration of wider corporate objectives.

The above work is now being progressed as part of the Corporate Landlord work stream of the Walsall Proud Programme.

Additionally the Highway Asset Management Plan 2015-2021 sets out how the Corporate Plan links to the way the council develops and maintains the highways which are the single most valuable asset the council is responsible for. The way the highways are maintained and managed has a direct impact on the borough's residents, businesses and visitors and further investment will sustain and encourage economic growth.

3.5 School Estate Planning

The council has a duty to ensure there are sufficient school places for resident children who require a school place. Basic Need Capital funding is therefore allocated by the Department for Education to local authorities, based on pupil place number forecasts, to deliver the additional places in schools to meet expected demand. Since 2016/17 the Authority has identified a significant increase in demand and has, inclusive of Basic Need carry forwards and confirmed allocations until 2021/22, a funding envelope of circa £44m in order to deliver the required anticipated places. Further allocations will be announced on a rolling annual bases via the ESFA.

The council has also as a result of previous expansion schemes been highlighted into the top decile of costs per place when compared against national benchmarks for school expansions. As a result, the council is working with the ESFA to identify where improvements can be made so that greater efficiencies and improved value for money can be achieved.

In order to support the challenges highlighted above the authority has identified the need to appoint a strategic partner who will work with the authority to develop and deliver proposals relating to any new and emerging need for pupil places responding to the changing trends in demand for pupil places as well as support the development of a longer term plan for delivery of places and our wider Education Capital Programme. The appointment of a strategic partner will also help the Authority deliver school places more efficiently and effectively and improve value for money, responding to the points raised via the ESFA.

The anticipated expansion programme is likely to have a significant impact on the council's educational estate, providing enhancements to the operational benefit of schools. The programme will entail extensive works to extend, alter and remodel the portfolio, and could in some instances see the construction of new buildings. In accordance with any well-planned construction programme it will be important to undertake pre-construction feasibility activity and site surveys to inform all necessary consents, as well as construction costs, and future maintenance responsibilities. Such consents will need to include planning and building regulations in addition to any specific requirements of other statutory bodies/ undertakers**.**

3.6 Investment in Regeneration

In support of the objectives set out within the Corporate Plan 2018-2021, to achieve 'Economic Growth for all people, communities and businesses', the Council continues to plan for and deliver its regeneration plans and proposals in line with local, sub regional and regional strategies. This activity becomes even more important as part of the council's 'Reset' agenda following Covid-19, and can underpin the overall borough's economic recovery approach.

Additionally the authority, like many other council's, continues to explore alternative models for intervening in the market to aid our regeneration opportunities, and in ways that may also secure longer term revenue income as well as create additional business rate and council tax income. These opportunities will be modelled to provide assurance that sufficient investment returns over the life of the project are consistent with long term treasury investment returns adjusted for risk.

Building upon the economic growth aspirations of key documents including the West Midlands and Black Country Strategic Economic Plans, local planning policy including the Walsall Site Allocation Document and Town Centre Area Action Plan, and the Walsall Town Centre Masterplan, the Council recognises its role in enabling public and private sector investment to be secured to continue / facilitate the delivery of key development opportunities, and has used capital resources to acquire land interests in key regeneration locations, including within the Black Country Enterprise Zone (BCEZ). Consideration is being given to future acquisitions to support the delivery of other projects.

Walsall has an extensive prioritised development pipeline which comprises schemes that can support the delivery of:

- 115 hectares of land remediated/ redeveloped
- 5,350 new jobs,
- 2,400 new homes
- 280,000 square meters of employment / commercial floors space

Successful delivery of these projects will only be achieved through collaborative working between the council, public sector partners and private developers/ investors, with the potential utilisation of public sources of finance.

The council has a strong track record of working in partnership to secure investment; in recent years the council has supported £350m of investment into the borough and further interventions are planned.

The council is currently working with the West Midlands Combined Authority, Black Country Local Enterprise Partnership, and private sector investors to prepare funding propositions for the delivery of development and infrastructure projects. In July 2019 the council completed the Walsall Town Centre Masterplan to build upon the Walsall Town Centre Area Action Plan to understand the interventions that may need to be undertaken to 're-think' the Town Centre and unlock development opportunities; such opportunities have identified the need for public funding in the region of £116m with some of this achieved through investment propositions and co funding mechanism. The council has been successful in its bid to the Government's Future High Street Fund for a multi-million pound project to transform the connectivity of the town centre's rail and bus stations. In addition the council has been invited to submit bids to the government's Town's Fund, with £25m available for each of the eligible Bloxwich and Walsall town areas.

Looking ahead, and recognising the continued changing market conditions and development viability issues, the council has prioritised its regeneration activity to focus upon key strategic locations in the borough including Walsall and Willenhall Town Centres, the BCEZ, and significant brownfield housing development sites.

Delivery of the BCEZ can utilise Public Works Loan Board funding for upfront enabling works where this will be repaid in full through future business rate uplift. The delivery of new homes in the W2W Corridor can be assisted by the West Midlands Land Fund, but other sources of financing will also be required to unlock the 8500 new homes envisaged across Walsall and Wolverhampton. In this context it should be noted that Government has recently made announcements in relation to additional funding being provided to WMCA which may be able to support project delivery in the borough.

4. DEBT & BORROWING AND TREASURY MANAGEMENT

4.1 A projection of external debt and use of internal borrowing to support capital expenditure, the council's authorised borrowing limit and operational boundary along with the Capital Financing Requirement are set out within the Treasury Management & Investment Strategy.

4.2 The Treasury Management & Investment Strategy also sets out the council's Minimum Revenue Provision (MRP) which identifies the financial provision that the authority is required to set aside each year for the provision of the repayment of borrowing over the life of the underlying debt.

Risk Appetite Statement

4.3 The Prudential Code (2017) requires authorities to disclose their risk appetite with regard to its treasury management activity. This is set out within our Treasury Management Policy Statement and within TMP1.

4.4 For the purpose of this statement, the authority has adopted the Orange Book (UK government publication on the strategic management of risk within government) definition of Risk Appetite, namely "the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time."

4.5 It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, an organisation has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the council as well as positive opportunities.

4.6 It is worth noting that the Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well exist within the organisation or can be brought to bear.

4.7 The authorities risk appetite statement sets out how it balances risk and return in pursuit of achieving its objectives. It is intended to aid careful decision-making, such that the council takes well thought through risks to aid successful delivery of its services and obligations, while also understanding the adverse aspects of risk undertaken and taking appropriate measures to mitigate these in line with its stated goals. Thereby, the council's risk judgements are more explicit, transparent and consistent over time.

4.8 The risk appetite statement forms a key element of the council's governance and reporting framework and is set by full Council as part of the Capital Strategy. In addition, the risk appetite will be considered annually and monitored on an ongoing basis by senior management and external advisors.

Relationship to Other Aspects of Risk Management

4.9 It is important to note that the risk appetite is a high level view on the key areas of risk and the qualitative quantum therein that the council is willing to accept in pursuit of its objectives. In this, it is different to other key aspects of risk management, primarily:

- The Strategic Risk Register – a detailed list of the potential significant risks the council is exposed to;
- The budget risk assessment – the assessed level of risk at which the council can operate, given its reserves, revenues, and access to funding, liquidity, regulatory and legal constraints, and any other restrictions.

4.10 The risk appetite is also supported by the following:

- The council's risk management framework;
- The governance structure and responsibilities;
- Risk reporting;
- Monitoring and escalation procedures.

Treasury Management Risk Appetite

4.11 In general, the council's treasury management risk appetite is expressed through its tolerance to risk in respect of capital preservation, meaningful liquidity and income volatility. The council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

4.12 The council's treasury management operations are exposed to a broad range of risks. These, along with the council's approach to managing them, are set out in detail within the authorities Treasury Management Policies (TMP 1 – Treasury Risk management).

4.13 Managing the council's treasury management risks is an area of significant focus for senior management and members, and the council adopts an integrated view to the management and qualitative assessment of risk.

4.14 The council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the council.

5. COMMERCIAL ACTIVITY

5.1 If commercial opportunities do arise the council will review these to understand if there is a potential for a financial or community based (regeneration / creating or securing jobs etc) contribution from the scheme.

5.2 In support of these reviewing these options and informing decision making the council has a strong governance framework that goes beyond the regulatory codes. This includes a Treasury Management Panel (TMP) in addition to the Audit Committee and reporting to Cabinet and Council. The TMP is made up of senior council finance officers who meet to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

5.2 Due diligence is of paramount importance. All of the council's commercial investments will be supported by individual business cases that are subject to thorough risk assessment. Where appropriate to the size and scale of the project independent technical and legal reviews will also be considered.

5.3 Ongoing performance monitoring for all commercial schemes that have been entered in to is also undertaken and reported to relevant members and senior officers on a regular basis.

5.4 The council also seeks to ensure that all commercial schemes it considers and undertakes are fully aligned with priority outcomes set out within the Corporate Plan and are in line with the guidance local authorities are no longer allowed to borrow to invest purely for commercial yield.

5.5 The council's approach to non-financial investments, including their contribution, benchmarking indicators, risk assessment process and proportionality of the income derived from them in comparison to net service expenditure is set out within the Treasury Management & Investment Strategy.

5.6 Following consultation during 2020, HM Treasury have now revised access requirements for local authorities seeking to access borrowing from the Public Works and Loans Board (PWLB). These revisions mean that local authorities will not be able to access PWLB borrowing to buy investment property with the primary aim of generating yield, and specifically to access PWLB funding authorities will need to submit three year capital plans to PWLB, with the S151 officer confirming that there is no intention to buy investment properties primarily for yield at any point within those three years.

5.7 If there are any intentions by the authority to buy investment properties primarily for yield within the three year capital programme then PWLB will not be able to lend to the authority for the period of that programme. HM Treasury have also confirmed that where local authorities do seek to pursue debt-for-yield projects which they finance in other ways, such as through the use of internal cash balances or borrowing from other financial institutions, they would then not be able to access PWLB borrowing to refinance this element of debt going forwards.

5.8 As interest rates on PWLB borrowing are normally more favourable than other forms of borrowing, being unable to access PWLB and having to seek borrowing from other financial institutions is therefore likely to increase the overall revenue costs required to fund the elements of the council's capital programme which are funded from borrowing – for example every 1% increase in interest costs on a three year capital programme including circa £120.00m of capital spending funded from borrowing (similar to the level included within this report) would add £1.20m of additional ongoing revenue costs per year by the end of the three year period.

6. OTHER LONG TERM LIABILITIES

Pension Guarantees

6.1 The council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The council have thus given pension guarantees to a number of organisations. This guarantee means that if an admitted body fails to pay its pension obligations then the council will be responsible for taking on those obligations.

6.2 All guarantees entered into need the approval of Cabinet. The guarantees are reviewed annually as part of the closure of accounts process. The pension balance is assessed on an annual basis by the Pension Fund and is subject to change due to the underlying assets. This is rebalanced on a three year basis, known as a triennial review.

Public Finance Initiative (PFI) & Other Long Term Liabilities

6.3 The council operates two PFI's and one Public Private Partnership PPP as follows:

- St Thomas More School PFI - contract for the construction, maintenance and operation of a secondary school in Willenhall.
- Public Street Lighting PFI - contract for the replacement and maintenance of the council's lighting stock across the borough. The objective of this contract is to ensure that the borough is lit in a uniform manner complying with British and European standards.
- Housing & Care 21 PPP – contract to provide 285 extra care units (including 70 shared ownership and 5 respite care) across the borough, a 40 bed dementia care unit at Goscote and increased day care across the borough (including weekend access to services.

6.4 The financial liabilities are disclosed annually in the council's Statement of Accounts and whilst PFI and PPP contracts are long term liabilities the agreements include financing and as such are excluded from the capital financing requirement.

7. KNOWLEDGE AND SKILLS

7.1 The Capital Programme and Treasury Management & Investment Strategy are managed by teams of professionally qualified accountants, who actively undertake Continuous Professional Development (CPD) on an ongoing basis to keep abreast of new developments and develop additional skills. They also have extensive Local Government finance experience between them.

7.2 The council's Section 151 Officer is the officer with overall responsibility for capital and treasury activities. They too are a professionally qualified accountant undertaking an ongoing CPD programme.

7.3 Any commercial projects that the council seek to enter into will also be supported by teams from all required professional disciplines from across the council, and external professional advice will also be sought if needed.

7.4 Internal and external training is offered to members on an ongoing basis to ensure they have up to date skills to make capital and treasury decisions.

7.5 The council's Treasury Management Panel meet regularly to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

7.6 The knowledge and skills of officers and members are commensurate with the council's risk appetite.

Part 1 Annex 9 : Capital Programme 2021/22 to 2023/24

A. Draft Capital Programme 2021/22 to 2023/24 – Council Funded Schemes

Directorate	Capital Scheme	Detail of Capital investment	2021/22 £	2022/23 £	2023/24 £
Rolling Programme Schemes					
Economy, Environment & Communities	Memorial Safety Management in Cemeteries	The continued inspection and making safe of memorials in Walsall cemeteries and to discharge the council's duty of care within the cemeteries. Increased safety of memorials benefits the residents of Walsall by delivering a safer environment within Walsall cemeteries.	20,000	20,000	20,000
	Highways Maintenance Programme	As Highway Authority the Council has a legal responsibility to maintain the highway network. Failure to do so inevitably leads to a deterioration of our roads, increasing the likelihood of accidents and would ultimately expose the council to increased risk of third party claims.	2,800,000	2,800,000	2,800,000
Children's Services	Aids and Adaptations / Preventative Adaptations/ Supporting Independence	This project directly supports the council's: 1. Statutory requirement to provide disabled facility grants (DFGs) this includes enabling the council to provide a continuous service rather than as some councils do in terms of stock-piling enquiries till new grant allocations are made to them. 2. Provision of maintenance of lifts and hoists. 3. Minor adaptation works.	400,000	400,000	400,000
	Health Through Warmth - Tackling Fuel Poverty	To help provide a safety net for those who cannot access other funding sources and is available as a loan charged on the individuals' property that is repaid upon sale or relevant transfer of their home. For this sum per year, it could offer 28 new boiler systems and 25 boiler repairs. The fund also helps secure continued investment from external agencies in tackling fuel poverty and excess winter deaths in the borough.	75,000	75,000	75,000
Council Wide	Health & Safety	Provision for urgent schemes to meet health and safety regulations.	250,000	250,000	250,000
	Funding to support essential works including health and safety, and other projects that cannot be programmed at start of year	1: Asbestos removal - the authority is required by legislation to manage asbestos within its properties and to remove to comply with health & safety legislation. 2: Statutory testing of gas and electrical systems in buildings. 3: Control of Legionella - statutory requirement to test all water systems and undertake upgrades and improvements as required. 4: Fire Risk Assessment - statutory requirement to ensure compliance with health & safety. 5: Demolition of redundant buildings to provide saleable assets and increase market value of sites. 6: General repair & maintenance of buildings, historic buildings, aiding relocations. 7: Self-insured property damage – insurance excess. 8: Risk Management - unforeseeable events.	750,000	750,000	750,000

Total Rolling Programme Schemes			**4,295,000**	**4,295,000**	**4,295,000**
Prior Year Approvals					
Economy, Environment & Communities	Traffic Signals Infrastructure	The council has a statutory duty to maintain all its traffic signal infrastructure. This programme of planned pedestrian crossing replacements will ensure the safe and efficient movement of pedestrians across the borough (Traffic Mgt Act 2004). Also supports delivery of the council's CO2 reduction targets.	200,000	200,000	200,000
Directorate	**Capital Scheme**	**Detail of Capital investment**	**2021/22 £**	**2022/23 £**	**2023/24 £**
Economy, Environment & Communities	Provision of Community Dropped Crossings	These are dropped kerbs at strategic points along footways which permit access for wheelchairs, pushchairs, mobility scooters etc. to cross roads. The investment will allow the council to provide a rolling programme of community crossing points.	20,000	20,000	20,000
	Promotion of Community Health and Road Safety	To fund road safety schemes, to address local community concerns, which fail to achieve the strategic priorities associated with the Local Transport Plan funding in terms of casualty reduction. In supporting the delivery of these local schemes it is possible to improve local quality of life and safety creating safer communities. Year 4 of 4.	120,000	0	0
	Open Water Safety Schemes - Signage etc.	Health and safety upgrades to council owned open water sites per the council's proposed open water policy. Year 4 of 4.	2,000	0	0
	M6 Junction 10 - Widening of Bridges	Walsall Council is working in partnership with Highways England to improve Junction 10 of the M6 motorway. The scheme will include the widening of the existing bridges over the motorway to improve traffic flow and reduce congestion. In addition improvements will be made to the junction of A454 Wolverhampton Road/Bloxwich Lane/Tempus Drive and the A454 Black Country Route.	0	650,000	0
	Walsall Arboretum Extension and County Park	Infrastructure Improvements - to widen and resurface the main footpath running from the Grange Car Park to the children's play area and historic core of the park, to replace the currently used wheelie bins and to improve access into and around the country park area.	190,000	0	0
	New Rail Stations at Willenhall, Darlaston and Aldridge – highways package	The new rail stations at Darlaston and Willenhall are promoted by WMCA/TfWM and WMRE at an estimated total package cost of £56m based on the end of GRIP Stage 4 design. This cost is for the rail infrastructure only – track, signalling, overhead line equipment, platforms, car park and ancillary infrastructure. A package of complementary highway works is required to be developed in 2021/22 and delivered in 2022/23 by the council ahead of the stations opening in 2023. This highways investment represents the council contribution to these stations. Aldridge Station is entering GRIP Stage 3 and an ongoing Council commitment to scheme development is required.	1,500,000	1,500,000	0
	Yorks Bridge (Top Up)	Yorks Bridge has suffered over recent decades and the bridge is currently the subject of a 7.5 tonne weight limit. The replacement scheme will be funded using a combination of WMBC capital funding and the Department for Transport Maintenance Block.	0	750,000	750,000

	Regional Materials Recycling Facility Project	Cabinet on 4 September 2019 approved for the council to enter into a Joint Working Arrangement with 5 partner councils in order to facilitate the delivery stage of a local authority owned Materials Recycling Facility.	4,758,000	2,722,000	0
	Enterprise Zones	Required for the council to manage borrowing costs associated with capital investment into the Enterprise Zone. Financial modelling forecasts that these costs are expected to be recovered from future business rates generated from within the zone, although the Black Country LEP are the decision making body in relation to where business rates within the zone are invested. Therefore on the basis that the BCLEP approve that costs on Walsall sites can be recovered through the business rates mechanism, then the council will only be required to cash-flow these costs.	2,937,001	13,938,273	4,072,473

Directorate	Capital Scheme	Detail of Capital investment	2021/22 £	2022/23 £	2023/24 £
Resources & Transformation	Town Centre Strategic Acquisition for Third Sector Hub	Purchase of accommodation in Walsall Town Centre to support the formation of a third sector co-located hub and provide additional office accommodation for the Council to support its ongoing rationalisation of its operational estate. Year 3 of 3. As approved by Cabinet March 2019.	219,373	0	0
	Council House windows	Replace aged windows within the council house.	1,307,025	0	0
	Civic Centre Plumbing	Non – heating related - essential works of planned / programme maintenance given age of existing supply / parts.	66,600	0	0
	Council House general heating	Upgrading of council house heating systems.	1,085,000	0	0
	Upgrade of CCTV Cameras	Upgrade of cameras in Bloxwich, Leamore, Willenhall, Darlaston, Palfrey, and Caldmore. 10 x new re-deployable cameras plus costs for 5 years.	200,000	0	0
	Council House Roof Repairs	Replace roof as it is at the end of its life, plus timber repairs.	750,000	750,000	0
	Replacement of 'tablet' technology	A 'tablet rollout' programme was completed during 2019 enabling agile working and the adoption of Office 365, with replacement starting in 2022.	0	2,250,000	2,250,000
	Smartphones	Current mobile phone devices will require replacement beginning in 2021/22. Out of life devices will not receive security patches nor upgrades to the android operating system - will result in 'apps' not being updated, including 'outlook app' used to receive email.	200,000	200,000	0
	Card payments, digital website etc)	To ensure the council remains PCI compliant and allows for citizens to pay for services on line.	250,000	250,000	0
	Maintaining a safe and secure environment	Hardware & software upgrades to maintain compliance for current standards e.g. BACS software & open banking compliance.	100,000	200,000	200,000
Children's Services	School Estate Condition Survey	Ongoing provision to cover school conditions. Part allocation from 2020/21 proposed to be carried forward to 2021/22.	79,300	250,000	250,000
	School Temporary Classrooms	Ongoing provision for improving / replacing permanent mobile classrooms when they reach a state of disrepair. This has been held corporately to fund emergency costs arising.	250,000	250,000	250,000
Total Prior Year Approvals			**14,234,299**	**23,930,273**	**7,992,473**
Current Year Approvals (2020/21)					
Economy, Environment & Communities	Waste Management Strategy	Strategic acquisition of property to support the future delivery of the council's waste management strategies.	8,890,338	3,004,788	0
	Allotment boundary improvement works	21 sites requiring boundary improvement works as approved by Cabinet on 9 December 2020.	260,000	0	0

Total Current Year Approvals			9,150,338	3,004,788	0
Directorate	Capital Scheme	Detail of Capital investment	2021/22 £	2022/23 £	2023/24 £
Proud investment					
Economy, Environment & Communities	Bloxwich Active Living Centre landing development	Development of landing and office space to extend fitness suite, create bespoke indoor cycle studio, and install virtual instructor will deliver c£90k per annum additional income.	0	170,000	0
Resources & Transformation	Webcasting and hybrid council meetings	To make the Council Chamber and Conference Room 2 functional for hybrid meetings.	20,000	0	0
Total Proud investment			**20,000**	**170,000**	**0**
New Capital Schemes – Health and Safety					
Economy, Environment & Communities	Walsall Gala pool filters	Filters clean the pool water, with all of the 1.4 million litres of water passing through them every 6 hours. Project proposal is to replace current failing system with ceramic filters (new technology) which offer efficiency savings, energy savings, and are fully portable.	104,000	0	0
	Brine pool air handling	The air handling system supplying the brine pool has been recommended for replacement.	65,000	0	0
Council Wide	Health and Safety	Additional funding to support new health and safety works / security measures / social distancing measures during Covid-19.	332,000	0	0
Total Capital Schemes – Health and Safety			**501,000**	**0**	**0**

New Capital Schemes – Council Infrastructure					
Council Wide	Pipeline investment	Funding for pipeline investment opportunities. This to include additional match funding costs if required to support the Future High Streets Fund; Willenhall Garden City; Walsall Town Centre Masterplan; Regional Materials Recycling Facility Project; and major capital schemes as they arise, subject to approval of a full business case by Cabinet to access these funds.	28,000,000	8,000,000	4,000,000
Resources & Transformation	Computer Aided Facilities management system	To provide a comprehensive computer based integrated system to manage repairs, minor and major works, stock condition, financial modelling, asset and new build evaluation, contract management, DLO module for staff allocation such as direct labour and soft FM caretaking and cleaning, asset management property records, valuation toll, gis integration, finance loading of invoicing, statutory compliance, asbestos etc.	250,000	100,000	0
	One Source	Additional infrastructure requirements for the implementation of integrated Oracle payroll system.	500,000	0	0
	High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time, match funding to external funding announced by MHCLG on 26 December 2020,	100,000	4,240,000	18,682,252
Total Capital Schemes – Council Infrastructure			**28,850,000**	**12,340,000**	**14,682,252**
Total Draft Capital Programme – Council Funded Schemes			**57,050,637**	**43,740,061**	**30,969,726**

B: Draft Capital Programme 2021/22 to 2023/24 – Externally Funded Schemes

Directorate	Capital Scheme	Detail of Capital investment	2021/22 £	2022/23 £	2023/24 £
Economy, Environment & Communities	Growth Deal	The Black Country Growth Deal, 'Made in the Black Country, Sold around the World', was agreed with Government in July 2014. The Growth Deal will create the skills, connections and locations for further high value manufacturing success and support growth in the Black Country's automotive, aerospace and construction sectors. To date the programme has committed c£148m and received claims c£77m. It has contracted 3,532 jobs excluding apprenticeships and over 6,000 including them (Dep't of Communities & Local Gov). In January 2019 the Black Country Joint Committee appointed Walsall Council as its Single Accountable Body, as a result the balance of the Growing Places Fund (£5.4m) was transferred from Sandwell Council, with the funds to be used to over-programme Growth Deal.	0	5,439,498	0
	LTP Highway Maintenance Programme	This capital funding, known as the maintenance block, is distributed by the Integrated Transport Authority (ITA).As the Highway Authority we have an extremely high profile duty to maintain our highway network. This money is provided, by DfT as a capital grant via the ITA with the condition that it should be spent on the classified road network. (Department for Transport via ITA).	1,943,000	1,943,000	1,943,000
	Pothole Fund	This capital funding, known as Pothole Action fund, is distributed by the Integrated Transport Authority (ITA), specifically to repair pothole or to prevent them forming in the first place. Funding is based upon a formula using road length data.	154,600	154,600	154,600
	West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	The Government provides each locality with grant funding to help implement the Local Transport Plan in their area. The grant is used for the implementation of small scale capital schemes; development of major capital schemes and to part fund major schemes implementation costs. The programme is designed to address road safety issues, progress the Council's major scheme aspirations; and resource the required 'local contributions' to approved major schemes. (Department for Transport / West Midlands ITA).	1,276,300	1,276,300	1,276,300
	Land and Property Investment Fund	In January 2019 the Black Country Joint Committee appointed Walsall Council as its Single Accountable Body, as a result the Land and Property Investment Fund transferred from Wolverhampton Council. This is a grant which is part of the Investment Programme of the West Midlands Combined Authority for Black Country brownfield sites, and is drawn down in arrears. The Black Country LEP has agreed to deliver 1,860 new jobs, 1,600 new houses and 126,000 sqm of commercial floor space through deployment of the first tranche (£53m) of the total fund allocated to the Black Country LEP (£150m in total).	8,548,000	0	0

Directorate	Capital Scheme	Detail of Capital investment	2021/22 £	2022/23 £	2023/24 £
Resources & Transformation	Get Britain Building Fund	Funding of £66m was awarded to the WMCA by the Secretary of State for Housing, Communities and Local Government, from what is now known as the 'Get Britain Building Fund'. This fund is seen as one of many platforms to enable the Covid-19 recovery plan across the country and boost local economies. Projects submitted must be deemed Value for Money (VfM) with a strong Benefit Cost Ratio (BCR), 'Shovel Ready' with planning permission approved and able to deliver within an 18-month timescale. Two of these projects were Black Country projects, and the WMCA are passporting the funds for these two projects (NBI and VLR) to Walsall Council as the Single Accountable Body for the BCLEP. £13m in 2020/21.	17,447,800	0	0
	High Streets Fund	To invest in Walsall to deliver a much-needed boost to our high street at this challenging time, as announced by MHCLG on 26 December 2020,	8,894,325	2,550,642	0
Children's Services	Disabled Facilities Grant	This project directly supports the council's statutory requirement to provide disabled facility grants (DFGs). It is based on the delivery of the ring fenced award of grant money from government. The project has a direct positive impact on the number and subsequent varied costs to the council from the increasing level of demand for home adaptations.	2,894,013	2,894,013	2,894,013
	Integrated Community Equipment Store (ICES)	Supplies equipment to people with both a social care and a health need on an assessed needs basis. This is a pooled budget between the CCG and the council, this capital funding will be used to purchase this equipment which will enable people to return home or continue to remain at home. This now forms part of the Better Care Fund (BCF) for which the council is host. (Department of Health).	810,000	810,000	810,000
	Basic Need	Paid to LAs to support the capital requirement for providing new pupil places by expanding existing maintained schools, free schools or academies, and establishing new schools.	1,319,871	1,319,871	1,319,871
	Devolved Formula Capital	Received by the LA then allocated out to individual schools as per allocations defined by the DfE. It is intended to provide schools with capital funding for improvement to buildings and other facilities, including ICT, or capital repairs / refurbishments and minor works. (Department for Education).	514,854	514,854	514,854
	Capital Maintenance	Allocated to the LA on an annual basis to improve and maintain the condition of the school estate (buildings and grounds). Investment is prioritised on keeping school buildings safe and in good working order by tackling poor building condition, building compliance, energy efficiency, and health and safety issues. (Dept for Education).	1,917,799	1,917,799	1,917,799
	School Nursery Capital Fund – Goldsmith	The Project: A new build, Option 2 creating 16 additional full time nursery places and holiday provision on the Goldsmith Primary Academy site, Goldsmith Road, Walsall WS3 1DI. Approved by Cabinet 20/03/2019 and 18/03/2020.	991,550	0	0
Total Draft Capital Programme - Externally Funded Schemes			**46,712,112**	**18,820,577**	**10,830,437**

Part 1 Annex 10 : Forecast Capital Carry Forwards from 2020/21 to 2021/22 (Council funded schemes only)

Capital project	2020/21 Budget £	Estimated Outturn £	Forecast Variance to carry forward to 2021/22 £
Children's, Education and Customer Services			
School estate condition survey	250,000	79,300	170,700
Children's, Education and Customer Services	**250,000**	**79,300**	**170,700**
Economy, Environment and Communities			
New homes bonus	76,999	10,000	66,999
Regenerating Walsall	230,006	20,000	210,006
Town and district centres public realm	770,500	0	770,500
Walsall market	40,516	0	40,516
Town centre masterplan	250,000	0	250,000
Broadway west playing fields	92,000	0	92,000
St Peter church repairs to surrounding wall	32,784	0	32,784
District town centre's public realm improvements	736,580	354,424	382,156
Hatherton Road car park	225,187	13,731	211,456
Promotion of community health & safety	360,000	60,000	300,000
Replacement of obsolete analogue weather stations	30,000	0	30,000
Replacement of obsolete traffic signal control equipment	200,000	50,000	150,000
Replacement of speed enforcement camera	145,316	4,593	140,723
Hatherton road multi-story car park structural maintenance	200,000	0	200,000
Enterprise zones	4,185,088	300,000	3,885,088
CCTV	432,000	265,000	167,000
Open plus in libraries	205,542	78,542	127,000
Single library management system	39,757	0	39,757
Strategic acquisition of property to support the waste management strategy	8,545,500	0	8,545,500
Workshop breakdown van.	65,442	0	65,442
Regional materials recycling facility	2,782,381	782,381	2,000,000
Total Economy, Environment and Communities	**19,645,598**	**1,938,671**	**17,706,927**
Resources and Transformation			
Planned property maintenance	250,000	125,000	125,000
Civic centre heating	1,146,646	3,500	1,143,146
Council house rewiring	972,794	872,794	100,000
Council house smoke & heat detection fire alarm	326,920	0	326,920
Council house general heating	1,091,360	0	1,091,360
Schools projects	159,419	12,446	146,973
Council house internal decoration	55,500	16,000	39,500
Willenhall lane travellers site pumping station	44,400	0	44,400
Council chamber refurbishment	187,002	27,110	159,892
Data backup system replacement	50,000	0	50,000
Essential Microsoft upgrades & foundation for office 365	145,830	87,488	58,342
ICT-safe and secure environment	3,402,645	1,166,437	2,236,208
Single mobile devices for use within the new in-tune platform	34,820	0	34,820
Proud - ICT	200,000	132,000	68,000
Enabling technology	11,700,000	1,385,000	10,315,000
Telephony cloud based system	500,000	75,000	425,000
Proud card payments digital website	500,000	50,000	450,000
Security arrangements to Corporate Buildings	125,000	0	125,000
MYCIMS - Paperless Meetings	29,500	11,000	18,500
Total Resources and Transformation	**20,921,836**	**3,963,775**	**16,958,061**
Total draft capital carry forward from 2020/21 to 2021/22 (council funded schemes only)	**40,817,434**	**5,981,746**	**34,835,688**

Part 1 Annex 11 – Flexible Use of Capital Receipts Strategy

Background

The 2015 Autumn Statement announced a new flexibility for local authorities to use new capital receipts to fund expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or demand for services in future years. The flexibility was initially made available until March 2019, but in December 2017, the Secretary of State announced, alongside the provisional local government finance settlement, the continuation of the capital receipts flexibility programme for a further 3 years to March 2022.

Councils can only use sale proceeds realised over that period (1 April 2016 to 31 March 2022), but not existing receipts. Local authorities are required to publish their plans for the flexible use of capital receipts in a Strategy which must be approved by Full Council.

The Strategy should be approved before the beginning of each financial year. If changes are proposed to the Strategy during the course of the financial year, for example if a project is identified which can be funded using this flexibility, then the revised Strategy will require the approval of Full Council. Any revisions to the Strategy in-year must also be reported to the Ministry of Housing, Communities and Local Government.

Qualifying Expenditure

Qualifying expenditure is that which is forecast to generate on-going savings to an authority's and/or to another public sector body's net service expenditure, or to transform service delivery.

Capital receipts can only be applied to fund set up and implementation costs and not on-going revenue costs. Examples include:

- Funding the cost of service restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation;
- Digital investment;
- Improving systems to tackle fraud and corruption;
- Setting up commercial or alternative delivery models;
- Investment in service reform – setting up pilot schemes;
- Sharing back-office and administrative functions with other councils/public sector bodies;
- Integrating public facing services across two or more public sector bodies.

Summary of planned receipts

Capital receipts performance across the qualifying period has now been reviewed. This has confirmed that up to £4m of Capital receipts which have been realised during this period have not yet been utilised within the capital programme undertaken over that time and are therefore currently available.

The council's Capital programme for 2020/21 anticipated that new capital receipts of £1.5m would be generated to support the capital programme. This therefore meant that £4m of existing capital receipts that have been realised during the qualifying period were available to fund qualifying expenditure as detailed in the Flexible Use of Capital Receipts Strategy, without any increase to existing assumptions regarding borrowing required to support the capital programme. This £4m was approved to be included in 2020/21 however as it has not been utilised approval is being sought to roll this use forward to 2021/22.

Summary of Planned Use

The Strategy is required to list each project that plans to make use of the capital receipts flexibility.

It is intended that the available capital receipts balance of up to £4m will be utilised to fund investment in the Proud Programme (including the Enabling Technology work stream where the capital programme highlights that this expenditure will be funded through a mixture of borrowing and/or capital receipts), and that authority is delegated to the Section 151 Officer, in consultation with the Leader, to allocate capital receipts of up to £4m to support the revenue costs of these transformation projects.

This utilisation will release revenue costs currently set aside to fund these projects. Additionally the Proud Programme is expected to deliver a benefit ratio of 1:2.5 (for every one off £1 invested, this will deliver £2.50 recurring benefit which can be used to support the council's financial position or be reinvested into services).

Impact on Prudential Indicators

The Strategy is also required to identify the prudential indicators that will be impacted by this investment. This impact is set out below:

- PrI1a. - Capital expenditure – Council Resources – increased by £4m

No other prudential indicators are impacted, as these capital receipts were not already assumed to support schemes within the existing capital programme that would now need to be financed through an increase in borrowing.

The above impact on prudential indicators shows that this Strategy is affordable and will not impact on the Council's operational and authorised borrowing limits. Further details on the council's Prudential Indicators can be found within the Treasury Management & Investment Strategy.

Monitoring

The Strategy will be monitored throughout the financial year and may be updated and replaced as proposals are developed and expenditure incurred.

Part 1 Annex 12 – Chief Finance Officer (S151 Officer) Section 25 Report on the Adequacy of Proposed Reserves and Robustness of the Budget Estimates

Context

In accordance with Section 25 of the Local Government Act 2003 ("the Act") and to comply with CIPFA guidance on local authority reserves and balances, the Chief Finance Officer is required to formally report to members on the robustness of the estimates used for the purpose of calculating the budget and the adequacy of proposed reserves needed for meeting future expenditure requirements. The Chief Finance Officer (Under S151 of the Local government Act 1972) is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988. In signing off this overall revenue budget report, the signature of the Interim Executive Director for Resources and Transformation who holds the position of Chief Finance Officer/S151 Officer, constitutes the formal declaration required under the Act that these conditions are met (based on the available information at the time of signing).

Reserves

It is prudent for councils to maintain an adequate level of general reserves (or working balance). They provide a buffer and mitigate against risks, such as unavoidable and unknown demand and other service cost pressures which may arise in the year; cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; and support the management of the impact of any unexpected events or emergencies. Earmarked reserves are also set to meet known or predicted requirements, for example, self-insured liabilities, grant reserves, contingent and potential liabilities. Reserves allow the council to manage the impact of these and to manage change without the need for immediate reductions in services. In the current financial climate arising primarily from a global pandemic, but also in the context of the United Kingdom's exit from the European Union, the importance of good financial management, including maintaining a prudent level of reserves and contingencies, cannot be over-estimated.

There is no overall formula for calculating what an appropriate level of reserves should be. Whilst the medium term financial strategy (MTFS) sets out a guide as to what should be a minimum level, the actual level is based on best practice guidance, best professional judgement, the strategic, operational and financial risks facing the council, including an assessment of known and potential risks and an understanding of national and local factors.

A minimum level of reserves is specified in the Budget. The Council's (MTFS) sets a range of between 1% of gross revenue expenditure for the year in question (£6.58m) and 2.5% (£16.45m). However, Section 25 of the Act requires the Chief Finance Officer (CFO) to report on the adequacy of proposed reserves and to determine the minimum level which the Council is required to have regard to in setting the overall budget envelope.

The MTFS also sets out the authority's financial framework including, as the first of ten themes of operational principles, calls on reserves and contingencies. A key principle is that reserves should not be considered to be or used as a budget and any in-year calls on the working balance should be replenished. Services cannot approve unbudgeted expenditure on the assumption that it will be met from the working balance. This matter is reserved to the CFO, in consultation with the portfolio holder for finance.

Adequacy of reserves

The CFO assesses and determines the appropriate level of reserves (including school's reserves), provisions and contingencies using a variety of mechanisms, including;

- Being significantly involved in the budget setting process, the annual financial cycle, and engaged in the strategic leadership of the organisation (through regular meetings with the Chief Executive and corporate management team);
- The annual refresh of the medium term financial strategy (MTFS) and outlook;
- Challenging the budget at various stages of construction, including the reasonableness of the key budget assumptions, such as estimates of financial pressures, realism of income targets, robustness of plans to deliver savings, and the extent to which known trends and liabilities are provided for;
- Review of financial risk assessments, including in relation to Covid-19 and Brexit;
- Review of the movements, trends and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future pressures and issues;
- The use of professional experience and best professional judgement;
- The use of appropriate professional, technical guidance and local frameworks (CIPFA guidance, LAAP99, Local Government Act 73, Localism Act 2011);
- Knowledge and involvement of colleagues involved in the process, including Directors and budget holders, along with finance business partners;
- Consultation with Members as appropriate, including the Portfolio Holder for Finance;
- Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements;
- Review of the current year's financial performance in services, actions to address areas of pressure, known future service delivery changes, the level of schools reserves and the financial performance of schools;
- Review of national and local economic, market, legislative and financial conditions.

A risk assessed approach is used to determine the required level of reserves and contingencies. This includes external risks; including Covid-19, Brexit, national policy changes, legislation, national funding arrangements and levels of support available, changes in market and economic conditions, service user behaviours (e.g. impact on income projections); and internal risks such as the ability to deliver planned savings. The MTFS is annually updated and approved by Cabinet to reflect the changing environment in which we work – the latest being approved by Cabinet on 15 July 2020. Reserves and contingencies are addressed within the Strategy.

In the current climate, there continues to be significant uncertainties around funding, particularly in light of the global pandemic, the impact of lockdown arrangements on our communities and finances, impact of Brexit, proposed changes to central funding (Fair Funding), including in relation to business rates retention, treatment of public health budget, and funding of adults and children's social care.

The continued need to make savings whilst driving improvements in customer and employee satisfaction over the medium term through the Proud transformation programme, and maintaining the organisational capacity to deliver this at the required scale and pace also creates risk. It is therefore prudent to consider contingency plans should in year reporting arrangements identify that planned savings may be delayed. Alongside the national Fair Funding policy changes being considered and any 'unknown' demographic and demand cost pressures, this increases organisational risk and therefore the need for adequate levels of reserves to be maintained in current and future years.

The level of opening balances for 2021/22 is partially dependent on the level of closing balances for 2020/21. The following details general reserves as at 31 March 2020, together with the proposed use of and transfer to reserves, and the resulting balance as at 1 April 2021, to secure the opening level of reserves recommended by the Chief Finance Officer.

Opening General Reserves	£m
Balance as at 1 April 2020	(14.41)
Falls prevention	0.04
Street Cleansing activities – Cabinet 18.03.20	0.71
Transfer of in year forecast underspends (as at December 2020)	(0.26)
Estimated closing balance as at 31 March 2021	**(13.92)**
Transfers from earmarked reserves to meet forecast risks	**(2.72)**
Opening Balance as at 1 April 2021	**(16.64)**

This level of balances is considered prudent for a number of reasons:

- Uncertainty over the level of funding going forward, particularly in light of Covid-19 , Brexit and the fundamental changes being undertaken in relation to central funding and business rate retention.
- Operational, strategic and financial risks facing the authority, as set out in this statement.
- The council is not permitted to budget for a level of general reserves below that determined by the MTFS and the S151 officer.
- Balances are predicated on total savings of c£28.90m being achieved in 2021/22. Whilst an assessment of plans has been undertaken, it is prudent to hold a contingency to manage any delay in delivery of savings, particularly in the light of Covid-19 and uncertainty as to the timing and extent of lifting of lockdown arrangements.
- Uncertainty around future demand led services, specifically within Adult and Children's Services.

The CFO has assessed the current year's financial performance and actions taken to address underlying pressures. In considering this, alongside the financial risk assessment, the previous financial year's financial performance, and the potential risks and pressures facing the organisation, the CFO recommends that opening reserves are set at a minimum of £16.64m. This is based on the following assessed categorises of financial risk:

Financial Risk Assessment	**£m**
Funding risks – fall out of grant, council tax changes, etc	1.79
Cost / Demand Pressures	6.30
Delivery of Proud Savings - continuing impact of Covid-19 on delivery plans	5.06
Covid-19 - additional cost risk over confirmed funds	1.46
National and legislative impact i.e. Brexit	0.82
Loss of Income / Investments	1.21
Assessed General Reserve Requirement	**16.64**

Earmarked Reserves

The council maintains a number of reserves, earmarked for specific purposes, all of which are set at the levels required to meet future commitments. These cover:

- Council liabilities - These reserves cover expenditure where the council has a legal obligation to pay costs, however the timing of which is not yet known, such as redundancies, legal costs, business rate appeals, insurance claims, pension costs. Once the timing and liability is known, the liability becomes a provision within the financial statements;
- Grants received in advance (where the council has received money in advance of the next accounting period or money that covers more than one accounting period), which will be spent in line with the grant conditions;
- Covid-19 reserves such as the Local Tax Income Guarantee to be used to support the impact of Covid-19 on the collection fund;
- 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 exposure to interest rates;
- Demand - These reserves are primarily to provide short term additional funding for Children's and Adult Social Care where a spike in demand may create overspends, but the likelihood is still uncertain. Additionally, an amount is provided for Housing Benefits;
- Projects - These reserves are to finance service transformation, major capital projects, and regeneration of the borough;
- Schools reserves held by but not controlled by the council.

An annual review of earmarked reserves is undertaken and funds adjusted as required or released where liability is assessed as ceased.

The expected level of earmarked reserves as at 1 April 2021 is as follows and is considered reasonable and prudent.

Earmarked Reserves	£m
Balance as at 1 April 2020	(148.52)
Created in year – including Covid-19 collection fund reliefs and grants	(34.34)
Expected to be used in year	48.79
Replenishment in year	(33.20)
Released in year	5.03
Estimated closing balance as at 31 March 2021	**(162.24)**

Central Contingency

As well as general and earmarked reserves, the council holds a small revenue contingency to manage unforeseen but recurring expenditure. The contingency is held centrally and is calculated between 0.1% and 0.15% of the year's gross revenue budget. For 2021/22 this is to be set at the higher level at £987k.

A prudent central capital contingency is also held, not exceeding 10% of the annual council funded element of the capital programme requirement, to accommodate unforeseen / unbudgeted expenditure (i.e. where, due to the level of uncertainty, the financial impact is not certain at the time of setting the programme). The exact level is set by the CFO. The contingency will be funded either from drawing down the earmarked capital reserve or from an annual revenue contribution to capital outlay from the project reserve (subject to there being sufficient funds to replenish this at year end). For 2021/22 this is to be set at £500k, which is considered adequate based on past requirements.

Schools Reserves

The CFO, as part of this statement, is required to confirm that school's balances are adequate. In 2006/07, DfES introduced expectations on local authorities with regard to their schemes of financial management. Part of this legislation required schools to agree a balance control mechanism. This mandatory requirement was subsequently removed. The council and Walsall Schools Forum considered the options around balance control and given the authority powers to investigate and claw back balances in excess of a specified percentage of the school budget share. The council notes that the latest Academies handbook has removed the need for balance control for many academies.

Schools Forum is mindful of value for money in all that schools do, looks for medium term financial planning and encourages an adequate working balance as part of that process. This is supported by regular reports to the Schools Forum on medium term funding and more recently linking value for money and performance.

The adequacy of balances is reviewed annually by the CFO. For the current financial year, 3 schools are operating licenced deficits. However, the first of these schools has requested a licenced deficit for 2020/21 only, the second has already implemented actions required to return to a surplus from 2022/23. The remaining school is being provided with support by the authority to help it manage its financial pressures and return to surplus within the timescales required within the scheme for financing schools.

The overall levels of schools reserves is kept under regular review, along with any exceptional balances, and based on school budget plans for 2020/21 the level of schools reserves are forecast to move from an opening balance of £8.00m to a closing balance of £4.20m, a planned reduction of £3.80m which is mainly linked to the three schools with licenced deficits detailed above along with investment plans within individual schools. The council and Schools Forum has identified that the implementation of a new National Fair Funding Formula continues to pose a financial risk to individual schools, and options to manage this risk continue to be identified as part of the process to set the local schools funding formula each year.

Overall Assessment of Reserves

An opening level of general reserves of £16.64m is considered to be sufficient for most possible events, over the short-term i.e. for 2021/22. The council will continue to face real and present financial challenges beyond this. In the context of this funding environment, wherever possible reserves will be at least maintained during 2021/22 and beyond.

In recommending an adequate level of reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of reserves and balances and compares these to the benefits accrued from having such reserves. The opportunity cost of maintaining a specific level of reserves is the 'lost' opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements. In assessing this it is important to consider that reserves can only be used once. Therefore, any use of general reserves above the lower minimum threshold is only ever used on one-off items of expenditure. The level of reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" which adequately protects the council (a complex and multi-disciplinary metropolitan district local authority) against potential unforeseen and therefore unbudgeted costs.

In this context, it is considered that a level of reserves set at £16.64m presents an optimum balance between risk management and opportunity cost. The CFO is satisfied that the benefits accrued in maintaining these at the recommended level outweigh the potential lost opportunity from investing these reserves in other ways. This maintains a suitable and sustainable level of reserves, which include ensuring sound governance and financial stability in the short and longer term.

The above assessment concludes that general reserves, if set at £16.64m, will be at an appropriate level; as determined in accordance with the MTFS and the CFO's Officer's professional advice. The budget is predicated on delivery of £28.90m of cashable benefit. A savings tracker in relation to delivery of 2021/22 savings has been instigated and at this point, whilst uncertainty remains about the ongoing impact of Covid-19 on savings, our current assessment is that the combination of known Covid-19 grants and our financial risk assessment of potential impact, which has resulted in the CFO Officer recommending a higher level of general reserves than that currently set out within the MTFS (as a direct result of Covid-19) should be sufficient, *based on our current knowledge,* to manage further short term impact. Any longer term impact is likely to require further actions, including identification of alternative actions to address any shortfalls and replenish any in year use of general reserves.

Robustness of the Estimates included within the Budget

The CFO has been involved throughout the entire budget process, including input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Executive and Overview and Scrutiny, advising colleagues, challenge and evaluation activities, and the scrutiny and approval of various reports.

As stated, the budget is risk assessed to ensure adequate funding for all known liabilities and to provide sufficient resources to enable service change and transformation. It covers an assessment of current year's performance, an assessment of income targets, estimates of future cost and potential unavoidable demand pressures.

Key assumptions

The cost assumptions and prices used in the budget are derived from current intelligence and are considered appropriate. Demand changes have been identified and are reflected in budget increases identified in the appendices where appropriate, on a risk assessed basis. Areas of identified pressure within 2021/22 are planned to be covered by a combination of base budget alignments to recognise the agreed ongoing management of corrective action undertaken during 2020/21 or base budget adjustments, where growth/investment is included within the 2021/22 budget to cover the cost pressure (or income/grant shortfall). Fees and charges have been reviewed and changes are reflected in the overall budget. Contingency has been built in (inflationary / contractual) for uncertainty concerning the impact of Brexit on supply and prices.

Capital receipts and the borrowing requirement to be used for the capital programme are based on professional estimates both of timing and value. Assumptions on funding, including government funding, business rate and council tax levels, inflation, income assumptions, increases in costs arising from demographics and demand, borrowing requirements, balances and contingencies, are set out within the main budget report and are considered appropriate.

Significant investment has been included to cover those areas of most demand and volatility, particularly in adult and children's social care.

<u>Proud Savings</u>

The Proud Programme has been created to change how we do things, as well as what we do, to improve customer and employee satisfaction, whilst achieving financial benefits in a more considered and sustainable way. The programme is organised as work streams and benefits are aligned to these – for example, Customer Access and Management improvement, Commissioning (third party spend), income generation and cost recovery, etc rather than on a more traditional (Directorate/Service) basis. Given this and the size and scale of the programme, this inevitably creates uncertainty. Work, however, has developed in 2020/21 to translate the work stream benefits into services via service transformation plans (STP's), allowing c£66m of savings to be incorporated into the 2021/22 to 2023/24 budget report. Whilst Covid-19 has impacted on delivery of approx. £8.02m of the approved £8.77m of savings for 2020/21, traction is now taking place in relation to delivery.

Finance, the joint programme management team, and Proud work stream leads, have reviewed the Proud work stream plans, benefits realisation and the anticipated level of cashable savings in relation to 2021/22. Actions to address gaps between planned activity and realisation of benefit have been discussed and agreed as appropriate with CMT. Work is progressing on a revised programme implementation plan covering a 3 year delivery horizon aligned to the budget.

These include;

- Resource requirements being identified and funding aligned (within the overall funding envelope approved by Cabinet), including; organisational (i.e. work stream and implementation leads) and specialist capacity and capability where required (i.e. IT, commercial, support services and change management) to deliver the change required to realise the benefits;
- A re-scoped Programme Implementation Plan is in development to support clarity of dependencies and sequencing of activity between work streams to deliver benefits identified and actions identified to support delivery.
- There is an agreed governance structure applied to the programme to ensure accountability and for assurance to be provided to the overall Walsall Proud Programme Board
- Programme risks will be managed through the governance arrangements and escalated appropriately.

A benefits based change approach has been agreed, such that benefits milestones will be fixed in time; planned changes must adapt to meet the benefits not the other way around and benefits will be realised by being taken from budgets (or agreed by Cabinet for reinvestment. Provided all actions are taken within the agreed timescales then cashable savings of c£28.90m for 2021/22 as required by the MTFO are deemed achievable. The financial risk assessment which has informed the CFO's recommendation on an adequate level of opening general reserves, does contain a contingency, included in the table above, to manage any ongoing impact of the current lockdown or any new restrictions.

Responsibility and accountability for delivery of Proud savings rests with the relevant CMT sponsor and work stream implementation leads for delivery of work stream capabilities and with Directors for delivery of STP's, and progress will be monitored and reported throughout the forthcoming year.

Activity in relation to the overall plan for the full life of the programme is currently being developed, and a regular assessment of the plan of activity will be undertaken and reported throughout 2021/22 to ensure assurance can be provided in relation to benefits realisation and that delivery of savings over the MTFO period is in line with that required.

Risks, including Strategic, Operational and Financial

In the budget, 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 (Brexit related and none), which may have a local impact. Estimates and forecasts include all known significant financial risks over the next year and medium term to inform spending decisions. The council continues to use an embedded good practice risk assessment approach both when setting the budget and in validating estimated outturns. This continues for the 2020/21 outturn and the 2021/22 to 2023/24 budget.

The risk assessment has highlighted the following areas of financial risk:

- Current impact of Covid-19 and uncertainty around future impact;
- Potential economic impact of Brexit, now we have left the EU;
- Demand – the risk of further demand, specifically in children's' and adult social care, above the levels incorporated into the budget;
- New Burdens / national policy implications on local budgets – the risk that Government changes in policy will lead to a transfer of responsibility / new burdens, without the transfer of funding to support those activities; or potential costs arising from inspections arising after the budget was set;
- Fair Funding and uncertainty around central funding of local authority services beyond 2021/22;
- Grant reductions not published or known about at the time the budget is set;
- Unbudgeted further income shortfalls during the financial year;
- Unknown liabilities that may arise after the budget is set, for example from changes in legislation or statutory guidance;
- Cost pressures – i.e. inflationary pressures, pressures arising from a severe winter (i.e. gritting, road maintenance, gulley cleaning), pressures from economic changes;
- Delays in delivery of Proud savings, for example, arising from implementing organisational change, renegotiating or tendering for third party contracts, Covid-19, etc;

These have been assessed, and a risk value assigned. Professional and best estimates have been made of the scope of the financial risk. Sensitivity analysis has been used where appropriate, to determine an appropriate risk value. The assessment confirms that a reserve value at the higher end of the MTFS guidelines is appropriate.

The Budget in Context

The budget includes the allocation of financial resources to different services and projects, proposed reserves and contingency funds, setting the council tax and council tax base, and decisions relating to the control of the councils borrowing requirement, the control of its capital expenditure and the setting of virement limits. The budget has been constructed in accordance with the principles and direction set out in the MTFS.

All cost pressures, efficiencies and savings have been appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. The council is working to improve performance outcomes on a range of activities which are monitored throughout the year. Budget provision has been identified for the priorities outlined in the council's Corporate Plan.

Summary

Best endeavours have been made to ensure that the budget and reserves are adequate using the information available at this date. The budget has been constructed within a professional policy-led medium term strategic framework, using appropriate assumptions, linking investment and spending to key priorities and having undertaken a comprehensive assessment of risk.

In summary, I can confirm that, taking into account the information known at this time;

(a) the estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in the budget report, are robust;

(b) the financial reserves available to the Council as a result of agreeing the proposals contained within the Budget report are adequate to enable the setting of a lawful budget for 2021/22.

Deborah Hindson
Interim Executive Director, Resources and Transformation,
Chief Finance Officer (s151 Officer)

Section B - Part 2 – Treasury Management

A: Treasury Management and Investment Strategy for 2021/22 Onwards

1 INTRODUCTION

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments with an appropriate level of risk (as defined within the council's Treasury Management Policies), providing adequate liquidity initially before considering investment return.

The other main function of the treasury management service is to enure appropriate arrangements are in place to fund the council's approved capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet council risk or cost objectives.

CIPFA defines treasury management as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting requirements

Full Council is required to receive and approve, as a minimum, four main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy - This covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure i.e. that funded from borrowing, is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters that set out how investments are to be made and managed).

A Mid-Year Treasury Management report – This will update members on the progress of the capital plans, amending prudential indicators as necessary, and identify whether any policies require revision.

An Annual Treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates included within the strategy.

A Capital Strategy report – This is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this report is to ensure that all elected members on the Full Council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to Full Council. For Walsall Council the Cabinet undertakes this role.

1.2 Treasury Management Strategy for 2021/22

The Strategy for 2021/22 covers two main areas:

Capital issues

- capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry for Housing, Communities and Local Government (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.3 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsibe for scrutiny. A treasury management e-learning course is available to all members and further specific training is then arranged as when required.

1.4 Treasury management consultants

The council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

1.5 Treasury management Monitoring

Local and Prudential indicators are used to monitor treasury management activities which are produced monthly and reported at least quarterly to the treasury management panel. The indicators monitored during the year are detailed in **Annex 1.**

2 THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2023/24

The council's capital expenditure plans are the key driver of treasury management activity. The output of these plans is reflected in the prudential indicators, designed to assist Members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure - Prudential Indicator 1

This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are recommended to approve the capital expenditure forecasts. The financing need below excludes other long term liabilities, such as Private Finance Initiative and leasing arrangements which already include borrowing instruments within them. The current capital plans which this strategy supports are detailed in Table 1 below.

Table 1 : Current Capital Programme					
	2019/20 Actual £m	2020/21 Forecast £m	2021/22 Estimated £m	2022/23 Estimated £m	2023/24 Estimated £m
Total Capital Expenditure	**69.78**	**98.36**	**103.76**	**62.56**	**41.80**
Resourced by:					
Capital receipts	2.78	5.65	1.50	1.50	1.50
Capital grants	53.06	67.04	46.71	18.82	10.83
Capital reserves	0.00	0.00	0.00	0.00	0.00
Revenue	1.59	0.04	0.02	0.02	0.02
Borrowing	12.35	25.63	55.53	42.22	29.45
Total resources available	**69.78**	**98.36**	**103.76**	**62.56**	**41.80**

2.2 Affordability Indicators

The previous prudential code required the authority to prepare indicators (prudential indicator 2 and 3) so that the council could assess the affordability of its capital investment plans. Although these are no longer required under the Code, the authority still prepares these former prudential indicators as they provide an indication of the impact of the capital investment plans on the council's overall finances. Council is recommended to approve the following indicators:

Ratio of financing costs to net revenue stream – Former Prudential Indicator 2
This indicator identifies the trend in the cost of capital financing (borrowing and other long-term obligation costs net of investment income) against the council's net revenue stream.

Table 2 : Former Prudential Indicator 2					
	2019/20 Actual	2020/21 Forecast	2021/22 Estimated	2022/23 Estimated	2023/24 Estimated
Ratio	4.31%	3.78%	8.71%	9.03%	7.74%

2.3 The council's borrowing need (the Capital Financing Requirement) – Prudential Indicator 4

Prudential indicator 4 is the council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's underlying borrowing need. Any capital expenditure not immediately paid will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets estimated life.

The CFR does include other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the council's borrowing requirement, these types of schemes include a borrowing facility within them and so the council is not required to separately borrow for these schemes. The council currently has £5.44m of such schemes within the CFR. Council is asked to approve the CFR projections in Table 3 which shows that the council's net borrowing need for the period 2020/21 to 2022/24 is estimated to see an increase of £120.81m. The council's borrowing strategy is set out in section 4.

Table 3 : Analysis of CFR				
	2020/21 Forecast £m	**2021/22 Estimated £m**	**2022/23 Estimated £m**	**2023/24 Estimated £m**
Opening Capital Financing Requirement	**357.16**	**377.65**	**417.36**	**459.44**
Net financing need for the year				
Less MRP and other financing movements	-8.04	-11.73	-13.34	-15.26
Additional borrowing	28.53	51.44	55.42	33.79
Movement in CFR	**20.49**	**39.71**	**42.08**	**18.53**
Closing Capital Financing Requirement	**377.65**	**417.36**	**459.44**	**477.97**

The council has maintained an under-borrowed position, which means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy has been prudent whilst investment returns have remained low and counterparty risk is relatively high compared to the historical position.

3. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The MRP policy (see **Annex 2**) details the council's policies for calculating the annual amount charged to revenue for the repayment of debt.

3.1 Background to Annual MRP Policy Review

A local authority shall determine each financial year an amount, it considers to be prudent, to be set aside for the repayment of accumulated borrowing relating to capital expenditure. This is known as the minimum revenue provision (MRP). There are four ready-made options available for calculating MRP, however authorities do also have discretion to determine their own MRP, other approaches are not ruled out, as long as the authority is properly reasoned and justified utilising them.

3.2 MRP Policy Objectives

- The council shall determine for each financial year an amount of revenue provision for the future repayment of debt that it considers prudent.
- To set aside funds at a rate such that future generations who benefit from the assets are contributing to the associated debt and avoiding the situation of future generations paying for the debt on assets that are no longer useable.

3.3 MRP Policy Review 2020/21

Full Council is required to approve an MRP Statement each year. A review of MRP has been undertaken during 2020/21 in conjunction with Link Asset Services to ensure the Council is continuing to charge an appropriate and prudent MRP following its last review in 2015/16. This review identified that using an annuity basis for calculation from 1 April 2020 is considered an appropriate and prudent approach for the council.

The Policy Statement for 2020/21 is detailed in **Annex 2** containing these revisions.

The MRP policy is regularly monitored, and because the MRP policy has to be approved by Council each year there is an opportunity to revisit the policy, and the prudent approach utilised to set the policy, as required.

4 BORROWING

The resourcing of the capital expenditure plans set out in **Section 2** provides details of the proposed capital expenditure that will be incurred in support of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.1 Current portfolio position

The council is expected to end 2020/21 with borrowing of over 1 year length of approximately £355m against an asset base of approximately £513m, and short term investments of approximately £185m. These will be proactively managed to minimise borrowing costs and maximise investment returns within a robust risk management environment. In 2021/22 estimated annual interest payments are £11.86m (£11.39m budget for 2020/21), with the increase due to planned borrowing included within the budget to take account of capital expenditure. Net investment interest income for 2021/22 is estimated to be £1.82m (£2.74m budget for 2020/21), with the decrease mainly as a result of historically low interest rates. The net budget for capital financing in 2021/22 is £23.67m (£17.70m in 2020/21). By having a proactive approach to managing cash flows and investments it is estimated that investment income of £435k above the bank base rate will be generated.

The council's treasury portfolio position at 31st December 2020 is shown in Table 4; year end forward projections are summarised in Table 5. This shows that the actual external borrowing (the treasury management operations), against the capital borrowing need and operational debt, and highlights any over or under borrowing. It shows that the council's underborrowing position is expected to continue for the medium term.

Table 4 : Borrowing and Investments			
	Borrowing £m	**Investments £m**	**Net Borrowing £m**
31 March 2020	**361.61**	**(214.49)**	**147.12**
31 December 2020	**356.61**	**(254.60)**	**102.01**
Change in year	**(5.00)**	**(40.11)**	**(45.11)**

Table 5 : Borrowing Forward Projections			
Borrowing profile	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**
Under 12 Months	**42.91**	**31.74**	**4.75**
12 Months to within 24 Months	**31.74**	**4.75**	**6.11**
24 Months to within 5 Years	**10.86**	**8.00**	**1.89**
5 Years to within 10 Years	**1.89**	**0.00**	**0.46**
10 Years and Above	**299.27**	**358.44**	**400.20**
Total Borrowing	**386.67**	**402.93**	**413.41**
Operational Debt - Prudential Indicator 6	**453.00**	**478.84**	**477.96**
(Under) / Over Borrowed	**(66.33)**	**(75.91)**	**(64.55)**

Within the prudential indicators, there are a number of key indicators to ensure that the council operates its activities within defined limits. **Prudential Indicator 7** relates to the councils need to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The S151 Officer reports that the council complied with **Prudential Indicator 7** in the current year and does not envisage this indicator being breached in the future. This view takes into account current commitments, existing plans, and the proposals in this budget report. In accordance with **Prudential Indicator 8,** the council has adopted and complies with the CIPFA Code of Practice for Treasury Management.

4.2 Treasury Indicators: Limits to Borrowing Activity

The Authorised Limit for External Debt - Prudential Indicator 5

This prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt, which, whilst not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is based on the requirement to set a statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Full Council is asked to approve the following authorised limit:

Table 6 : Authorised Limit £m - Prudential Indicator 5				
	2020/21 Forecast £m	2021/22 Estimated £m	2022/23 Estimated £m	2023/24 Estimated £m
Total	**458.39**	**498.30**	**526.72**	**525.75**

The Operational Boundary - Prudential Indicator 6

This is the limit beyond which external debt is not normally expected to exceed. It has been calculated by deducting other local authority debt (totalling £8.78m in 2020/21) from the capital financing requirement (CFR) and then adding any expected in year cash-flow borrowing requirements.

Table 7 : Operational Boundary £m - Prudential Indicator 6				
	2020/21 Forecast £m	2021/22 Estimated £m	2022/23 Estimated £m	2023/24 Estimated £m
Total	**425.50**	**453.00**	**478.84**	**477.96**

4.3 Prospects for interest rates

The council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates. The following table gives their central view.

Link Group Interest Rate View	9.11.20													
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

Commentary from Link Asset Services as at December 2020

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31 December 2020: as this has now occurred, these forecasts do not need to be revised.

Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields.

While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years.

Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, we have seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.

- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. It also introduced the following rates for borrowing for different types of capital expenditure: -

    - PWLB Standard Rate is gilt plus 200 basis points (G+200bps)
    - PWLB Certainty Rate is gilt plus 180 basis points (G+180bps)
    - Local Infrastructure Rate is gilt plus 60bps (G+60bps)

- As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for local infrastructure financing, until such time as the review of margins was concluded.

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

- **Borrowing for capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. However, greater value can be obtained in borrowing for shorter maturity periods so the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.

- While this authority will not be able to avoid borrowing to finance new capital expenditure, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

4.4 Borrowing Strategy

Our borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining an appropriate level of cash and a balanced loan portfolio;
- To manage the council's debt maturity profile, ensuring no single future year has a disproportionate level of repayments;
- To maintain a view on current and possible future interest rate movements and borrow accordingly;
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and prudential indicators.

Specific Borrowing Objectives

L1. Full compliance with the Prudential Code - **No Change**.

L2. Average maturity date between 15 and 25 years - **No Change**.

L3a. Financing costs as % of council tax requirement 20% – **No Change**.

L3b. Financing costs as % of tax revenues 12.5% - **No Change**.

L4. Actual debt as a proportion of operational debt range is maintained in the range 65% - 85% - **No Change**.

L5. Average interest rate for internally managed debt will reduce to **3.30%** - **Changed from 3.69% in view of planned borrowing**.

L6. Average interest rate for total debt (including other local authority debt) will be equal to or less than **3.46% - Changed from 3.93% in view of planned Borrowing re-profiling**.

L7. The gearing effect on capital financing estimates of 1% increase in interest rates must not be greater than 5**%** - **No Change**.

The capital borrowing need (CFR) has not been fully funded with loan debt and instead the council's cash which would normally be utilised to support the council's reserves, balances and cash flow has been used to fund the borrowing need as a temporary measure. This strategy has proved prudent as investment returns have been low and current levels of counterparty risk are higher than those seen historically and as such this is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Interim Head of Finance – Corporate, responsible for Treasury Management will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any changes that are required will be reported to the treasury management panel at the next available opportunity.

4.5 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. These limits have been reviewed. The indicators the Council is asked to approve are in Table 8 below (please note there are no changes proposed to the targets approved for 2020/21):

Table 8: Borrowing Limits	2020/21	2021/22	2022/23
Prudential Code Indicator 10 Upper limits on fixed interest rate exposures.	95%	95%	95%
Lower limits on fixed interest rate exposures	40%	40%	40%
Prudential Code Indicator 11 Upper limits on variable interest rate exposures	45%	45%	45%
Lower limits on variable interest rate exposures	0%	0%	0%
Prudential Code Indicator 12 Lower limits for the maturity structure of borrowings:			
Under 12 Months	0%	0%	0%
12 months and within 24 months	0%	0%	0%
24 months and within 5 years	0%	0%	0%
5 years and within 10 years	5%	5%	5%
10 years and above	30%	30%	30%

Table 8 continued: Borrowing Limits	2020/21	2021/22	2022/23
Upper limits for the maturity structure of borrowings:			
Under 12 Months	25%	25%	25%
12 months and within 24 months	25%	25%	25%
24 months and within 5 years	40%	40%	40%
5 years and within 10 years	50%	50%	50%
10 years and above	85%	85%	85%

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

4.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). The reasons for any rescheduling include:

- the generation of cash savings and / or discounted cash flow savings.
- helping to fulfil the treasury strategy.
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All potential rescheduling would require the approval of the treasury management panel.

5. ANNUAL INVESTMENT STRATEGY

5.1 Investment Policy

The council's Investment Policy has regard to the Ministry for Housing, Communities and Local Government's Guidance on Local Government Investments ("the Guidance"), last updated in February 2018, and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the MHCLG and CIPFA and in order to minimise the risk to investments, the council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. Counterparty limits are set through the council’s treasury management practices – schedules. This year the TM policies have been reviewed to ensure that any Banking Regulation changes are appropriately reflected to make certain that the security of the council’s deposits remain the highest priority whilst the council seeks a fair return for its investment. See TMP 1 section on Credit and Counterparty Risk Management paragraph h. TMP 1 also allows the undertaking of non-specified investments on the approval of the S151 Officer e.g. loans to housing associations, property funds and bond issues by other public sector projects etc. The use of property funds can be deemed to be capital expenditure, and as such in some instances will be an application (spending) of capital resources. This Authority will undertake due diligence and appropriate checks, and if required seek guidance, on the status of any fund it may consider using.

5.2 Creditworthiness Policy

Approved Organisations for Investments

Only organisations that are eligible to receive investments from local authorities may be used. The council’s credit worthiness policy forms part of this document for review and approval.

5.3 The Monitoring of Investment Counterparties

The credit rating and financial resilience of counter parties are monitored regularly. The council receives credit rating information from Link Asset Services as and when ratings change and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list by the Interim Head of Finance - Corporate and / or Finance Manager – Technical Accounting and Treasury management, and if required new counterparties which meet the criteria will be added to the list.

5.4 Investment strategy

The general policy objective for this council is for the prudent investment of its treasury balances. The council’s investment priorities are:

- The security of capital;
- Liquidity of its investments;
- All investments will be in sterling;
- The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates.

Investment returns expectations.

Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

Average earnings in each year	
2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%
Long term later years	2.00%

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.

- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

Negative investment rates

While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

5.5 Specific Investment Objectives

Specific investment objectives are set out below.

L8. Difference between average interest rate received on short-term interest (STI) versus at call interest rate on main bank account – comparing investment performance of proactively managing cash balances against doing nothing – 50% - **no change**

L9. Average interest rate received on:
At call investments – 0.05% - **a change from 0.60%**
Short-term investments – 0.25% - **a change from 1.10%**
Long-term investments – 0.80%% - **a change from 1.65%**
Property Funds – 3.82% - **a change from 3.90%**

L10 Average rate on at call and short-term investments will be equal to or greater than 0.24% - **a change from 1.04%**

L11 Average interest rate received on all investments:
Including Property Funds – 0.68% - **a change from 1.59%**
Excluding Property Funds – 0.27% - **a change from 1.11%**

L12 % daily bank balances within a target range of 99% - **no change**.

Should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end.

The Council is asked to approve Prudential Indicator 13. Treasury indicator and limit:

Prudential Indicator 13 Maximum principal sums invested > 365 days			
£m	**2020/21**	**2021/22**	**2022/23**
Principal sums invested > 365 days	£55m	£55m	£55m

5.6 Additional disclosures required within the statutory guidance on local government investments

The updated statutory guidance on local government investments, which was issued in February 2018, identifies specific disclosures that the authority should identify within its Investment Strategy for all investments that it holds. The required disclosures for investments held by the authority are set out at Annex 3.

5.7 End of year investment report

At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

IN YEAR TREASURY MANAGEMENT INDICATORS TO BE MONITORED

No.	Indicator	2020/21 Forecast	2021/22 Estimated	2022/23 Estimated	2023/24 Estimated
PRL 1	a. Capital expenditure - Council Resources - £m	67.04	59.51	26.82	14.83
	b. Capital expenditure - External Resources - £m	31.32	44.25	35.74	26.97
Former PRL 2	Estimates of the ratio of financing costs to the net revenue stream	3.78%	8.71%	9.03%	7.74%
Former PRL 3	Incremental impact of capital investment decisions on council tax	£ 0.28	£ 52.43	£ 39.86	£ 27.80
L. 3	a. Financing costs as % of Council Tax Requirement	7%	20%	20%	20%
	b. Financing costs as % of Tax Revenues	4.50%	12.50%	12.50%	12.50%
L. 4	Actual debt v operational debt within the following range	83.08%	85.00%	85.00%	85.00%
L. 5	Average interest rate of debt excluding other local authority debt	3.40%	3.30%	3.37%	3.40%
L. 6	Average interest rate of debt including other local authority debt	3.49%	3.46%	3.50%	3.50%
L. 9	Average interest rate received on:				
	a. At Call Investments	0.12%	0.05%	0.05%	0.05%
	b. Short Term Investments	0.79%	0.25%	0.25%	0.25%
	c. Long Term Investments	1.71%	0.80%	0.80%	0.80%
	d. Property Fund	3.82%	3.82%	3.82%	3.82%
L. 10	Average interest rate on all ST investments (ST and At Call)	0.51%	0.24%	0.24%	0.24%
L. 11	a. Average interest rate on all investments (excluding property fund)	0.65%	0.27%	0.27%	0.27%
	b. Average interest rate on all investments (including property fund)	1.03%	0.68%	0.66%	0.67%
L. 12	% daily bank balances within target range	100%	99%	99%	99%

The Minimum Revenue Provision (MRP) Policy applied from 2015/16 until 2019/20 was as follows:

Under the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2010, local authorities have a duty to produce an annual statement on its policy for making a minimum revenue provision (MRP).

For the financial years **2008/09** onwards the authority will be adopting the following policies in determining the MRP:

1. For any capital expenditure carried out prior to 31 March 2008 or financed by supported borrowing capital expenditure, the authority will be charging MRP at 2% of the balance at 31 March 2013 (which has been adjusted as per the 2003 regulations, i.e. net of Adjustment A), fixed at the same cash value so that the whole debt is repaid after 50 years.

2. For any capital expenditure carried out after 1 April 2008 being financed by borrowing the authority will be adopting the asset life method (option 3). This is where MRP will be based on the capital expenditure divided by a determined asset life or profile of benefits to give annual instalments. The annual instalment may be calculated by the equal instalment method, annuity method or other methods as justified by the circumstances of the case at the discretion of the S151 Officer.

3. The authority will treat the asset life as commencing in the year in which the asset first becomes operationally available. Noting that in accordance with the regulations the authority may postpone the beginning of the associated MRP until the financial year following the one in which the asset becomes operational, there will be an annual adjustment for Assets Under Construction.

4. In all years, the CFR for the purposes of the MRP calculation will be adjusted for other local authority transferred debt.

5. The Section 151 officer shall on an annual basis review the level of MRP to be charged, as calculated as per paragraphs 1, 2 and 3 above to determine if this is at a level, which is considered prudent. Dependant on this review the Section 151 officer shall be able to adjust the MRP charge (the total cumulative adjustment will never exceed the calculated CFR variance of £24.6m identified when reviewing the current MRP policy during 2015/16). The amount of MRP charged shall not be less than zero in any financial year.

It is proposed that the Minimum Revenue Provision from 2020/21 onwards will be:

Under the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2018, local authorities have a duty to produce an annual statement on its policy for making a minimum revenue provision (MRP).

For the financial years **2020/21** onwards the authority will be adopting the following policies in determining the MRP:

1. For all existing capital expenditure balances within the Capital Financing Requirement (CFR) held as at 1 April 2020 MRP will be applied on an annuity basis with the write

down period determined by asset lives up to the maximum allowable by the regulations set out above.

2. For all capital expenditure incurred from 1 April 2020 MRP will be applied on an annuity basis with the write down period determined by asset lives up to the maximum allowable by the regulations set out above.

3. The authority will treat the asset life as commencing in the year in which the asset first becomes operationally available. Noting that in accordance with the regulations the authority may postpone the beginning of the associated MRP until the financial year following the one in which the asset becomes operational, there will be an annual adjustment for Assets Under Construction.

4. If determined by the S151 Officer the annual instalment may be calculated by the equal instalment method or other appropriate methods dependant up on the nature of the capital expenditure.

5. In all years, the CFR for the purposes of the MRP calculation will be adjusted for other local authority transferred debt, finance lease and Private Finance Initiative (PFI).

6. The S151 officer shall on an annual basis review the level of MRP to be charged, as calculated as per paragraphs 1, 2 and 3 above to determine if this is at a level, which is considered prudent. The amount of MRP charged shall not be less than zero in any financial year.

ADDITIONAL DISCLOSURES REQUIRED WITHIN STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS

The updated statutory guidance on local government investments, which was issued in February 2018, identifies specific disclosures that the authority should identify within its Investment Strategy for all investments that it holds.

The required disclosures for investments held by the authority are set out below.

1. Types of Investment

1.1 Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes;
- Other investments.

2. Contribution of investments toward the service delivery objectives and / or the place making role of the local authority

2.1 For each type of investment the disclosure guidelines require the authority to identify the contribution that the investments make. For Walsall's investments details of this contribution are set out below.

Investments held for treasury management purposes
The contribution that these investments make to the objectives of the local authority is to support effective treasury management activities, with the requirement to prioritise Security, Liquidity and Yield in that order of importance.

Other Investments
Details of all Other Investments that the authority holds, and the contribution that each makes to the service delivery objectives and / or the place making role of the local authority is set out below:

i. Investment Properties

The acquisition of the Saddlers Shopping Centre provided the council with an opportunity to add to an existing but small investment portfolio. It is intended that further investment opportunities will be considered in the future following the completion of the review of the investment portfolio as part of the asset management improvement plan (asset management planning).

The potential income generation from The Saddlers Centre will provide additional revenue (after the capital is repaid) to the council. However the acquisition of the Saddlers Centre was not undertaken solely for the purposes of supporting the council's revenue position. The opportunity for the council to purchase a significant land interest in the middle of Walsall Town Centre and adjacent to Walsall Rail Station was of importance as the council recognises that regeneration activity in the Town Centre and beyond may well have to be public sector led.

Likewise the redevelopment of the Old Square Shopping Centre represented significant movement towards the delivery of the Council's aspirations for the regeneration of St Matthew's Quarter. In particularly difficult market conditions for the retail sector, the redevelopment of the shopping centre improved Walsall's retail offer and helped to cement the town centre's position as an important sub-regional centre. The new retail floor space delivered through the first phase of the scheme provided over 4,100 sq metres/44,000 sq ft of floorspace for a new Primark store and over 900 sq metres/9,800 sq ft of floorspace for a new Co-op food store. These two new stores provided around 150 new jobs in the town centre, resulted annual business rate and rental income, and increased footfall and expenditure in the town centre, making it a more attractive destination for shoppers, retailers and other investors.

3. Use of Indicators

3.1 The disclosure guidelines require the authority to produce relevant indicators for investments to support the ability of the public to assess the level of risk exposure. These are provided below for Walsall's investments.

Investments held for treasury management purposes
These investments are funded through the council's cash balances. The authorities published Treasury Management and Investment Strategy already includes a range of Prudential and Local indicators that support the assessment of performance management and risk exposure in this area.

Additionally the disclosure guidelines recommend that the authority to also publish the following two indicators.

Indicator	Description	Ratio (2020/21 Forecast)	Ratio (2021/22 Estimate)
Debt to Net Service Expenditure (NSE) Ratio	Gross debt as a percentage of net service expenditure (where net service expenditure is a proxy for the size and financial strength of a local authority).	1.60:1	1.80:1
Commercial income to NSE Ratio	A measure of the authority's dependence on non-fees and charges income to deliver core services (where fees and charges are netted off gross expenditure to calculate NSE).	0.004:1	0.004:1

Other Investments
For Other Investments, the disclosure guidelines also require the authority to provide relevant indicators only where these investments are funded by borrowing – again to allow for assessment against the associated additional debt servicing costs taken on. As such, for any 'Other Investments' held by Walsall that are funded in this way, relevant indicators are provided below.

Investment Property – Saddlers Centre

Indicator	Description	Ratio (2019/20 Actual)	Ratio (2020/21 Forecast)
Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.	£1.214m	£1.274m
Vacancy levels and Tenant exposures for non-financial investments	Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible.	10 Units	9 Units

4. Security, Liquidity and Yield

4.1 Prudent investments will consider security, liquidity and yield in that order with the underlying objectives being:

- **Security** – protecting the capital sum invested from loss
- **Liquidity** – ensuring the funds invested are available when needed
- **Yield** – once security and liquidity are determined it is then reasonable to consider what yield can be obtained

4.2 When entering into **'Investments held for treasury management purposes'** local authorities always consider security, liquidity and yield (in that order) and the authorities Treasury Management Policies clearly set out and support this requirement.

4.3 When entering into **'Other Investments'** local authorities should consider the balance between security, liquidity and yield based on their risk appetite and the contribution that the investment will make toward service delivery objectives and / or the place making role of the local authority.

4.4 **Security**

Investments held for treasury management purposes
All investments that the authority currently holds for treasury management purposes are defined as financial investments, and the authorities Treasury Management policies clearly define how credit worthiness and high credit quality will be determined. The policies also set out procedures for determining which categories of investment may be used, those which have already been defined as suitable for use, and the upper limits for investment with each counterparty / investment area.

Other Investments
All 'Other Investments' that the authority currently holds are defined as non-financial investments, which are non-financial assets that the authority holds primarily or partially to generate a profit.

Where a local authority holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested. As such the disclosure guidelines require authorities to consider whether the asset retains sufficient value to provide security of investment.

Therefore details for each of the ‘Other Investments’ held by the authority are set out below:

i. Investment Property – Saddlers Centre
A fair value assessment has been obtained within the past twelve months. Whilst this shows a reduction in valuation the authorities original investment decision anticipated a minimum investment period of 5 years, therefore the valuation will continue to be reviewed over the remainder of this period to inform a decision regarding any need for elongation of the investment period.

ii. Investment Property – Primark / Co-Op Shopping Units Development
A fair value assessment has been obtained within the past twelve months. This shows that the underlying assets provide security for capital investment.

Risk Assessment of Investments

Investments held for treasury management purposes
The authorities Treasury Management policies clearly define how risk for these types of investment will be assessed, including details of external advisors that may be used, the use of credit ratings and how often these are reviewed and additional sources of information that will support the underlying assessment of risk that may be attributable to the investment.

Other Investments
Normally where the council enters into Other Investments it is using capital to invest in an asset to primarily or partially to generate a return / profit. This is normally in the form of an investment in an Investment Property that has a tenant / tenants who pay rents to the authority as owner of the property (the landlord).

As such the risk assessment for investments of this type need to ensure that the tenant is of good financial standing and the property and lease meet certain standards such as being in a commercially popular location and having a number of years remaining on the lease providing a certain and contractually secure rental income into the future.

Where the council funds the purchase of the property by borrowing money, to deliver a profit the rental income paid by the tenant must exceed the cost of repaying the borrowed money each year.

The annual surplus then supports the council’s budget position, and enables the council to continue to provide services for local people.

Historically, property has proved to be one of, if not the best, investment in terms of capital growth over the last 50 years. If the council retains the ownership of the property for long term (20 years plus), and the property is managed and maintained appropriately, it would normally expect to see an increase in the value of the property as well as a net annual surplus of revenue.

Acquisition of investment properties to generate an income stream can also support the council in delivering its other priorities, such as in its place making role or in the support of regeneration activities.

The reasons for buying and owning property investments are therefore primarily (and in this order):

- Economic development, place making and regeneration activity in Walsall;
- Market and economic opportunity – the right asset at the right time;
- Financial gain to fund / support wider council services to local people.

Operating in the Property Investment Market

Investment property will usually have a commercial occupier, paying a rent to the landlord. The better the covenant of the occupier, the more secure the rental income, the better the investment value and the yield obtainable in the open market. A tenant with a strong covenant and a long lease (10 years plus) with no break clause and with responsibility for repairing and maintaining the property, is the best type of investment.

The UK commercial property investment market is very well established, attracts global investors and is defined as a 'mature asset class'. It has a wide range of new and established investors including institutions, pension funds, specialist property companies, charities, family trusts and individuals.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as "…used solely to earn rentals or for capital appreciation or both…". Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.

Property prices and returns are a function of the property type, condition, use and location, together with the lease structure and covenant strength of the tenant (in the case of a let property). Lease contracts will reflect all liability and outgoings being the responsibility of the tenant.

What should be sought by the council are property investments which produce the best returns possible, whilst carrying an acceptable level of risk. The main mitigation measure in managing risk is to target investments which are let to 'blue chip' tenants, on relatively long leases with little or no landlord management involvement – typically the tenant is responsible for all property costs such as repair, maintenance and outgoings. In this way, the council will be primarily buying a secure income stream and the buildings themselves become almost secondary considerations.

Any property asset coming onto the market could be for a number of reasons. Investors seek to buy and sell in many different circumstances - rebalancing their portfolio, seeking cash to influence balance sheet or share price, requirement for a more "liquid" asset, short term investment taking advantage of small capital growth, moving into different property classes, etc.

Following consultation during 2020, HM Treasury have now revised access requirements for local authorities seeking to access borrowing from the Public Works and Loans Board (PWLB). These revisions mean that Local Authorities will not be able to access PWLB borrowing to buy investment property with the primary aim of generating yield, and specifically to access PWLB funding authorities will need to submit three year capital plans to PWLB, with the S151 officer confirming that there is no intention to buy investment properties primarily for yield at any point within those three years.

If there are any intentions by the authority to buy investment properties primarily for yield within the three year capital programme then PWLB will not be able to lend to the authority for the period of that programme. HM Treasury have also confirmed that where local authorities do seek to pursue debt-for-yield projects which they finance in other ways, such as through the use of internal cash balances or borrowing from other financial institutions, they would then not be able to access PWLB borrowing to refinance this element of debt going forwards.

As interest rates on PWLB borrowing are normally more favourable than other forms of borrowing, being unable to access PWLB and having to seek borrowing from other financial institutions is therefore likely to increase the overall revenue costs required to fund the elements of the councils capital programme which are funded from borrowing – for example every 1% increase in interest costs on a three year capital programme including circa £120.00m of capital spending funded from borrowing (similar to the level included within this report) would add £1.20m of additional ongoing revenue costs per year by the end of the three year period.

Priorities and Risk Assessment in Property Investment

The priorities for the council when acquiring property interests for investment purposes are (in order of importance):

- **Covenant Strength** - in the case of a let property, the quality of the tenant and, more importantly, their ability to pay the rent on time and in full. The council's primary reason and objective for this strategy is financial gain;

- **Lease length** - in the case of a let property, the unexpired length of the term of the lease or a tenant's break clause is of key importance in ensuring that the landlord's revenue stream is uninterrupted. The council will take into consideration the risks associated with a tenant vacating and the potential to attract good quality replacements tenants at acceptable rental levels. Generally occupiers are moving away from 25 year leases which were more common back in the late twentieth century with 10 to 15 years now becoming more acceptable unless some form of lease break provisions are included in favour of the tenant;

- **Rate of return** - the rate of return from the property (for example through annual rental incomes) will normally need to be equivalent or better to the returns that could be earned from alternate investments, such as placing monies on deposit, following adjustment for risks and potential growth. The property will also normally need to produce an annual return in excess of the cost of PWLB borrowing (interest only);

- **Risk** – rate of return is one side of the coin; risk is the other. In general, the higher the sought level of return from an investment, the higher level of risk that it carries. For example, if a property is let at an attractive rent which would create a good return, it could still be risky if the tenant does not possess good covenant strength and could default at any time;

- **Lease Terms** – The terms of leases vary and even those held on an "Institutionally acceptable basis" can be very different in nature particularly as such leases have developed over time. The council is seeking to invest in modern leases with full repairing and insuring obligations on the Tenant and a full Service Charge recovery to include any management fees where applicable. This will ensure a certain income / return to the council;

- **Growth** - property has the potential for both revenue and capital growth. The council will consider that potential when assessing the strength of the investment opportunity. Property values can fall as well as rise and mechanisms to minimise revenue reductions should be identified. Generally the nature of standard, institutional leases is that rent review clauses are upward only which protects landlords from any downward pressure on rental income giving some security as to the level of income;

- **Location** - should a tenant default or vacate, the location of the property is the key factor in influencing the ability to re-let and find another tenant. Location is also important when considering future redevelopment or regeneration opportunities. Ideally the council will be able to undertake inspections and to deal with any management issues without the need to employ specialists or agents. Preference should be given to properties located within Walsall, then to the wider west midlands geographic location. This does not prevent investment outside of Walsall, subject to the appropriate justification and business case and correct governance procedure;

- **Sector** - information as to the sector of use of the property (e.g. office, retail, industrial, leisure) will assist in deciding on the risks associated with specific properties and the mix of sectors within the portfolio. Additionally the council, as a public body, may take the view that it does not wish to invest in properties where the occupiers are generally seen to be undertaking a business which is contrary to its corporate values;

- **Building Age and Specification** - in the case of a let property, whilst the council, as an investor, may be principally concerned with the characteristics of the tenant and lease, the age and specification of the property will also affect the ability of the council to let or sell the property in the future. It must also be taken into consideration in respect of the cost of protecting the investment. An example of this would be the undertaking of repairs and refurbishment if the cost cannot be fully recovered from the tenant;

- **Use of external advisors** – where required the Council will utilise appropriately qualified and experienced external advisors to support decisions regarding property investments.

In summary, the strategy for acquiring investment property assets is therefore to:

- Seek property let to tenants who are of strong covenant strength and sound financial standing with at least more than five years remaining on an FRI lease;
- Minimise risk;
- Maximise rental income and minimise management costs to ensure the best return is generated;
- Identify opportunities for future growth, redevelopment or regeneration via property in commercially popular or development areas;
- Prioritise Walsall and then the wider west Midlands geographic location;
- Pursue opportunities to increase returns and improve the investment value of commercial assets.

4.5 **Liquidity**

Investments held for treasury management purposes
For the treasury management investments held by the authority, the Treasury Management Policies set out how the authority will determine the periods for which funds may be prudently committed and the maximum periods that will be utilised.

Other Investments
For the Other Investments held by the authority, these are all currently investment properties. The council recognises that if it requires access to its investment these assets can take a considerable period to sell in certain market conditions. Therefore these investments are all considered to be medium to long term, with a fair value assessment undertaken on an annual basis which is used to inform the point at which it may be prudent for the authority to consider selling assets and repaying any associated borrowing.

5. Proportionality

5.1 The scale of the 'Other Investments' currently, or planned to be, held by the authority, and any assumed associated profit to be generated by these investments does not place the authority in a position where it is dependent on this activity to achieve a balanced revenue budget.

6. Borrowing In Advance of Need

6.1 The councils Treasury Management Strategy clearly sets out that it will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

7. Capacity, Skills and Culture

Knowledge & Skills

7.1 The authority's treasury management activity is managed by a team of professionally qualified accountants, who actively undertake Continuous Professional Development (CPD) on an ongoing basis to keep abreast of new developments and develop additional skills. They also have extensive Local Government finance experience between them.

7.2 The council's S151 Officer is the officer with overall responsibility for treasury activities. They too are a professionally qualified accountant undertaking an ongoing CPD programme.

7.3 Any commercial projects that the council seek to enter into will also be supported by teams from all required professional disciplines from across the council, and external professional advice will also be sought if needed.

7.4 Internal and external training is offered to members on an ongoing basis to ensure they have up to date skills to make commercial investment and treasury decisions.

7.5 The council's Treasury Management Panel meet regularly to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

7.6 The knowledge and skills of officers and members are commensurate with the council's risk appetite.

Commercial Activity and Governance

7.7 The council has a strong governance framework that goes beyond the regulatory codes. This includes a Treasury Management Panel (TMP) in addition to the Audit Committee and reporting to Cabinet and Council. The TMP is made up of senior council finance officers who meet to discuss treasury management performance, development of policy and identification of potential new investment products and the detail relating to them.

7.8 Due diligence is of paramount importance. All of the council's commercial investments have individual business cases that are subject to thorough risk assessment. Where appropriate to the size and scale of the project independent technical and legal reviews will also be considered.

7.9 Ongoing performance monitoring for all commercial schemes is also undertaken and reported to relevant members and senior officers on a regular basis.

7.10 The Council also seeks to ensure that all commercial schemes are fully aligned with priority outcomes set out within the Corporate Plan.

7.11 Any decisions taken on commercial investments are supported by the approach to non-financial investments and risk assessment process set out within this Treasury Management and Investment Strategy, with any individuals involved in negotiation of commercials deals being made aware of these principles and the prudential and regulatory regime within which local authorities operate.

Other Useful Information

8. Links to other documents that provide useful information in relation to the disclosures set out within this annex are set out below:

Walsall Council 2019/20 Statement of Accounts

Walsall Council 2021/22 Capital Strategy

ECONOMIC BACKGROUND

This Economic Commentary is based upon information provided by our Treasury Management Advisors – Link Asset Services.

- **UK.** The Bank of England's Monetary Policy Committee (MPC) kept Bank Rate unchanged on 5th November. However, it revised its economic forecasts to take account of a second national lockdown from 5th November to 2nd December which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE announced in March to June, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".

- Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:
  - The economy would recover to reach its pre-pandemic level in Q1 2022
  - The Bank also expects there to be excess demand in the economy by Q4 2022.
  - CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".

- Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.

- One key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.

- However, the minutes did contain several references to downside risks. The MPC reiterated that the "recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside". It also said "the risk of a more persistent period of elevated unemployment remained material". Downside risks could well include severe restrictions remaining in place in some form during the rest of

December and most of January too. Upside risks included the early roll out of effective vaccines.

- We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9th November was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60m doses on order and is aiming to vaccinate at a rate of 2m people per week starting in January, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June).

- These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased, beginning possibly in Q2 2021 once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.

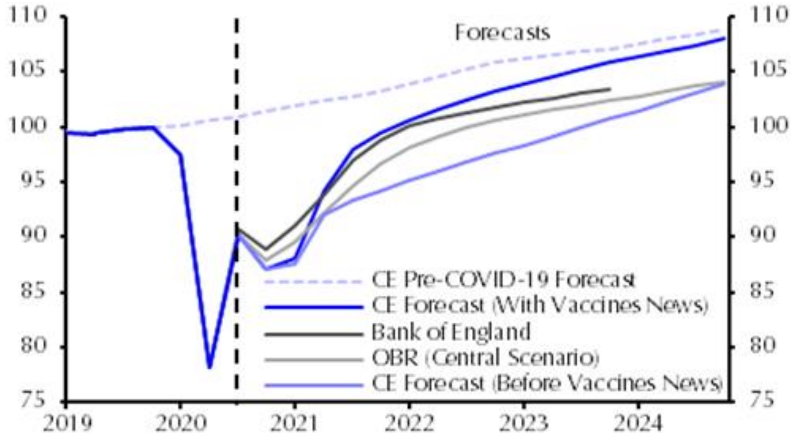
- Public borrowing is now forecast by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PWLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

- Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of

+16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5th November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

- December 2020 / January 2021. Since then, there has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5 January 2021 to national lockdowns of various initial lengths in each of the four nations as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

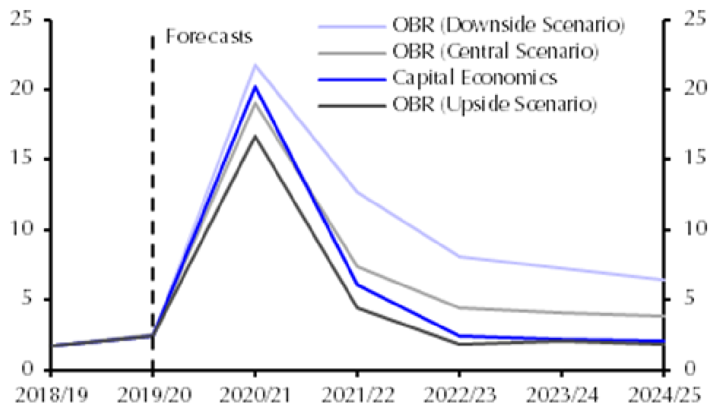
- Chart: Level of real GDP (Q4 2019 = 100)



(if unable to print in colour…... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

- This recovery of growth which eliminates the effects of the pandemic by about the middle of the decade would have major repercussions for public finances as it would be consistent with the government deficit falling to 2.5% of GDP without any tax increases. This would be in line with the OBR's most optimistic forecast in the graph below, rather than their current central scenario which predicts a 4% deficit due to assuming much slower growth. However, Capital Economics forecasts assume that there is a reasonable Brexit deal and also that politicians do not raise taxes or embark on major austerity measures and so, (perversely!), depress economic growth and recovery.

- Chart: Public Sector Net Borrowing (As a % of GDP)



(if unable to print in colour…... the key describing each line in the above graph is in sequential order from top to bottom in parallel with the lines in the graph.

- There will still be some painful longer term adjustments as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever, even if vaccines are fully successful in overcoming the current virus. There is also likely to be a reversal of globalisation as this crisis has exposed how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

- Brexit. While the UK has been gripped by the long running saga of whether or not a deal would be made by 31 December 2020, the final agreement on 24 December 2020, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

- Monetary Policy Committee meeting of 17 December 2020. All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, "Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case." So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30 April 2021 until 31 October 2021. (The MPC had assumed that a Brexit deal would be agreed.)

  Fiscal policy. In the same week as the MPC meeting, the Chancellor made a series of announcements to provide further support to the economy: -

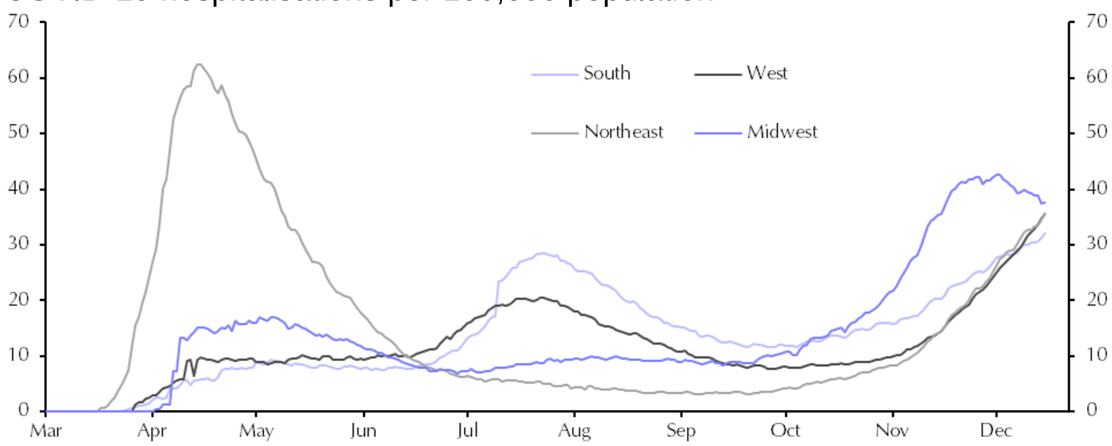
    - An extension of the COVID-19 loan schemes from the end of January 2021 to the end of March.
    - The furlough scheme was lengthened from the end of March to the end of April.
    - The Budget on 3 March 2021 will lay out the "next phase of the plan to tackle the virus and protect jobs". This does not sound like tax rises are imminent, (which could hold back the speed of economic recovery).

- The Financial Policy Committee (FPC) report on 6 August 2020 revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

- US. The result of the November elections meant that while the Democrats gained the presidency and a majority in the House of Representatives, it looks as if the Republicans could retain their slim majority in the Senate provided they keep hold of two key seats in Georgia in elections in early January. If those two seats do swing to the Democrats, they will then control both Houses and President Biden will consequently have a free hand to determine policy and to implement his election manifesto.

- The economy had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave. While the first wave in March and April was concentrated in the Northeast, and the second wave in the South and West, the third wave in the Midwest looks as if it now abating. However, it also looks as if the virus is rising again in the rest of the country. The latest upturn poses a threat that the recovery in the economy could stall. This is the single biggest downside risk to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

- COVID-19 hospitalisations per 100,000 population



- The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November and retail sales dropping back. The economy is set for further weakness in December and into the spring. However, a $900bn fiscal stimulus deal passed by Congress in late December will limit the downside through measures which included a second round of direct payments to households worth $600 per person and a three-month extension of enhanced unemployment insurance (including a $300 weekly top-up payment for all claimants). GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

- After Chair Jerome Powell unveiled the Fed's adoption of a flexible average inflation target in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. The FOMC’s updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- The Fed’s meeting on 5 November 2020 was unremarkable - but at a politically sensitive time around the elections. At its 16 December 2020 meeting the Fed tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping Treasury yields low – which will also have an influence on gilt yields in this country.

- EU. In early December, the figures for Q3 GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Q2, GDP was 15% below its pre-pandemic level. But in Q3 the economy grew by 12.5% q/q leaving GDP down by “only” 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Q4 and in Q1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism. The €750bn fiscal support package eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support, and quickly enough, to make an appreciable difference in the countries most affected by the first wave.

- With inflation expected to be unlikely to get much above 1% over the next two years, the ECB has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

- China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. At the same time, China's economy has benefited from the shift towards online spending by consumers in developed markets. These factors help to explain its comparative outperformance compared to western economies. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns in the longer term. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

- Japan. A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

- World growth. World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

- Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.

GLOSSARY OF TERMS

TERM	DEFINITION
Authorised Limit	Level of debt set by the council that must not be exceeded.
Bond	A government or public company's document undertaking to repay borrowed money usually with a fixed rate of interest.
Borrowing	Obtaining money for temporary use that has to be repaid.
Capital expenditure	Expenditure on major items e.g. land and buildings, which adds to and not merely maintains the value of existing fixed assets.
Capital grants	Specific targeted grants to cover capital expenditure.
Capital receipts	The proceeds from the disposal of land or other assets. Capital receipts can be used to fund new capital expenditure but cannot be used to finance revenue expenditure
Cash flow Management	The management of the authority's receipts and payments to ensure the authority can meet its financial obligations.
CIPFA	The chartered institute of public finance and accountancy
Counter party limits	Maximum amount that the council may lend to other institutions will vary according to size and credit rating of other intuitions.
Dividends	Sum to be payable as interest on loan.
ECB	European Central Bank
EU	European Union
GDP	Gross Domestic Product – the total market value of all final goods and services produced in a country in a given year, equal to total consumer investment and government spending, plus the value of exports minus the value of imports.
Investments	The employment of money with the aim of receiving a return.
Liquidity	How easily an asset including investments may be converted to cash.
Long Term Borrowing	Borrowing of money for a term greater than one year.
Long Term Liabilities	Amounts owed by the council greater than 12 months old.
Market convention	The rules and regulations by which all brokers and dealers should abide by. It includes standards of practice and calculation conventions for interest. They are defined in the London Code of Conduct ("The London Code") published by the Bank of England.

TERM	DEFINITION
MHCLG	The Ministry for Housing, Communities and Local Government
MPC	Monetary Policy Committee – group that sets the bank base rate for the Bank of England
OLA	Other Local Authorities
Temporary borrowing	Borrowing of money for a term of up to 365 days.
Treasury management	The management of the local authority's cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return consistent with those risks.
Treasury Policy Statement	A statement of key policies that an organisation follows in pursuit of effective treasury management, including borrowing limits and strategy.
Variable debt	This is money that has been borrowed at a variable interest rate, and as such is subject to interest rate changes.
Unsupported borrowing	Borrowing taken through the remit of the Prudential Code for which the council will not receive any government funding and will fund from own resources.

Section B - Part 2 – Treasury Management

B: Treasury Management Policy Statement

The CIPFA Code recommends that authorities should:

i. Put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

ii. Policies and practices should make clear that the effective management of risk, having regard to return, is a prime objective of the treasury management activities.

iii. Acknowledge that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, the treasury management policies and practices should reflect this.

In order to do this, the council should once again adopt a Treasury Management Policy Statement as shown below and create and adopt Treasury Management Practices (TMPs):

- A Treasury Management Policy Statement, stating policies and objectives of its treasury management activities.
- Suitable TMPs, setting out the manner in which the council will seek to achieve those policies and objectives, prescribing how the council will manage and control those activities.
- The contents of the Policy Statement and TMPs will follow the recommendations contained in section 6 and 7 of the Code, subject only to amendment where necessary to reflect this council's particular circumstances.

There are amendments to the responsible posts under delegated powers which reflect changes to the staffing structure of the finance service.

THE TREASURY MANAGEMENT PRACTICES 2020/21 & 2021/22 ONWARDS

Treasury Management Policy

Walsall Council defines its treasury management activities as:
"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks."

Walsall Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

Walsall Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principle of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

TREASURY MANAGEMENT FUNCTION
The approved activities of the treasury management function are as follows: **Activities:** • Borrowing; • Investment of temporary surplus funds and other balances; • Setting and reviewing the Treasury Management Strategy; • Cash flow management; • Management of school investments; • Management of debt and investments, including rescheduling, management of interest rate exposure and maturity profile management.

High Level Policies for Borrowing and Investment

The Treasury Management Strategy sets out the detailed policies that the organisation will follow in operating its treasury management function. The high level policies set out within the Strategy that relate to borrowing (section 4.4 of the strategy) and investments (section 5.5 of the Strategy) are as follows:

Borrowing Strategy

Walsall Councils borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio;
- To manage the council's debt maturity profile, ensuring no single future year has a disproportionate level of repayments;

- To maintain a view on current and possible future interest rate movements and borrow accordingly;
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and prudential indicators.

Investment Strategy

The underlying policy objective for Walsall Council is for the prudent investment of its treasury balances. The council's investment priorities are:

- The security of capital;
- Liquidity of its investments;
- All investments will be in sterling;
- The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

Treasury Management Practices

TMP 1 – TREASURY RISK MANAGEMENT
The S151 Officer shall: • Ensure that appropriate arrangements are in place for the design; implementation and monitoring of all arrangements related to the identification, management and control of treasury management risk. • Report at least annually on the adequacy/suitability thereof, and report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the council's objectives in this respect. • In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives will be set out in schedules.
Liquidity Objective: Adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable the council at all times to have the level of funds available which are necessary for the achievement of its service objectives.
Interest Rates Objective: Management of the council's exposure to fluctuations in interest rates with a view to containment of its net interest costs.
Exchange Rates Objective: Management of the council's exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.
Inflation Objective: Control of exposure to the effects of inflation, in so far as they can be identified as impacting on treasury management activities.
Credit and Counterparties Objective: To secure the principal sums invested over the period of the investment. A counterparty list will be maintained and the named organisations and limits will reflect a prudent attitude towards organisations with whom funds may be deposited.

Rescheduling and Refinancing of Debt <u>Objective:</u> All borrowing, private financing and partnership arrangements will be negotiated, structured and documented. The maturity profile of debt will be managed with a view to obtaining terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time. Relationships with counterparties in these transactions will be managed in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.
Legal and Regulatory <u>Objective</u>: Compliance with statutory powers and regulatory requirements for all treasury management activities. The council will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 - *Credit and Counterparty risk management,* the council will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may affect with the organisation, particularly with regard to duty of care and fees charged. The council will seek to minimise the impact of future legislative or regulatory changes on its treasury management activities so far as it is reasonably able to do so.
Fraud, Error and Corruption, and Contingency Management <u>Objective</u>: Identification of circumstances which may expose the council to the risk of loss through fraud, corruption or other eventualities in its treasury management dealings. Employ suitable systems and procedures and maintain effective contingency management arrangements.
Market Risk <u>Objective</u>: Protection from adverse market fluctuations in the value of the principal sums invested over the period of the investment.
Additional Level Risk / Reward Objective: - to ensure that the risk/ reward balance is appropriate and consistent with the risk appetite of the council the following aims are managed:- ▪ to have a large proportion of debt on fixed rates to provide stability; ▪ to have investments over a range of period lengths; ▪ to use UK highly rated banks or strong building societies; ▪ to obtain a fair return without any undue risk.
Credit and Counterparty Risk Management The Interim Head of Finance - Corporate will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 - Reporting Requirements and Management Information Arrangements. Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership

financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests over the period of the investment. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 - Approved Instruments Methods And Techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Policy on the use of credit risk analysis techniques.

a. The council will use credit criteria in order to select creditworthy counterparties for placing investments with.
b. Credit ratings will be used as supplied from rating agencies – Fitch, Moody's and S&P.

c. Treasury management advisors will provide regular updates of changes to all ratings relevant to the council.
d. The Interim Head of Finance - Corporate and Finance manager – Technical Accounting and Treasury Management, as responsible officers, will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

   The primary credit rating agencies Primary Credit Rating Scales, which are used, are shown below.

<table>
<tr><th colspan="15">Primary Credit Rating Agencies Credit Rating Scales</th></tr>
<tr><th></th><th colspan="4">Moody’s</th><th colspan="5">S&P</th><th colspan="5">Fitch</th></tr>
<tr><th></th><th>Long Term</th><th colspan="3">Short Term</th><th>Long Term</th><th colspan="4">Short Term</th><th>Long Term</th><th colspan="4">Short Term</th></tr>
<tr><td rowspan="10">Investment Grade</td><td>Aaa</td><td rowspan="7">P1</td><td></td><td></td><td>AAA</td><td rowspan="5">A-1+</td><td></td><td></td><td></td><td>AAA</td><td rowspan="5">F1+</td><td></td><td></td><td></td></tr>
<tr><td>Aa1</td><td></td><td></td><td>AA+</td><td></td><td></td><td></td><td>AA+</td><td></td><td></td><td></td></tr>
<tr><td>Aa2</td><td></td><td></td><td>AA</td><td></td><td></td><td></td><td>AA</td><td></td><td></td><td></td></tr>
<tr><td>Aa3</td><td></td><td></td><td>AA-</td><td></td><td></td><td></td><td>AA-</td><td></td><td></td><td></td></tr>
<tr><td>A1</td><td></td><td></td><td>A+</td><td rowspan="3">A-1</td><td></td><td></td><td>A+</td><td rowspan="3">F1</td><td></td><td></td></tr>
<tr><td>A2</td><td rowspan="4">P2</td><td></td><td>A</td><td></td><td></td><td></td><td>A</td><td></td><td></td><td></td></tr>
<tr><td>A3</td><td></td><td>A-</td><td></td><td rowspan="3">A-2</td><td></td><td>A-</td><td></td><td rowspan="4">F2</td><td></td></tr>
<tr><td>Baa1</td><td></td><td></td><td>BBB+</td><td></td><td></td><td></td><td>BBB+</td><td></td><td></td><td></td></tr>
<tr><td>Baa2</td><td></td><td rowspan="2">P3</td><td>BBB</td><td></td><td></td><td rowspan="2">A-3</td><td>BBB</td><td></td><td></td><td rowspan="2">F3</td></tr>
<tr><td>Baa3</td><td></td><td></td><td>BBB-</td><td></td><td></td><td></td><td>BBB-</td><td></td><td></td></tr>
<tr><td colspan="15"></td></tr>
<tr><td rowspan="10">Non-Investment Grade</td><td>Ba1</td><td colspan="3" rowspan="9">Not Prime</td><td>BB+</td><td colspan="4" rowspan="3">B</td><td>BB+</td><td colspan="4" rowspan="6">B</td></tr>
<tr><td>Ba2</td><td>BB</td><td>BB</td></tr>
<tr><td>Ba3</td><td>BB-</td><td>BB-</td></tr>
<tr><td>B1</td><td>B+</td><td colspan="4" rowspan="6">C</td><td>B+</td></tr>
<tr><td>B2</td><td>B</td><td>B</td></tr>
<tr><td>B3</td><td>B-</td><td>B-</td></tr>
<tr><td>Caa</td><td>CCC</td><td>CCC</td><td colspan="4" rowspan="3">C</td></tr>
<tr><td>Ca</td><td>CC</td><td>CC</td></tr>
<tr><td>C</td><td>C</td><td>C</td></tr>
<tr><td></td><td></td><td></td><td></td><td>D</td><td colspan="4">D</td><td>D</td><td colspan="4">D</td></tr>
</table>

The minimum credit ratings within these scales that the authority would expect for individual counterparties are set out below.

Minimum ratings	Moody's	S&P	Fitch
Short term	P3	A-3	F2
Long term	A3	A-	A-

Credit ratings for individual counterparties can change at any time. The Interim Head of Finance - Corporate and the Finance manager – Technical Accounting and Treasury Management are responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on the criteria for selection of counterparties, and with the approval of either the Interim Head of Finance - Corporate or Finance Manager – Technical Accounting and Treasury Management .

e. This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including: -

- The quality financial press;
- Market data;
- Information on government support for banks and the credit ratings of that government support;
- The maximum maturity periods and investment amounts relating to Approved Investment Counterparties are set out below:

Organisation	Criteria	Max Amount	Max Period
Banks and Nationwide Building Society	Minimum Ratings as defined above in paragraph d above.	£25m in total with fixed term not exceeding £15m	3 years
Building Societies	Must be in Peer Group 1 of KPMG Building society Dashboard (based on total assets) and have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1).	£10m	3 years
	Other Building Societies must be in Peer Group 2 of KPMG Building Society Dashboard (based on total assets) and have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1).	£7m	3 years

Challenger Banks	Following an assessment must have a minimum Free Capital Ratio no lower than that set out by Common Equity Tier 1 (CET1), and must be a retail bank.	£15m	3 years
Money Market Funds	AAA long-term rating backed	£15m	3 years
Property Funds	Subject to individual financial assessment of each fund to identify the underlying financial strength	£30m	Review every 5 years
Multi-Asset Investment Funds	Subject to individual financial assessment of each fund to identify the underlying financial strength	£20m	5 years
Non UK Banks	Minimum Ratings as defined above in paragraph d.	£10m	1 year
Local Authorities	Subject to individual financial assessment of each fund to identify the underlying financial strength	£15m	3 years
Housing Associations	Subject to individual financial assessment of each fund to identify the underlying financial strength and credit ratings where available	£15m	3 years
Other	Subject to appropriate case by case review	£10m	N/A

g. In defining the level and term of deposits significant regard is given to the proportion of the institution in government ownership;
h. Following the changes to the Banking Regulation the council will consider when assessing the financial resilience of an institution key ratios e.g. common equity tier 1, leverage capital / exposure, liquidity coverage, net stable funding.

Notes:

- The definition of 'high credit quality' is also used to determine what are specified investments as opposed to non specified investments. Specified investments are those that require minimum procedural formalities in terms of the placing of the investment by the treasury management team. Minimal procedural formalities means that the team is well experienced and knowledgeable in using these types of instruments and they pose minimal risk in their use.
- Other i.e. non-specified investments may be undertaken on the approval of the S151 Officer e.g. loans to other organisations and bond issues by other public sector projects and will be supported with appropriate rationale and due diligence to support investment security considerations. These may be for a duration longer than 3 years.

- For a credit rated bank to be on the council's counter party list the criteria must be passed for at least 2 of the credit ratings agencies.
- Full Individual Listings of Counterparties and Counterparty Limits are available on request and reported regularly to the Treasury Management Panel.

Local Authority Mortgage Scheme (LAMS)
Cabinet agreed to adopt the LAMS scheme on 24 October 2012. It involved the council placing a matching five year deposit to the life of the indemnity. As of 31 July 2016 the LAMS scheme was closed to new applications following a slowdown in national activity, partly due to the introduction of the Help to Buy Guarantee scheme.

The LAMS deposit was repaid in February 2018, however there remains a residual risk of liability for the authority for a period of up to 5 years from the point of the last mortgage being taken out.

Authorisation of Payments
In order to support and maintain strong controls for the release of payments. A payment releasers register is maintained. It includes the names and post titles of officers authorised to sign financial documents releasing payments including cheques requiring manual signature and bank mandates. The payments releasers register is reviewed regularly and is approved by the S151 Officer or Interim Director of Finance, Corporate Performance Management and Corporate Landlord.

The Invoice / Payments Authorisation process is regulated by the financial and contract rules. Limits and authorised officers are maintained in the authorised signatory's data base.

TMP 2 – BEST VALUE AND PERFORMANCE MEASUREMENT

The council actively works to promote value for money and best value in its treasury management activities. The treasury management function will be the subject of regular reviews to identify scope for improvement. In addition annual benchmarking is undertaken to measure performance and to ensure that relative to other councils the council is achieving a fair investment return without any undue risk.

TMP 3 – DECISION- MAKING AND ANALYSIS

Full records will be maintained of treasury management decisions, and of the processes and practices applied in reaching those decisions, to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account.

TMP 4 – APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Only approved instruments, methods and techniques will be used, within the limits defined in TMP1 - Risk Management.

Sources of Borrowing
There shall be no restriction in principle on sources or methods of borrowing other than those imposed by law. The sources or methods of borrowing at any time will be determined by the current approved treasury management strategy.

Other Sources of Finance
The S151 Officer shall arrange operating leases and similar arrangements for items of equipment, vehicles, etc. where the acquisition or use of such items has been approved in line with the council's contract and rules.

Approved Organisations for Investments
The S151 Officer shall approve and revise from time to time, a list of organisations within the statutory definitions of approved investments, which would be eligible to receive investments from the council. Apart from the Government, and, in any emergency, the council's own bank, the maximum limit for investment with any single organisation shall be £25 million and the maximum period for investment shall be 3 years in accordance with each individual institution's credibility. The only exceptions to this are the approved investment in the LAMS scheme where the planned period of the investment was 7 years, and any investment in a Property Fund maximum limit shall be £30 million and will be reviewed on 5 year intervals. This should be reviewed at least monthly and incorporate any changes in ratings of counter parties.

Interest Rate Exposure
The limits on temporary borrowing and the proportion of interest at variable rates are set by Council, in accordance with Section 45 of the Local Government & Housing Act 1989.

TMP 5 – ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

Treasury management activities will be properly structured in a clear and open fashion and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions and audit of the treasury management function.

If and when the council intends, due to a lack of resources or other circumstance, to depart from these principles, the S151 Officer will ensure that the reasons are properly reported in accordance with **TMP6** - Reporting Requirements and Management Information Arrangements and the implications properly considered and evaluated.

- The S151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover.
- The S151 Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the S151 Officer in respect of treasury management are set out in the Constitution. The S151 Officer will fulfil all such responsibilities in accordance with the Policy Statement and TMP's and the Standard of Professional Practice on Treasury Management. This includes, but not exclusively, the following activity.

Activity	Prepared By	Delegation / Accountability
Approval of Treasury Management and Investment Strategy.	Head of Finance / S151 Officer	Cabinet Council
Approval of Treasury Management Policies	Head of Finance / S151 Officer	Cabinet Council
Amendments to authorised officers and officer limits set out within the treasury management practices	Interim Head of Finance - Corporate / Finance Manager – Technical Accounting and Treasury Management	S151 Officer
Review the debt portfolio and reschedule loans when considered appropriate	Finance Manager – Technical Accounting and Treasury Management	S151 Officer
Updates to TM Practices	Interim Head of Finance - Corporate / Finance Manager – Technical Accounting and Treasury Management	S151 Officer
Undertake budget monitoring and initiate actions when necessary	Finance Manager – Technical Accounting and Treasury Management	Interim Director of Finance, Corporate Performance Management and Corporate Landlord
Authorisation of loan interest payments	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury
Approval of overnight investments	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury
Preparation of borrowings documentation	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury
To arrange borrowing from time to time for the council's purposes. Sources of funds will comprise temporary loans, loans from PWLB, other mortgages and bonds, money bills, bank overdraft and internal funds of the council, subject to any restrictions which may be made by statute, Council or Cabinet	Finance Manager – Technical Accounting and Treasury Management	S151 Officer or Interim Director of Finance, Corporate Performance Management and Corporate Landlord
Maintain Payment Releasers Register	Senior Accountancy Officer - Treasury	S151 Officer or Interim Director of Finance, Corporate Performance Management and Corporate Landlord
To arrange finance and operating leases as required in accordance with council's capital programme	Finance Manager – Technical Accounting and Treasury Management	S151 Officer or Interim Director of Finance, Corporate Performance Management and Corporate Landlord

To invest council funds temporarily not required in accordance with the statutory provisions regulating approved investments as defined in Section 66 of the Local Government and Housing Act 1989, subject to any restrictions which may be made by statute, by Council or by Cabinet	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury
To maintain a counter party list of approved organisations eligible to receive council investments, this involves; - ongoing monitoring of ratings on investment products and institutions. - Investigation and appraisal of free capital ratio measures - signing off by the treasury manager as evidence of a monthly review and mid month changes if necessary. - if ratings change for an investment product or institution currently held then actions for a possible exit of that strategy are undertaken as approved by the Treasury Management Panel	Senior Accountancy Officer - Treasury	Interim Head of Finance - Corporate / Finance Manager – Technical Accounting and Treasury Management or S151 Officer dependent on limits set by TMP on exit strategy
Daily cash flow forecast	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury
Update loan records	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury
Operational Cash Flow	Senior Accountancy Officer - Treasury	Interim Head of Finance - Corporate / Finance Manager – Technical Accounting and Treasury Management / Senior Accountancy Officer - Treasury
Audit and control review and improvements Recommendations implementations	Internal Audit / All	Senior Accountancy Officer - Treasury
Annual MRP Policy review	Senior Accountancy Officer – Financial Reporting	Interim Head of Finance - Corporate / Finance Manager – Technical Accounting and

		Treasury Management / Senior Accountancy Officer - Treasury
Maintain accurate up to date information on Treasury Management	Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Regular reports will be prepared for consideration by Council on:

- Annual report on treasury management activities for the preceding year;
- Treasury management strategy for the year, reviewed at least once during the year.

Regular monitoring reports on prudential and local indicators are prepared for the Treasury Management Panel.

Report	Frequency	When	Prepared By	To
Review of Treasury Management Strategy (TMS)	Annual	February/ March	Interim Head of Finance - Corporate	Cabinet and Council
TMS - material changes	Immediately	As required	Interim Head of Finance - Corporate / Finance Manager – Technical Accounting and Treasury Management	Cabinet and Council
Treasury Management Annual Report	Annual	September	Interim Head of Finance - Corporate	Cabinet and Council
Review of Treasury Management Policy	Annual	November	Interim Head of Finance - Corporate	Cabinet and Council
Mid-year report	Annual	October	Interim Head of Finance - Corporate	Cabinet and Council
TM budget monitoring	Quarterly Monthly	July, Oct, Jan, April	Senior Accountancy Officer – Treasury (reviewed by Finance Manager – Technical Accounting and Treasury Management)	S151 Officer Treasury Management Panel Interim Director of Finance, Corporate Performance Management and Corporate Landlord for

				inclusion in overall corporate financial monitoring reports to CMT and Cabinet which are first reviewed by the S151 Officer
TM performance indicators	Quarterly Monthly	July, Oct, Jan, April	Senior Accountancy Officer – Treasury (reviewed by Finance Manager – Technical Accounting and Treasury Management)	S151 Officer Treasury Management Panel Interim Director of Finance, Corporate Performance Management and Corporate Landlord
Cash flow summary	Monthly		Senior Accountancy Officer - Treasury	Finance Manager – Technical Accounting and Treasury Management
Borrowing transactions	Monthly		Senior Accountancy Officer - Treasury	Finance Manager – Technical Accounting and Treasury Management
Payment Releasers Register	Quarterly		Senior Accountancy Officer - Treasury	S151 Officer Interim Director of Finance, Corporate Performance Management and Corporate Landlord
Operational Investment strategy	Quarterly		Senior Accountancy Officer - Treasury	Finance Manager – Technical Accounting and Treasury Management
12 monthly Cash Flow	Quarterly		Senior Accountancy Officer - Treasury	Finance Manager – Technical Accounting and Treasury Management
Government statistical returns	Monthly		Finance Manager – Technical	Department for Communities and

			Accounting and Treasury Management / Senior Accountancy Officer - Treasury	Local Government
Daily cash balance forecast	Daily		Treasury Management Accountancy Assistant	Senior Accountancy Officer - Treasury

TMP 7 – BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The S151 Officer will prepare an annual treasury management budget which will bring together all costs involved in running the treasury management function and associated income. This will be presented to Cabinet and Council and is approved as part of the Treasury Management and Investment Strategy.

The council will account for its treasury management activities in accordance with appropriate accounting practices, standards and statutory and regulatory requirements.

The council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

In line with market convention loans office staff, when dealing, are required to commit the council to terms of borrowing and investment transactions by telephone. Although these transactions are not legally binding until confirmed in writing, if subsequently dishonoured, this may damage the council's reputation. Electronic funds transfer requires the involvement of three officers, at least one of whom shall be on the payment releasers register.

TMP 8 – CASH AND CASH FLOW MANAGEMENT

All council monies will be under the control of the S151 Officer. Funds that are available within all council monies to support treasury management purposes are identified and Cash flow projections in relation to these funds are prepared on a regular and timely basis and the S151 Officer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1** Liquidity risk management.

TMP 9 – MONEY LAUNDERING

Procedures will be enforced for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staffs involved in this area are properly trained.

As a responsible public body, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly the council undertakes a number of safeguards including the following: -

a) evaluates the prospect of laundered monies being handled by them;

b) determine the appropriate safeguards to be put in place;
c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness;
d) make all its staff aware of their responsibilities under Proceeds of Crime Act (POCA) 2002

In respect of treasury management transactions, there is a need for due diligence. The Council will only invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The register can be accessed through the Financial Conduct Authority website.

All transactions will be carried out by BACS or Chaps for making deposits or repaying loans.

The council does continue to manage a local bonds scheme, although it is no longer taking any new loans. When repaying these loans procedures would be followed to check the bank details of the recipient and the council will confirm the identity of the lender.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000.

TMP 10 – STAFF TRAINING AND QUALIFICATIONS

The council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. An annual review of treasury staff capacity, training needs and experience will be undertaken and reported to the Treasury Management Panel. Specific training for councillors will be provided and undertaken as required.

TMP 11 – USE OF EXTERNAL SERVICE PROVIDERS

When external service providers are employed, the S151 Officer will ensure it does so for reasons which have been subjected to a full evaluation of the costs and benefits. The terms of appointment and the methods by which service providers' value will be assessed will be properly agreed and documented.

The council does not currently require external investment managers, but recognises it may do so in the future for general or specific advice on a range of matters. These future services would be procured using the council's prevailing regulations relating to obtaining supplies and services. The council employs external treasury advisors to provide economic outlooks and information relevant to making robust investment and borrowing decisions.

TMP 12 – CORPORATE GOVERNANCE

This authority is committed to the pursuit and achievement of proper corporate governance throughout its business and services and to establish principles and practices by which this can be achieved. Accordingly the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The council has adopted and has implemented the key recommendations of the CIPFA Code. The S151 Officer will monitor and when necessary, report upon the effectiveness of these arrangements to Cabinet.

A forum for the monitoring of Governance arrangements is the Treasury Management Panel. The Treasury Management Panel meets quarterly chaired by the S151 Officer or (in the absence of the S151 Officer) the Interim Director of Finance, Corporate Performance Management and Corporate Landlord (deputy S151 Officer). It will receive reports on the monitoring of Prudential and Local Indicators and approve drafts of strategy and policy cabinet/council reports. It will also initiate work and projects to further ensure strong compliance of internal controls and effective treasury performance.

Private Appendix

This appendix contains exempt information relating to a decision of Cabinet. It is not required for Council.

Exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

Agenda Item No. 10

Personnel Committee – 8 February 2021

Pay Policy Statement and Living Wage (LW) 2021/2022

1. Summary

The purpose of this report is to seek approval for the updated Pay Policy Statement 2021/2022 (appendix 1), including the decision to pay the revised recommended Living Wage (LW) rate with effect from 1 April 2021 (appendix 2).

2. Recommendations

2.1 That Personnel Committee recommends the Full Council to approve the Pay Policy Statement for 2021/2022.

2.2 That Personnel Committee recommends the Full Council to approve the continuation of the living wage as detailed in the Pay Policy (section 6.5) and section 4.2, option a) of this report.

3. Background Information

3.1 Under the Localism Act 2011, the Council has to prepare a Pay Policy Statement each financial year outlining policies in relation to the level of remuneration for all employees from the Chief Executive to the lowest paid employees.

3.2 The 2021/2022 Pay Policy has been updated to reflect the current pay structure and level of remuneration across the Council.

3.3 The 2021/2022 national pay awards for NJC, Soulbury and JNC for Youth and Community Workers once confirmed will be automatically implemented for relevant employees as previously agreed by Personnel Committee (22 January 2019) and added to the Pay Policy appendices at such a time as implemented (subject to local adjustment to take into account the 1% reduction following the councils terms and conditions review (2017) where applicable). At the time of writing, the Government have announced a pay freeze for 2021/22 subject to some caveats; once these details have been confirmed, they will be incorporated into the Pay Policy.

3.4 The 2021/2022 Pay Policy also includes the following minor clarifications/ amendments:

I. Further clarity regarding the payment of an additional allowance for the Council's Monitoring Officer duties [refer to appendix 1 Pay Policy point 5.7]

II. The inclusion of retention payments (following Personnel Committee approval of the new Retention Payments Policy on 23 November 2020) which may apply where there are risks associated with workforce instability and concerns regarding retaining suitably skilled employees in the mid to long term [refer to appendix 1 Pay Policy point 13.1].

III. Further clarity on Unsocial Hours payments and the qualifying requirements to ensure consistent application [refer to appendix 1 Pay Policy point 16.3].

IV. Additional information included on Exit Payments as a result of new regulations namely The Restriction of Public Sector Exit Payments Regulations 2020 coming into force on 4 November 2020 [refer to appendix 1 Pay Policy point 17.1].

V. Amendments made to the Pensions section linked to the above exit pay cap outlining regulations at the time of writing, are out to consultation [refer to appendix 1 Pay Policy Points 18.3 and 18.4].

4. Options for application of the Living Wage (LW)

4.1 The Council have been paying the Living Wage, reviewed annually since April 2015. Appendix 2 provides background information on the Living Wage and its application within Walsall Council

4.2 There are three options available to Personnel Committee in regards to the Living Wage.

a) Continue to pay an allowance for 2021/2022 to existing roles (including casual roles and higher and degree level Apprenticeships) that are below the Living Wage. This will mean the minimum rate of pay will be £9.50 per hour with effect from 1st April 2021. This will include all Walsall Council employees (excluding apprentices at advanced level and below and internships; those schools who decide not to apply the Living Wage and those schools, which are Voluntary Aided, Foundation or Academies).

b) Freeze the current allowance paid at £9.30 and review annually to see if this decision should be amended.

c) Cease the living wage allowance and revert to the appropriate pay point within the relevant pay structure and review annually to see if this should be re-introduced.

5. Financial Implications

5.1 If option a) at 4.2 is adopted, based on the current structure as at 19 November 2020, there is a potential financial impact, as there will be 11 employees plus casual workers and 10 higher level apprentices who will fall below the living wage rate of £9.50 per hour. The additional cost in 2021/2022 in applying the living wage increase is £6,268 plus on costs excluding casuals and the cost of any new employees commencing their employment from 1 April 2021.

If option b) at 4.2 is adopted the Council will not see any additional financial pressures.

If option c) is adopted and all employees revert, back to their substantive salary the Council will make a saving of approximately £23,877.

5.2 All costings are based on the existing pay-scales, taking into account incremental progression due on 1 April 2021. However, this does not take into account any national pay awards for 2021/2022 (where applicable), as these have not yet been confirmed.

5.3 Should option a) be agreed, the budget pressure will be funded as part of the annual review of the pay budget.

6. Legal Considerations

6.1 The Localism Act 2011 introduced the concept of increased accountability over senior officer pay in local government by requiring councils to prepare and publish a pay policy statement every financial year, which is required to meet various statutory requirements as set out below. In performing this function the Council must have regard to any guidance issued by the Secretary of State for the Department of Communities and Local Government. A pay policy statement for a financial year must set out the Authority's policies for the year relating to: the remuneration of its chief officers; the remuneration of its lowest-paid employees, and the relationship between the remuneration of its chief officers; and the remuneration of its employees who are not chief officers. In addition, the statement must state the definition of "lowest-paid employees" adopted by the authority for the purposes of the statement, and the authority's reasons for adopting that definition. The statement must include the Authority's policies relating to the level and elements of remuneration for each chief officer; remuneration of chief officers on recruitment; increases and additions to remuneration for each chief officer; the use of performance-related pay for chief officers; the use of bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority; and the publication of and access to information relating to remuneration of chief officers.

6.2 One of the key objectives of the primary legislation and subsequent statutory guidance is to provide local accountability through councillors having an input into how decisions on remuneration for chief officers are made. The 2012 statutory guidance stated that full Council or a meeting of members should be offered the opportunity to vote before large salaries are offered in respect of a new appointment. It provided for a notional threshold of £100,000 or above. The 2013 statutory guidance, which supplemented the 2012 guidance, extended this requirement to severance packages of £100,000 or above. On 1 June 2015 full Council delegated the determination of severance packages to the relevant committee. More recently, The Restriction of Public Sector Exit Payments Regulations 2020 have come into force on 4 November 2020 setting a £95,000 cap (please see 6.4 below for further details). The objective of increasing transparency in the Council's approach to pay is achieved through the publication of the pay policy statement itself, which itself builds upon the requirement to publish senior employees remuneration under Regulation 4 Accounts Audit (Amendment No 2) (England) Regulations as part of its published salaries information, and more latterly the Local Government Transparency Code 2014.

6.3 Council policy in respect of the recruitment and appointment of Chief Officers is set out at Part 4.6 of the Council's Constitution, Officer Employment Procedure Rules, whereby the Council has historically delegated the power to approve remuneration levels for the Chief Executive, Executive Directors and Directors to the relevant committee since 2004. Therefore councillors have always had a significant input on the appointment of chief officers and their remuneration. As previously stated this is set out in the council's constitution which is a public document. All of these appointments are also subject to the well-founded objection process involving members of the Executive.

6.4 The Restriction of Public Sector Exit Payments Regulations 2020 were passed in Parliament on 14 October 2020 and came into effect on 4 November 2020. The practical effect of these regulations are that, save for some specified reasons, the exit payment costs for an employee cannot exceed £95,000. In calculating the £95,000, the redundancy payment, any compensation and any pension strain is used. Any payment in lieu of notice (PILON) is not to be included when calculating the £95,000 subject to the PILON not being more than a quarter of the salary. The Council may in certain circumstances apply for a waiver when the exit payment cost is greater than £95,000 but this will be subject to a number of conditions, one of which being that there must be a Full Council resolution passed. Thereafter, a business case must be submitted to the Treasury for its approval before any payment exceeding £95,000 can be made. All exit payments must be paid in accordance with those regulations with effect from 4 November 2020. Any exit payment in excess of £95,000 will be subject to recovery in accordance with legislative requirements.

There is also currently a review of the Pension Regulations which will be subject to change. Part of that change will be in order to align them with the Exit Payment Regulations 2020. The consultation on the Pension Regulations ends on 18 December 2020 and we are expecting the revised Pension Regulations to be issued sometime thereafter.

7. Risk Management

7.1 An equality impact assessment is attached (appendix 3).

8. People

8.1 There is no direct impact on our citizens as a result of this procedure. The procedure is however, part of the employment framework that helps to ensure that residents of Walsall get the best possible services from council employees.

9. Consultation

9.1 The Pay Policy Statement 2021/22 has been consulted upon with senior managers across the Council between 5 November to 18 November 2020. Trade Unions nationally are in favour of paying the Living Wage.

Author

Nic Rickhuss
HR Manager – Strategy & Planning
23 November 2020
✉ nicola.rickhuss@walsall.gov.uk

Appendix 1

Pay Policy Statement 2021/2022

Walsall Council

Version Control

Document title	**Pay Policy Statement 2021/2022**		
Owner	Human Resources	Status	Draft
Version	10.0	Approved on	TBC
Effective from	01/04/2021	Review date	31/03/2022
Last updated	23/11/2020	Last updated by	HR Strategy and Planning
Purpose	The Pay Policy Statement sets out Council policy on pay and conditions for senior managers and employees, assisting the Council to attract and retain skilled employees and ensuring compliance with legislative requirements under the Localism Act 2011.		

This policy links to:

- Corporate Plan
- Walsall Proud Programme
- Job Evaluation & Grading Policy
- Redeployment Procedure
- Market Supplements Policy
- Walsall Council Terms and Conditions Document (Orange Book)
- Standby and Call Out Guidance
- Workforce Strategy
- Behaviour & Standards Framework
- Relocation and Temporary Accommodation Expenses Policy
- Recruitment and Selection Policy
- Joint Negotiating Committee for Local Authority Chief Officers Conditions of Service Handbook
- Retention Payments Policy

This list is not exhaustive.

For further advice or guidance on this policy, or if you would like this information in another language or format please contact:

HR Operational Services Team

Telephone:	01922 655656
Text phone:	01922 654000
Email:	hrdoperationalservices@walsall.gov.uk

Contents

1.0 Introduction

1.1 Walsall Council is PROUD. We are proud of our past, our present and for our future. The council is committed to reducing inequalities and ensuring all potential is maximised and its employment policies, procedures and guidelines are designed to support this vision and deliver the council's priorities.

1.2 The council is committed to creating an environment that provides opportunities for all individuals and communities to fulfil their potential. This policy provides a framework in which employees will be supported to deliver the council's priorities in line with the council's expected behaviours and values; professionalism; leadership; accountability; transparency and ethical.

1.3 The council's values and behaviours will be at the core of everything the council deliver and through a culture of continuous improvement the council will increase performance, efficiency and champion the design of services to meet the needs of customers. As a digital by design council, employees will be empowered to deliver new ways of thinking and new ways of working, encouraging innovation and creativity in a learning environment. The council is committed to technological investment to deliver transformation in order to improve the efficiency and effectiveness of its services, both internally and externally.

1.4 This policy framework promotes the council's strategic priority of internal focus ensuring all council services are effective and efficient and helps embed the behaviours and values expected of all employees as part of the Behaviour and Standards Framework.

1.5 The Pay Policy Statement sets out council policy on pay and conditions for senior managers and employees for the year ending 31 March 2022.

2.0 Scope

2.1 This policy applies to all council employees, including Directors, Executive Directors and the Chief Executive, as well as fixed term and temporary employees and casual workers.

2.2 With the exception of;

2.2.1 Employees on teachers' pay & conditions and educational support staff (employed directly by the school and subject to the School Staffing (England) Regulations (2009)) who are covered separately by the Schools Model Pay Policy.

2.2.2 Unattached Teachers on Teachers Pay and Conditions who are covered separately by the Unattached Teachers Pay Policy.

2.3 This policy does not apply to contractors, consultants, agency workers or any self-employed individuals working for the council.

3.0 Principles

3.1 The council aims to attract and retain skilled employees motivated to deliver the priorities of the council. In determining the pay policy for Chief Officers and other employees, the council is committed to ensuring a fair, equitable and transparent approach to pay. Within this, it is recognised that different approaches may be required between groups of employees reflecting factors such as difficulties in attracting and retaining key employees and ensuring valuable skills are retained.

3.2 The Pay Policy Statement outlines the remuneration arrangements within the council and aims to ensure:

- That employee's pay levels are set and reviewed using a clear, rational and transparent process that meets equal pay legislation.

- That pay rates are both competitive in the market place, reflect the need to retain key skills and appropriately reward employees for their contribution to the council's achievements.

- That pay and reward decisions support the provision of valued public services and are affordable.

- That any decisions relating to pay and salary progression are consistent, fair and non-discriminatory.

3.3 The council will not promote employees through the grading system nor use other pay mechanisms in order to assist in securing an employee's improved pension entitlement on retirement or any other allowance/pay (such as maternity or redundancy).

4.0 Accountabilities

4.1 Managers are accountable for the following;

- Applying this policy consistently, fairly and objectively in accordance with the council's vision and purpose and clearly demonstrate the council's management behaviours and values, seeking further advice and guidance from HR where necessary.

4.2 Employees are accountable for the following;

- All employees should support the delivery of the council's vision and purpose, clearly demonstrating the council's behaviours and values;
- Actively engage in employment practices and processes in which they are involved and ensure they understand this policy, seeking further advice and guidance from managers where necessary;
- Complying with the requirements of this policy.

5.0 Senior management pay structure

5.1 Senior management are defined for this purpose as the Chief Executive and Chief Officers (as defined under the Localism Act 2011 Part One Chapter 8, section 43(2), Government and Housing Act 1989 2(8), and for the avoidance of doubt include Executive Directors and Directors. Senior management grades are locally agreed salary scales, which are reviewed annually having regard to the JNC pay award for Local Authority Chief Executives and Chief Officers and market conditions. The senior management pay structure is attached at Appendix A.

5.2 The salary levels of the Chief Executive and Chief Officers on appointment are set by elected members at the relevant committee of the Council. The council's relevant committee (or appointed sub committees) approves remuneration levels for the Chief Executive, Executive Directors and Directors on appointment, subject to negotiation. The council's relevant committee has delegated authority from Council in respect of the actual appointment and dismissal of Executive Directors and Deputy Chief Officers in accordance with the Employment Procedure Rules.

5.3 Pay levels are reviewed and locally agreed taking into account any cost of living increase negotiated nationally by the JNC for Chief Officers of Local Authorities Conditions of Services. The pay offer for 2021/22 for Chief Officers is yet to be decided (where applicable).

5.4 The salary details for Chief Officers are published on the Council's website and can be located on the open data pages; https://go.walsall.gov.uk/opendata-datasets

5.5 The process for recruitment of Chief Officers is set out in Part 4.6 of the Council's Constitution.

5.6 The Chief Executive's total remuneration package includes fees payable for local election duties. Where appropriate fees for European, National and Regional elections and referenda are set out and paid by central government.

5.7 The council's Monitoring Officer (currently attached to a Director post) receives an additional allowance for the undertaking of this statutory function. The additional allowance would not be payable if the Monitoring Officer duties were to be attached to an Executive Director post.

5.8 The Councils Section 151 statutory function is undertaken by an Executive Director normally the Executive Director for Resources and Transformation and does not attract an additional allowance. Where the Executive Director (Resources and Transformation) is or becomes vacant and the Section 151 duties are delegated to an appropriate deputy an allowance will be awarded to undertake the statutory function.

5.9 In relation to the termination of employment of Chief Officers, the Council will consider making appropriate payments where it is in the Council's best interests. Any such payments will be in accordance with contractual entitlements or statutory requirements and take into account the potential risks and liabilities to the council, including any legal costs, disruption to services, impact on employee relations and management time. Any such arrangements are reported to a committee of the council where required by the Council's Constitution. Furthermore, external auditors are consulted about severance packages where appropriate.

6.0 Others pay structure (including the lowest paid employees)

6.1 Remuneration for other employees is normally determined by the council's Job Evaluation (JE) scheme, which covers all employees on NJC Local Government Services (Green Book) terms and conditions of service. These employees have their pay based upon the NJC pay and grading structure which is extended locally to incorporate 62 spinal column points (SCP) and is attached at Appendix B.

6.2 The council's pay and grading structure ranges from G1 to G16 and covers SCP01 – 062. Each grade range contains a number of SCPs and this allows for annual incremental progression up to the top of the grade.

6.3 The council's Job Evaluation scheme is based on the NJC prescribed Job Evaluation scheme for posts graded G1 to G13 and the Hay Group Job Evaluation scheme for posts graded G14 to G16. Both schemes comply with equal pay requirements.

6.4 Currently (based on council structures as at November 2020) apprentices pay starts at £8,778 in line with the national minimum apprenticeship rate of pay. The council pay age appropriate rates for all levels of apprenticeships (with the exception of those covered by 6.5) and will not apply the 12-month minimum apprenticeship rate.

6.5 The council has paid the Real Living Wage, since April 2015, in the form of an additional allowance to basic hourly rate, implemented in April each year and subject to an annual review. All council employees (excluding interns, intermediate and advanced apprentices), casual workers, higher and degree level apprentices are eligible for the living wage allowance where their substantive pay falls below the living wage rate including all non-standard hours such as overtime.

6.6 The council pay spot salaries to Interns and Graduates (based on council structures as at November 2020).

6.7 Pay levels are reviewed and locally agreed taking into account any cost of living increase negotiated nationally by the NJC for Local Government Services. The pay offer for 2021/22 for NJC is yet to be decided (where applicable), however will continue to be subject to 1% reduction agreed locally as part of the terms and conditions review (2017).

7.0 Non-standard terms and conditions

7.1 Employees transferring into the council under TUPE arrangements have the right to retain their existing terms and conditions and as such retain the pay scales applicable to their employment prior to transfer. This paragraph would not preclude any changes, which were not by reason of the TUPE transfer or where there were economic, technical or organisational reasons for such changes.

7.2 Some specialist employees, mainly in education related services, such as Educational Psychologists, and the Youth Service are paid on the national pay scales relevant to their specialist employment, namely Soulbury and JNC for Youth and Community Workers respectively attached at Appendix C & D.

7.3 Pay levels are reviewed and locally agreed taking into account any cost of living increase negotiated nationally by Soulbury and the JNC for Youth and Community. The pay offer for 2021/22 for Soulbury and JNC for Youth and Community is yet to be decided (where applicable).

7.4 Employees covered under TUPE who transferred into the Council prior to the terms and conditions review (2017) and employees on relevant specialist pay scales were included in the terms and conditions review and where relevant, any pay offer agreed will continue to be subject to 1% reduction.

8.0 Starting pay

8.1 Employees are usually paid on an incremental scale and will normally be appointed at the minimum point of the pay grade for that post or at the minimum point of advantage (applicable to internal appointments) where grade boundaries overlap with the new higher grade or in the case of equivalent graded posts, appointment will be made on the existing SCP with normal incremental progression in line with 9.3 below. However, in certain circumstances it may be appropriate to appoint internal or external candidates to a higher point within the pay grade to support the appointment and retention of high calibre candidates. Such practice must be objectively justified and within current budgetary constraints. In order to ensure a level of control and consistency of such appointments, the support of Human Resources should be sought before obtaining Head of Service approval.

8.2 Internal appointments moving into an additional/second post of equivalent grade and nature will be appointed on the same SCP as their existing post with normal incremental progression in line with 9.3 below.

8.3 Where employees are appointed into posts where there is a grade reduction, they will normally be appointed at the top of the grade unless their current SCP is already below this level in which case they will transfer across on their existing SCP with no further increase until the normal incremental progression is due in line with 9.3 below.

8.4 Casual workers will be appointed on the minimum point within the pay grade and will not receive incremental progression. Existing casuals (pre 2017/2018 pay policy) will be frozen on their current SCP and will not receive any further incremental pay progression.

9.0 Pay progression

9.1 Where employees are on annual incremental scales progression within grade boundaries is automatic (with the exception of casual workers and those on spot salaries, such as Interns and Graduates).

9.2 Annual incremental pay progression takes place until the maximum SCP within the grade for the post is achieved. Thereafter the employee is only eligible to receive the annual cost of living award as negotiated by the appropriate bodies and implemented by the council.

9.3 Increments are due on the 01 April each year, or 6 months after appointment where the employee has been in the post for less than 6 months by 01 April, i.e. if the employee is appointed between 01 October and 31 March the increment will be paid after 6 months in post and then annually on the 01 April thereafter up to the maximum SCP within the grade.

9.4 Employees are able to request re-evaluations of the grade of their post where they believe that work duties have substantially altered. All re-evaluation requests will be graded using the council's JE scheme in line with the job evaluation & grading policy that provides the right of appeal against any grade outcomes. Where a manager or employee led job evaluation request results in a grade increase the appointment will be made at the bottom of the grade or at the minimum point of advantage.

10.0 Performance related pay (PRP)

10.1 The council does not operate a corporate performance related pay scheme or any type of bonus pay scheme.

11.0 Pay protection

11.1 Pay protection will be granted for a maximum period of 12 months and will apply where the council is enforcing a reduction in an employee's pay due to one of the following situations:

11.1.1 redeployment as a result of a restructure and/or compulsory redundancy in accordance with the councils' redeployment policy

11.1.2 redeployment as a result of a dismissal on health grounds in accordance with the councils' redeployment policy

11.1.3 as a result of a re-grade in accordance with the council's job evaluation and grading policy

11.2 Pay protection will only apply where the post/re-grade is no more than 2 grades below the employee's substantive post.

11.3 Pay protection will apply to the grade of the substantive post and not the amount of hours worked, therefore pay protection will be pro-rata if the employee accepts a post at fewer hours. However, where an employee accepts a post with increased hours, pay protection will only apply to their previous substantive hours.

11.4 Where pay protection applies any loss in annual leave (affected by a grade reduction) will also be protected for a maximum period of 12 months on a pro-rata basis.

11.5 All other terms of the employee's substantive post will not be protected (e.g. unsocial hours payments, allowances etc.).

12.0 Market supplements

12.1 The council recognises that at times it may be difficult to recruit new employees or retain existing employees in certain key posts. To ensure that the council attracts and maintains a skilled and experienced workforce, supplements may be paid in addition to the grade of the post in accordance with the council's market supplements policy.

13.0. Retention payments

13.1 Retention payments may be paid where there are risks associated with workforce instability and concerns regarding retaining suitably skilled employees in the mid to long term in accordance with the council's retention payments policy.

14.0 Relocation and temporary accommodation allowances

14.1 Relocation and temporary accommodation expenses may be paid to employees to cover costs associated with relocating in order to take up new employment with the council. These expenses are paid in accordance with the council's relocation and temporary accommodation expenses policy.

15.0 Honorarium payments

15.1 Honorarium payments are additional monies that may be paid to remunerate employee's where;

a) Employees are 'acting up' into a higher graded post and undertaking the full range of duties of the post on either a full time or part time basis. Such payments are temporary in nature normally for a maximum of 12 months and are appointed to in accordance with the recruitment and selection policy. In exceptional circumstances an honoraria may be extended beyond 12 months up to a maximum of 3 months, discretion to extend will normally only be permitted once. Incremental pay progression will apply to acting up honorarium payments.

Or

b) Employees are undertaking additional work duties that are outside the scope of the employee's normal role AND such duties are graded at a higher level than the employee's substantive post. Such payments are temporary in nature, normally for a maximum period of 12 months and are paid in accordance with the council's job evaluation scheme to ensure principles of fairness and equality are maintained. In exceptional circumstances an honoraria may be extended beyond 12 months up to a maximum of 3 months, discretion to extend will normally only be permitted once. Incremental pay progression will not apply to additional duties honorarium payments.

15.2 All honorariums require authorisation from a Head of Service with the relevant salary authorisation level (or delegated manager with the relevant salary authorisation level), and HR approval.

15.3 Where honorarium payments are approved, the employee will normally be awarded the bottom SCP of the higher grade. However, where this represents less than a 2 spinal column point increase from the existing SCP, the SCP will be adjusted to reflect a 2 point increase.

16.0 Allowance / expenses

16.1 Overtime – any overtime worked over 37 hours regardless of when the hours are worked will be paid at time plus 1/2. This is usually only applicable to those on grades G6 or below, however in exceptional circumstances and where pre-approved by the Head of Service with the relevant salary authorisation level (or delegated manager with the relevant salary authorisation level), can be extended to those above G6. Overtime is not normally paid to those on senior management grades. All overtime must be agreed by the relevant manager and closely monitored.

16.2 The council also pays an additional payment in certain circumstances, which fall under the overtime and holiday pay ruling.

16.3 Unsocial hours payment – where employees work unsocial hours (Monday – Saturday between the hours of 22.00 – 06.00 and all day on Sunday) they will receive additional unsocial hours payments based on the percentage of their standard contractual 37 hour working week worked in unsocial hours and this will equate to either a 5%, 10% or 15% enhancement to their basic pay in accordance with Walsall Council local terms and conditions document.

The unsocial hours allowance is specific to posts that are, or become:

a) subject to working in the unsocial hours window on a regularised working pattern/rota,

And

b) on a permanent or long term basis.

In exceptional circumstances authorisation of shorter term temporary unsocial hours payments may be applied. Consideration of a temporary payment will be considered on a case by case basis where the work undertaken in the unsocial window is deemed as ongoing (usually more than 2 consecutive months) and regular.

For temporary application of an unsocial hours payment please discuss the circumstances with HR.

16.4 Standby payment – where employees are required to be on standby they will receive a standardised payment in accordance with the guidance on standby and call out payments, currently £20 per session and £180 weekly rate. This is usually only applicable to those on grades G12 or below, however in exceptional circumstances and where pre-approved by the Head of Service with the relevant salary authorisation level (or delegated manager with the relevant salary authorisation level), can be extended to those above G12.

16.5 Callout payment – where employees are called out to required locations they will receive the appropriate additional hours (payment for additional hours up to and including G6 and TOIL for those G7 and above in accordance with the standby and call out guidance) or overtime rate subject to a minimum of two hours for any single call out period in accordance with the guidance on standby and call out payments. This is usually only applicable to those on grades G12 or below, however in exceptional circumstances and where pre-approved by the Head of Service with the relevant salary authorisation level (or delegated manager with the relevant salary authorisation level), can be extended to those above G12. Where an employee provides telephone advice and the response time is in excess of one hour, a call out payment will be made.

16.6 Professional subscriptions / registration fees – These may be paid by the council, at the discretion of the Executive Director (or delegated Deputy Chief Officer), where it is an essential requirement of the job. Essential would normally relate to a statutory function, and to support recruitment and retention.

16.7 Car allowances – employees using a private vehicle on official business will be entitled to claim business mileage at the HMRC rate as detailed in Appendix B.

16.8 The council also pay a sleep in allowance to specific roles to ensure the council operate in accordance with legislation, which are agreed for application in specific service areas.

16.9 Executive Directors using a private vehicle on official business will be entitled to claim business mileage at the HMRC rate as detailed in Appendix B. With the exception of those Executive Directors commencing in post prior to 01 April 2018 who receive a lump sum payment equivalent to 2.3% of their annual salary, which covers, the first 60 miles, after which business mileage claims can be made at the HMRC rate as detailed in Appendix B.

17.0 Exit payments

17.1 Exit payments will be paid in accordance with The Restriction of Public Sector Exit Payments Regulations 2020 effective from 4 November 2020. The regulations introduced a cap for total exit payments at £95,000. Any exit payments made will be subject to recovery in accordance with legislative requirements.

18.0 Pensions

18.1 Employees of the council are eligible to join the Local Government Pension Scheme. The benefits and contributions payable under the scheme are set out in the Local Government Pension Scheme Regulations 2013 (subject to 18.4).

18.2 Under the Local Government Pension Scheme Regulations, each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pension Regulations.

18.3 The council's current published LGPS discretionary policy is contained in Appendix E of this document and was effective from 1st April 2014. There have been subtle changes to the discretionary policy at the time of writing this policy to reflect recent regulatory changes but these do not impact on the council's policy conveyed in the previous version of the policy statement. This document also incorporates discretionary provisions that are still in force under the former LGPS regulations that the employer is required to publish within its current policy. Any changes that are required as a result of the proposals identified in 18.4 will result in the LGPS Discretionary Policy being updated at the appropriate time.

18.4 At the time of writing the 2021/22 Pay policy, a new set of draft LGPS Regulations are currently under consultation and are likely to come into force before April 2021. The policy therefore reflects the known legislative position at the time of publication.

19.0 Pay multiples (or pay dispersion)

19.1 There is no formal mechanism for direct comparison between pay levels of the wider workforce with senior manager pay and there are no council policies on reaching or maintaining a specific pay multiple.

19.2 The pay multiple recommended for adoption by the Hutton Review of Fair Pay in the Public Sector is the ratio between the salary of the highest paid employee and the median full time equivalent (fte) salary of the organisation.

19.3 The council's current (31 October 2020) pay multiple from the highest pay (£187,077 per annum) to the median pay (£27,468 per annum) is 1:7. This pay multiple is the same ratio as the previous year.

19.4 The council's current (31 October 2020) pay multiple from Chief Officers within the Corporate Management Team (£131,488 per annum) to the median pay (£27,468 per annum) is 1:5. This pay multiple is the same ratio as the previous year.

19.5 The Council will monitor these ratios on an annual basis to ensure that there is no undue wage inflation in senior management pay rates.

Appendix A

JNC for Chief Officers of Local Authorities

Spinal Column Point Salaries

	Pay range	1st April 2021 *Annual	1st April 2020 *Annual
Chief Executive			
Pay range **		TBC	£165,697 to £187,077
Executive Director			
Pay range	11	TBC	£128,281
	12		£131,488
	13		£134,695
	Spot point		£141,110
Director			
Pay range	31	TBC	£83,892
	32		£87,115
	33		£90,342
	34		£93,568
	35		£96,799

*Salary ranges above includes the pay award increase of 2.75% effective from 01 April 2020 on the previous years' salary. The salary ranges reflect the 1% reduction following the terms and conditions review in 2017.

** Chief Executive is paid on a spot salary within the Chief Executive pay range

The 2021 pay points for Chief Officer TBC

Appendix B

Spinal Column Point Salaries effective from 1st April 2021 (TBC) and 2020

** Salary scales reflect the 1% reduction following the terms and conditions review (2017)*

*** note Hourly rates are shown rounded to the nearest whole penny*

Grade		SCP	2021 *Annual Salary	2021 Monthly Rate	2021 **Hourly Rate	2020 *Annual Salary £	2020 Monthly Rate £	2020 **Hourly Rate £
NJC grades								
G1		001				17665	1472.08	9.16
	G2	002				18019	1501.58	9.34
		003				18378	1531.50	9.53
G3		004				18746	1562.17	9.72
		005				19121	1593.42	9.91
	G4	006				19503	1625.25	10.11
		007				19893	1657.75	10.31
		008				20292	1691.00	10.52
G5		009				20697	1724.75	10.73
		010				21112	1759.33	10.94
		011				21533	1794.42	11.16
		012				21963	1830.25	11.38
		013				22403	1866.92	11.61
		014				22852	1904.33	11.84
	G6	015				23308	1942.33	12.08
		016				23775	1981.25	12.32
		017				24249	2020.75	12.57
		018				24734	2061.17	12.82
		019				25229	2102.42	13.08
		020				25734	2144.50	13.34
		021				26249	2187.42	13.61
G7		022				26773	2231.08	13.88
		023				27468	2289.00	14.24
		024				28390	2365.83	14.72
		025				29285	2440.42	15.18
	G8	026				30150	2512.50	15.63
		027				31037	2586.42	16.09
		028				31916	2659.67	16.54
		029				32585	2715.42	16.89
G9		030				33448	2787.33	17.34
		031		TBC		34385	2865.42	17.82
		032				35392	2949.33	18.34
		033				36557	3046.42	18.95
	G10	034				37516	3126.33	19.45
		035				38506	3208.83	19.96
		036				39487	3290.58	20.47
		037				40472	3372.67	20.98
G11		038				41466	3455.50	21.49
		039				42398	3533.17	21.98
		040				43424	3618.67	22.51
		041				44420	3701.67	23.02
	G12	042				45406	3783.83	23.54
		043				46382	3865.17	24.04
		044				47419	3951.58	24.58
		045				48444	4037.00	25.11
G13		046				49612	4134.33	25.72
		047				50808	4234.00	26.34
		048				52002	4333.50	26.95
		049				53214	4434.50	27.58
		050				54419	4534.92	28.21
G14		055				60646	5053.83	31.43
		056				61911	5159.25	32.09
	G15	057				63910	5325.83	33.13
		058				67108	5592.33	34.78
		059				70301	5858.42	36.44
G16		060				73632	6136.00	38.17
	G15	061				76831	6402.58	39.82
G16		062				80024	6668.67	41.48

Midpoint (Average Cost) of Salary Grades 2020

Grade	SCP	Midpoint £
Grade 1	pts 1-2	17842
Grade 2	pts 2-4	18381
Grade 3	pts 4-6	19123
Grade 4	pts 6-11	20505
Grade 5	pts 9-17	22432
Grade 6	pts 15-23	25280
Grade 7	pts 22-27	28851
Grade 8	pts 26-31	32254
Grade 9	pts 30-35	#DIV/0!
Grade 10	pts 34-39	39974
Grade 11	pts 38-43	43916
Grade 12	pts 42-47	48012
Grade 13	pts 46-50	52011
Grade 14	pts 55-58	63394
Grade 15	pts 57-61	70356
Grade 16	pts 60-62	76829

Business Mileage Effective from 1 April 2017

Business Mileage	HMRC Approved mileage rates Cars (per mile)
First 10,000 business miles in the tax year	45p
Each business mile over 10,000 in the tax year	25p

Living Wage Allowance from 1 April 2021

£9.50 per hour

Walsall Council

Appendix C

Spinal Column Point Salaries effective from 1st September 2021 (TBC) & 2020

** Salary scales reflect the 1% reduction following the terms and conditions review (2017)*

*** note Hourly rates are shown rounded to the nearest whole penny*

2021				2020			
SCP	*Annual Salary £	Monthly Rate £	**Hourly Rate £	SCP	*Annual Salary £	Monthly Rate £	**Hourly Rate £
Educational Improvement Professionals				**Educational Improvement Professionals**			
1				1	36058	3004.83	18.69
2				2	37350	3112.50	19.36
3				3	38568	3214.00	19.99
4				4	39804	3317.00	20.63
5				5	41032	3419.33	21.27
6				6	42261	3521.75	21.90
7				7	43553	3629.42	22.57
8				8	44794	3732.83	23.22
9				9	46241	3853.42	23.97
10				10	47531	3960.92	24.64
11		TBC		11	48805	4067.08	25.30
12				12	50039	4169.92	25.94
13				13	51437	4286.42	26.66
14				14	52681	4390.08	27.31
15				15	54057	4504.75	28.02
16				16	55301	4608.42	28.66
17				17	56547	4712.25	29.31
18				18	57771	4814.25	29.94
19				19	59034	4919.50	30.60
20				20	59686	4973.83	30.94
21				21	60939	5078.25	31.59
22				22	62032	5169.33	32.15
23				23	63234	5269.50	32.78
28				28	68905	5742.08	35.72
Trainee Educational Psychologists				**Trainee Educational Psychologists**			
1				1	24297	2024.75	12.59
2				2	26077	2173.08	13.52
3		TBC		3	27852	2321.00	14.44
5				5	29630	2469.17	15.36
4				4	31409	2617.42	16.28
5				5	33186	2765.50	17.20
Educational Psychologists				**Educational Psychologists**			
2				2	39738	3311.50	20.60
3				3	41658	3471.50	21.59
4				4	43577	3631.42	22.59
5				5	45495	3791.25	23.58
6		TBC		6	47414	3951.17	24.58
7				7	49221	4101.75	25.51
8				8	51029	4252.42	26.45
9				9	52720	4393.33	27.33
10				10	54414	4534.50	28.20
Senior & Principal Educational Psychologists				**Senior & Principal Educational Psychologists**			
3				3	51029	4252.42	26.45
4				4	52720	4393.33	27.33
5				5	54414	4534.50	28.20
6				6	55996	4666.33	29.02
7				7	56644	4720.33	29.36
8				8	57854	4821.17	29.99
9		TBC		9	59056	4921.33	30.61
10				10	60277	5023.08	31.24
11				11	61474	5122.83	31.86
12				12	62696	5224.67	32.50
13				13	63938	5328.17	33.14
14				14	65138	5428.17	33.76
15				15	66396	5533.00	34.41
16				16	67642	5636.83	35.06
17				17	68896	5741.33	35.71
18				18	70148	5845.67	36.36

Appendix D

Spinal Column Point Salaries effective from 1st September 2021 (TBC) & 2020

** Salary scales reflect the 1% reduction following the terms and conditions review (2017)*

*** note Hourly rates are shown rounded to the nearest whole penny*

2021			
SCP	*Annual Salary	Monthly Rate	**Hourly
	£	£	£
JNC for Youth & Community Workers			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			

TBC

2020			
SCP	*Annual Salary	Monthly Rate	**Hourly
	£	£	£
JNC for Youth & Community Workers			
5	19130	1594.17	9.92
6	19449	1620.75	10.08
7	19723	1643.58	10.22
8	20385	1698.75	10.57
9	21226	1768.83	11.00
10	21885	1823.75	11.34
11	22948	1912.33	11.89
12	23990	1999.17	12.43
13	25063	2088.58	12.99
14	26176	2181.33	13.57
15	26933	2244.42	13.96
16	27725	2310.42	14.37
17	28502	2375.17	14.77
18	29287	2440.58	15.18
19	30064	2505.33	15.58
20	30843	2570.25	15.99
21	31719	2643.25	16.44
22	32713	2726.08	16.96
23	33679	2806.58	17.46
24	34649	2887.42	17.96
25	35630	2969.17	18.47
26	36607	3050.58	18.97
27	37585	3132.08	19.48
28	38575	3214.58	19.99
29	39559	3296.58	20.50
30	40541	3378.42	21.01
31	41205	3433.75	21.36
32	42295	3524.58	21.92

Walsall Council

Appendix E

Walsall Council

Local Government Pension Scheme Policy Statement: 1 April 2014

Policy Statement for all eligible employees

Under the Local Government Pension Scheme Regulations, each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pension Regulations.

This statement is applicable to all employees of Walsall Council who are eligible to be members of the LGPS. Before the exercise of any discretion it will be necessary in each case to consider the full financial cost implications to the Council and the Pension Fund.

Existing policy discretions for employers which are in place under the 2008 and 1995 schemes will remain in force for employees who left the scheme prior to 1st April 2014.

All other past polices and discretions will be revoked following the approval of this policy. The discretions detailed in this policy will apply from 1st April 2014.

Part 1 – Discretions to be applied under the LGPS Regulations 2013 and LGPS (Transitional Provisions and Savings) Regulations 2014 (denoted as 'TP' within the policy).

Regulation 16(2)e & Reg 16(4)d:	**Council Policy**
Where an active Scheme member wishes to purchase extra annual pension of up to £7,194 (figure at 1 April 2020) by making Additional Pension Contributions (APCs), the employer can choose to contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).	The Council has NOT adopted this discretion.

Regulation 30(6) and TP11(2):	**Council Policy**
Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade in order to release some or all of their retirement benefits.	The Council will consider employee requests to take flexible retirement on a case by case basis after taking into factors such as service delivery and any costs that may apply.

<u>Regulation 30(8):</u> Whether to waive any actuarial reductions that would otherwise apply under Regulation 30(5) and Regulation 30(6) for active members, deferred members and suspended tier 3 ill health pensioners who elect to receive early payment of benefits prior to normal pension age.	**<u>Council Policy</u>** Waiving of actuarial reductions and the application of 85 year rule protections will be considered only where there is a clear financial or operational advantage in doing so. A request for early unreduced payment of benefits on compassionate grounds would be considered only where the former member is prevented from full-time working due to the need to provide long-term care for a dependant.

<u>TP Regulation 1(1)(c) of Schedule 2:</u> Whether, to apply the 85 year rule protections to members who choose to voluntarily draw their benefits on or after age 55 and before age 60, [under paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].	**<u>Council Policy</u>** Waiving of actuarial reductions and the application of 85 year rule protections will be considered only where there is a clear financial or operational advantage to the Council in doing so.

<u>Regulation 31:</u> Whether to grant extra annual pension of up to £7,194 to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.	**<u>Council Policy</u>** The Council has <u>NOT</u> adopted this discretion.

<u>Regulation 22(8 & 9):</u> Whether to extend the 12-month period in which a member can elect to retain separate benefits for previous pensionable service.	**<u>Council Policy</u>** The Council will consider applications under this Regulation but only when it can be demonstrated that the delay is because of an administration issue and not as a result of the scheme member's failure to make an election within the 12 month timescale.

<u>Regulation 9(3):</u> Determining the rate of employees' contributions	**<u>Council Policy</u>** The Council will review the contribution rate bands at six monthly intervals. Account will be taken when determining the rate of any impending pay award.

<u>Regulation 100(6)</u>: Whether to extend the 12-month period from joining the scheme in which to allow a transfer-in of previous non-local government pension rights.	**<u>Council Policy</u>** The Council will consider applications under this Regulation but only when it can be demonstrated that the delay is because of an administration issue and not as a result of the scheme member's failure to make an election within the 12 month timescale.

Part 2 – Discretions to be applied under the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended)

No remaining Discretions apply under Part 2

Part 3 – Discretions to be applied under the LGPS Regulations 1997

Regulation 31(7A): Whether to grant employer consent for a scheme member to access their retirement benefits from their Normal Retirement Date without reduction, while continuing to be employed by a Scheme employer listed in Schedule 2.	**Council Policy** The Council has adopted this regulation to be used in exceptional circumstances only. The criteria for exceptional circumstances are defined in the detailed guidelines. The Council will consider each specific case which will be judged equally and fairly on its own merits having fully considered the reasons for early payment and any associated financial costs.

Part 4 – Discretions to be applied under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006

Regulation 5: The Council may decide to calculate a redundancy payment entitlement as if there had been no limit on the amount of the week's pay used in the calculation.	**Council Policy** The Council has decided to adopt this discretion and base redundancy payment calculations on an unrestricted week's pay.

Regulation 6: A one-off lump sum compensation payment may be awarded to an employee up to a maximum value of 104 weeks pay (2 years) inclusive of any redundancy payment made.	**Council Policy** The council has decided to adopt this discretion in part and will award an additional lump sum compensation payment equal to the value of the statutory redundancy payment – maximum payment 30 weeks – but only in cases of some compulsory redundancies. Each award will be subject to a cap to be paid to an employee who is paid less than the full time equivalent of scale point 23. Each specific case will be judged equally and fairly on its own merits having fully considered service delivery and financial costs.

Part 5 – Discretions to be applied under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

Explanation The Council operates The Walsall Council Injury Allowance Scheme under the permissive powers of The Discretionary Payment Regulations 2011.	**Council Policy** The Council has decided that all claims are to be submitted to and agreed by an Injury Allowance Panel. The panel will consist of The Head of Legal Services, The Head of Finance and the Head of Human Resources or

The scheme is unique to Walsall Council employees and is operated within the regulatory guidelines.	their nominees. Both temporary and permanent allowances are available within the terms of reference of the scheme. Each award will be judged on the relevant evidence presented to the panel. Payment will be made from the service budget. There is no separate internal appeals process as designated by the Injury allowance panel.

Part 6 – Appeals Process – Local Government Pension Scheme (Administration) Regulations 2008

Regulation 57: Internal Dispute Resolution Procedure (IDRP)	**Council Policy**
Responsibility for determination of LGPS disputes under the first stage of the procedure now lies with the "Adjudicator" at the employing authority. The Section 151 Officer is the Adjudicator for the purposes of the Internal Dispute Resolution Process. If this presents a conflict of interest when the complaint relates to a member of the Resources directorate, the Chief Executive will act as the Adjudicator.	Any disputes about decisions made under the LGPS should be sent in writing to: The Section 151 Officer The Council House Walsall Council WS1 1TW **or** The Chief Executive if the complaint relates to member of the Resources and Transformation Directorate.

December 2020

Appendix 2

The Living Wage (Pay Policy 2021/2022)

1. Background

1.1 The Living Wage is an informal benchmark, not a legally enforceable minimum level of pay, like the national minimum/national living wage. The Living Wage calculation takes into account the Centre for Research in Social Policy at Loughborough University Minimum Income Standard, which identifies a core basket of goods needed for a minimum standard of living. Combined with analysis of the actual cost of living including essentials such as rent, council tax, childcare and transport to produce the Living Wage figure.

1.2 Appointments Board recommended that with effect from 01 April 2015, the Council commence payment of a Living Wage allowance to existing roles including Higher Level Apprentices, (excluding apprenticeships at advanced level and below, with further amendments excluding internships) and casual workers paid below the Living Wage. Subsequently it was recommended by Personnel Committee (22 January 2019) that this is reviewed annually as part of the Pay Policy Statement. Each year to date since its introduction in 2015 the Living Wage rate has increased and been implemented as below;

- £7.85 effective from 1st April 2015
- £8.25 effective from 1st April 2016
- £8.45 effective from 1st April 2017
- £8.75 effective from 1st April 2018
- £9.00 effective from 1st April 2019
- £9.30 effective from 1st April 2020

1.3 The Living Wage outside of London increased on 09 November 2020 from £9.30 to £9.50 per hour.

1.4 The national minimum/national living wage is currently £8.72 for those 25 and over, £8.20 for those aged 21-24, £6.45 for those aged 18-20, £4.55 for those under 18, and £4.15 for apprentices under 19 or in their first year of study. These rates are expected to rise from 01 April 2021, although exact figures (at the time of writing) have not yet been published.

1.5 The NJC pay scales current minimum point (2020/2021) is £9.16 and may potentially increase from 01 April 2021 following confirmation of the NJC nationally negotiated pay award being agreed (where applicable). Employees on JNC, Soulbury and teachers terms and conditions, all exceed the minimum rate of £9.50.

2. Living Wage Allowance in Walsall Council

2.1 Based on the current employment data as at 19th November 2020, and taking into count any incremental progression due on 1st April 2021 there will be 11 employees who fall below the living wage rate of £9.50 per hour. In addition to these there are 10 higher-level apprentices within scope paid an hourly rate below the living wage;

2.2 In addition to the above the Council also has approximately 133 people that work on a ‘casual’ basis at rates in the pay structure less than £9.50 per hour, which are eligible for the living wage allowance adopted by the Council.

2.3 Schools have the delegated power to decide where to appoint employees on the pay scale and could therefore choose not to apply the Living Wage (even if the council has decided to implement it).

2.4 Foundation, Voluntary Aided Schools and Academies are separate employers so are outside of any decisions the Council may take regarding pay.

Ref No. 45/20

Equality Impact Assessment (EqIA) for Policies, Procedures and Services

Proposal name	**Pay Policy Statement 2020/21**		
Directorate	Resource and Transformation		
Service	HR Strategy and Planning Team		
Responsible Officer	Rebecca Harrison		
Proposal planning start	23 November 2020	**Proposal start date (due or actual date)**	01 April 2021

1	**What is the purpose of the proposal?**	**Yes / No**	**New / revision**
	Policy	Yes	**Revision**
	Procedure	N/A	
	Guidance	N/A	
	Is this a service to customers/staff/public?	Yes	
	If yes, is it contracted or commissioned?	N/A	
	Other - give details	N/A	

2	**What is the business case for this proposal? Please provide the main purpose of the service, intended outcomes and reasons for change?**
	The Pay Policy Statement sets out Council policy on pay and conditions for senior managers and employees, assisting the Council to attract and retain skilled employees and ensuring compliance with legislative requirements under the Localism Act 2011 and the Equality Act 2010. This policy is a key element of our employment practices and it is vital that it meets the needs of the employees and managers who use it. To provide a policy which is free from any form of discrimination is a key aim of Human Resources (HR). The policy has been updated and is in line with current legislation and good practice. The policy will be applicable to all employees and managers with the exclusion of those employees on teachers’ pay & conditions and educational support staff.

3	**Who is the proposal likely to affect?**		
	People in Walsall	**Yes / No**	**Detail**
	All	**No**	**All corporate employees including Chief Officers**
	Specific group/s	**No**	
	Council employees	**Yes**	

	Other (identify)	**N/A**	
4	**Please provide service data relating to this proposal on your customer's protected characteristics.**		
	As of 31 March 2020 the total number of Walsall Council employees (excluding Schools) were 3097. The Council's workforce is made up of 67.7% females. 23.55% of the workforce are classified as minority ethnic. In total there were 151 employees (4.88% of the workforce) who declared they had a disability, as defined by the Equality Act 2010. 3.81% of the workforce are under 25 years of age, 28.16% of the workforce are 55 years or older, 42.85% of the workforce are aged between 40-54 years old and 50-54 years old are the largest age group making up 17.69% of the workforce.		
5	**Please provide details of all engagement and consultation undertaken for this proposal. (Please use a separate box for each engagement/consultation).**		
	Consultation took place with senior managers within the Council between 5th November to 18th November 2020. 5th November to 27th November 2020 – consultation on the draft Pay Policy Statement 2021/22 with Legal and Finance. The Pay Policy is subject to endorsement with CMT in December 2020. The Pay Policy is subject to approval with Personnel Committee in February 2021. The Pay Policy is subject to approval at Full Council in February 2021.		

Type of engagement/consultation	Senior Managers Finance legal	**Date**	5 November 2020
Who attended/participated?	Senior managers across all directorates		
Protected characteristics of participants	N/A		
Feedback and response Request for further clarity on: • Additional allowance for the Council's Monitoring Officer • Honoraria progession payments (additional duties) • Unsocial Hours payments Some minor amendments to wording			

The policy has been updated to reflect the uplift of the living wage rate and the following:

- Further clarity regarding the Council's Monitoring Officer additional allowance [refer to appendix 1 Pay Policy point 5.7]
- The addition of retention payments which may apply where there are risks associated with workforce instability and concerns regarding retaining suitably skilled employees in the mid to long term [refer to appendix 1 Pay Policy point 13.1].
- Further clarity on Unsocial Hours payments and the qualifying requirements for consistency [refer to appendix 1 Pay Policy point 16.3].
- Amendment to Exit Payments as a result of change in government legislation and a cap of £95,000 for total exit payments effective 4 November 2020 [refer to appendix 1 Pay Policy point 17.1].
- Amendment to Pensions as regulations at the time of writing, are out to consultation [refer to appendix 1 Pay Policy Points 18.3 and 18.4]
- Some minor amendments to wording

Consultation Activity
Complete a copy of this table for each consultation activity you have undertaken.

6 Concise overview of all evidence, engagement and consultation

The policy has been updated following consultation and includes:

- Uplift of the Living Wage rate
- Further clarity regarding the Council's Monitoring Officer additional allowance [refer to appendix 1 Pay Policy point 5.7]
- The addition of retention payments which may apply where there are risks associated with workforce instability and concerns regarding retaining suitably skilled employees in the mid to long term [refer to appendix 1 Pay Policy point 13.1].
- Further clarity on Unsocial Hours payments and the qualifying requirements for consistency [refer to appendix 1 Pay Policy point 16.3].
- Amendment to Exit Payments as a result of change in government legislation and a cap of £95,000 for total exit payments effective 4 November 2020 [refer to appendix 1 Pay Policy point 17.1].
- Amendment to Pensions as regulations at the time of writing, are out to consultation [refer to appendix 1 Pay Policy Points 18.3 and 18.4]
- Some minor amendments to wording

7	How may the proposal affect each protected characteristic or group? The effect may be positive, negative, neutral or not known. Give reasons and if action is needed.			
	Characteristic	**Affect**	**Reason**	**Action needed Yes / No**
	Age	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Disability	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination. Potential impact on employees who require reasonable adjustments for communication and for those who do not understand the policy e.g. employees with learning disabilities.	Yes
	Gender reassignment	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Marriage and civil partnership	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Pregnancy and maternity	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination. Potential impact for people who are on maternity or paternity	Yes

			leave and are not updated about the policy.	
	Race	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Religion or belief	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Sex	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Sexual orientation	Neutral	The policy sets out the approach to pay in regards to Council employees, therefore it sets out clear guidelines to reduce the risk of discrimination.	No
	Other (give detail)	N/A		
	Further information	N/A		
8	**Does your proposal link with other proposals to have a cumulative effect on particular equality groups? If yes, give details.**			(Delete one) **No**
9	**Which justifiable action does the evidence, engagement and consultation feedback suggest you take?**			
	A	No major change required		
	B	**Adjustments needed to remove barriers or to better promote equality**		
	C	Continue despite possible adverse impact		
	D	Stop and rethink your proposal.		

Action and monitoring plan

Action Date	Action	Responsibility	Outcome Date	Outcome
Day of 1/4/21	To ensure employees who are on maternity /parental leave are made aware of the updated procedure.	Employee's line manager should make themselves available to explain the policy to ensure understanding and	As and when required	

		offer support to allow individuals to achieve the requirements		
Day of Launch	The procedure will be explained/made available in other languages on request for employees whose first language is not English.	Appropriate liaison as required with the council's Interpretation, Translation, Transcription and Easy Read service (ITTE)	As and when requested	
Day of Launch	Alternative formats (audio and Easy Read) for disabled employees of the new policy will be made available on request.	Liaison as required with the appropriate council procured services; audio formats from Walsall Society for the Blind and Easy Read from the Community, Equality and Cohesion team.	As and when requested	

Update to EqIA	
Date	**Detail**
23/11/20	Procedure to be reviewed annually

Contact us

Community, Equality and Cohesion
Resources and Transformation

Telephone 01922 655797
Textphone 01922 654000
Email equality@walsall.gov.uk
Inside Walsall: http://int.walsall.gov.uk/Service_information/Equality_and_diversity

Council – 25^{th} February, 2021

Appointment of Independent Persons

1. Summary of report

To request the Council to agree to the appointment of Independent Persons to the Standards Committee and Audit Committee.

2. Recommendations

That:-

(1) Sureya Ajaz be appointed as an independent person on the Council's Audit and Standards Committee for a period of 4 years;
(2) Deborah Mardner be appointed as an independent person on the Council's Standards Committee for a period of 4 years;
(3) Carl Magness be appointed as an independent person on the Council's Standards Committee for a period of 4 years; and
(4) Council notes that Independent Persons (Standards) shall be paid an allowance of £750.00 per annum.

3. Report detail

Standards

3.1 The Localism Act 2011 was enacted on 15th November 2011 and amongst its provisions was the repeal of the existing standards regime as set out in the Local Government Act 2000. This included amongst other changes, the abolition of the Standards Board for England and the existing arrangements for local investigation and determination of complaints and the requirement for independent members on Standards Committees.

3.2 The Localism Act 2011 requires the authority to have in place arrangements under which allegations of a breach of the Code can be investigated and decisions made in respect of such allegations. The arrangements require the authority to appoint at least one independent person, whose views are to be sought and taken into account by the authority before it makes its decision on an allegation that it has decided to investigate. The views of the independent person may be sought by a member if that member's behaviour is the subject of an allegation.

Audit

3.3 Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management. The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place. The Council's audit committee should adopt a model that establishes the committee as independent and effective. The committee should:

- act as the principal, advisory function supporting those charged with governance;
- be independent of the decision making committees of the Council and include an independent member where not already required to do so by legislation;
- have clear rights of access to other committees/functions, for example, service committees, corporate risk management and other strategic groups; and
- be directly accountable to the authority's governing body.

3.4 Best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers, members and leaders, but provides an opportunity and resource to focus on these issues.

3.5 CIPFA considers that Audit Committees must also actively explore the appointment of at least one independent member to the Committee. This is in line with good practice to demonstrate good governance principles and independence from the executive and other political allegiances.

4. Recruitment Process

4.1 The independent persons, subject to appointment by the Council, have been selected through a process of public advertisement, application and interview by the Monitoring Officer and Interim Director of Interim Director of Finance, Corporate Performance Management and Corporate Landlord.

5.0 Legal Implications

5.1 The Council is required under the Localism Act 2011 to appoint an independent person in order that the Monitoring Officer may consult with them before it makes its decision on an allegation that it has decided to investigate.

5.2 Whilst Independent on Audit Committees is not a requirement, it is considered Best Practice by CIPFA.

5.3 All Independent Persons are required to sign a declaration to confirm that they have:

(a) received a copy of Walsall Metropolitan Borough Council's Code of Conduct for Members, currently in force and have been encouraged to read the same; and

(b) that in performing any of their functions as an Independent Member of Walsall Metropolitan Borough Council's Standards Committee they will observe and uphold the Code of Conduct for Members, currently in force and any subsequent Code of Conduct; and I understand that I will not be permitted, by operation of law, to act in such capacity, unless and until I have given this written declaration to the Council's Monitoring Officer.

5.2 Independent Persons are also asked to complete a declaration of interest form.

5.3 The term of office is for a period of 4 years but may be extended by Council.

6. Financial implications

6.1 There will be a cost to the Council in reimbursing Independent Members reasonable out of pocket expenses such as travelling/subsistence/other related expenses. These are difficult to quantify in advance and will be dependent on the level of activity of the Standards Committee.

6.2 To ensure that the Council attracts high quality candidate whilst recognising the complexity of the role, Standards Committee agreed that an allowance for members of the Standards Committee should be paid. Following a review of a number of Councils, the Chair of Standards Committee agreed that an allowance of £750.00 plus reasonable expenses be paid.

5. Equality implications

5.1 Arrangements for dealing with complaints will ensure that complaints are investigated impartially and fairly, which is to be of benefit to both the complainant and elected member or co-opted member.

Background papers

Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on the function and operation of audit committees; "Audit Committees in Local Authorities and Police, 2018 edition"

Author

Neil Picken,
Senior Democratic Services Officer
☎ 01922 654369
✉ neil.picken@walsall.gov.uk

Anthony C

Signed: Anthony Cox

Director of Governance

Date: 11/02/21

Item 12.

Council – 25 February 2021

Members Allowances 2021

1. Summary of report

A review of Members Allowances has been undertaken by an Independent Remuneration Panel. The findings of the review, along with recommendations, are provided, in detail, to enable Council to make a determination as to the Scheme to be implemented from April, 2021.

2. Recommendations

2.1 That the Council note and have regard to the recommendations of the Independent Remuneration Panel and thank the Panel for their work in producing their report.

2.2 That the Council consider and agree one, or a combination of the recommendations as set out in paragraph 3.7 below by the Independent Remuneration Panel for a scheme of allowances to be implemented from April 2021.

2.3 That the Council's Constitution be amended by the insertion of the new Scheme at Part 6.

2.4 That the Council's Monitoring Officer be authorised to advertise the new scheme of allowances and payments made hereunder as required by statute.

3. Background

3.1 The current scheme of Member Allowances was adopted by Council on 7th January 2019, this is included at Appendix 2 of this report. When the matter was last considered by Council in 7th January 2019, Council determined that whilst austerity, as interpreted by the Council, continued, the criterion for the annual updating of members allowances should be the NJC officers award except when Council staff agree to a lower percentage rise, freeze or reduction, in which case that figure should be applied equally to Member allowances.

3.2 The report of the Independent Remuneration Panel (IRP), drafted in December 2018, stated that it should not endorse maintaining the status quo or reducing members allowances. The IRP also reflected that it was right to explore and present options to increase members allowances as they had not increased since 2011. This had created a disparity between the level of allowances in Walsall with comparable authorities thus undervaluing the contribution of councillors in their roles. The Panel felt that even if the Council did not adopt any of the options to increase allowances in January, 2019, they may want to endorse one of them in principle, to be re-examined when austerity had come to an end. As it has now been 2 years since the review, an IRP was requested to consider the current position and benchmark Walsall with other Authorities.

3.3 The Independent Remuneration Panel consists of three members who are entirely independent of the council. They are Professor Stephen Leach; Richard Hood, Company Secretary and Independent Local Government Consultant, and Philip Tart, former Director of Resources and Transformation and Change (Monitoring Officer), Dudley MBC. The IRP were provided with full information concerning the Elected Members Allowance Scheme, and met 'remotely' or via telephone with all of the group leaders prior to finalising its report. Representations were also invited from all members of the council, either by phone or e-mail to the Chair. .

3.4 The panel met remotely in November and December 2020 and agreed that a more focussed review was more appropriate, as there had been little in the way of change in the Council's structure since the review completed in December, 2018. As a result, the Panel's report is also focussed, and should be considered in the context of the recommendations made in its 2018 report, which were accepted by the council at its meeting in January, 2019. The Panel's current report is set out at Appendix 1 herewith.

3.5 The Independent Panel's terms of reference are that they have unfettered discretion to make recommendations upon the scheme of allowances for elected members. The Council has discretion as to whether or not to accept the recommendations made in whole or in part.

3.6 In undertaking their review the Independent Remuneration Panel, were given full details of the Council's political arrangements; provided with elected member job descriptions; provided with tabulated analysis of members allowance schemes for authorities in the Black Country, West Midlands, and those of our relevant CIPFA family of authorities.

3.7 The summary recommendations of the panel are as follows:

1. The Basic Allowance should be increased from £11,146 to £11,938.

2. The Council should give consideration as to whether it wishes to implement one of the three options recommended in 2019 by the Panel for increases in SRAs (updated in the IRP report at Appendix 1 herewith), which the Panel continues to regard as justifiable in principle.
3. If it chooses not to implement any of these options at present, then the second Deputy Leader of the Council should be allocated an SRA of £15,124, equivalent to that of the first deputy; and the leader of the opposition's SRA should be increased from £7,579 to £9,879.
4. If one of the three options is selected for implementation, the SRA paid to the second deputy leader should be as specified in Appendix One of the IRP report at Appendix 1 herewith and the SRA of the opposition leader should be dependent on the option selected. ((1) £11,572 (2) £11,752 (3) £12,581/£11,743, as applicable).
5. If one of the three options is chosen for implementation, then the SRAs paid to the various positions specified should be as set out in Appendix One of the IRP report at Appendix 1 herewith.

6. The criterion for the annual updating of members allowances should continue to be the NJC award paid to officers in that year, unless the Council resolves not to apply any increase.
7. All other allowances including the allowances for mayor and deputy mayor and travel and subsistence and carers allowances should remain as at present.

4. Resource and Legal Considerations

4.1 The power to have a Members Allowance Scheme is conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 made under the Local Government and Housing Act 1989 and the Local Government Act 2000.

4.2 Under Part 4 of the above regulations the Council has to have regard to the recommendations made in relation to its Members Allowance Scheme by an Independent Remuneration Panel.

4.3 The Independent Remuneration Panel must produce a report making recommendations as to the responsibilities and duties in respect of the items contained between s21 (1) (a) to (g) of the said regulations.

4.4 There is a requirement for the local authority to publicise the recommendations made by the Independent Remuneration Panel as soon as reasonably practicable after receiving a report from the panel setting out the panel's recommendations.

4.5 The overall cost of implementing the recommended changes can be contained within existing Council budgets.

5. Member Interests

5.1 The decision as to whether a member has to declare an interest in business being transacted by a meeting is ultimately a matter for an elected member to decide upon even where they have sought advice. In relation to this report, the Monitoring Officer in January 2017 granted a dispensation for all elected members on their written request under section 31 (2) Localism Act 2011 on the basis that the number of persons prohibited from participating in this particular business would be so great proportion of the body transacting the business so as to impede the transaction the said business.

6. Financial Implications

6.1 The cost of the various proposals put forward by the Independent Remuneration Panel are set out in the IRP report at Appendix 1 within that report.

7. Citizen Impact

7.1 The whole process of determining Elected Members Allowances is based upon openness and transparency. The public have a right to know the level of allowances that Elected Members are entitled to in carrying out their duties effectively under the democratic process. The legislation requires that the Council publishes a scheme for Members Allowances to ensure the same can be scrutinised by the public, not only in terms of the Scheme itself but also in comparison to neighbouring authorities, and the amount recommended by the Independent Remuneration Panel.

7.2 Remuneration should not be an incentive for services as a Councillor, nor should lack of remuneration be a barrier. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as a local Councillor. Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage as a result of doing so. Councillors should be compensated for their work, as permitted by the law, and that compensation should have regard to the full range of commitments and complexities of their varying roles.

7.3 The changes proposed scheme by the Independent Remuneration Panel acknowledge different levels and complexities, and commitment to the roles undertaken by elected members.

8.0 Environmental Impact

8.1 The scheme recommended by the panel encourages elected members to use public transport in carrying out their duties wherever possible. Where this is not possible travel expenses incurred can be reclaimed or where Councillors use their cars outside of the West Midlands vehicle car mileage allowance rates can be claimed. This is recommended to be paid at the same rates applicable to officers and that scheme encourages use of more environmentally friendly vehicles.

8.2 Further, the scheme encourages elected members to become connected to broadband. In time this could help reduce the volume of paper circulated and reduce the number of queries members have to make for information as more will be available on the Council's intranet.

9.0 Performance and Risk Management Issues

9.1 The Council is obliged to adopt a new Members Allowance Scheme every year. However, where an index is applied to the scheme, the Council can rely upon that index for up to 4 years without the need to review the scheme. If the Council fails to adopt a new scheme (even if it is to re-adopt the existing scheme) before the existing one expires, then the Council will be unable to pay its members allowances thereafter until a new scheme is adopted.

10. Equality Implications

10.1 None arising from this report.

11. Consultation

11.1 In accordance with statute the Council consults with and receives recommendations from the Independent Remuneration Panel, who have substantial information concerning Councillors allowances, on which they base their recommendations. All the political group leaders of the Council were invited to provide comments to the Independent Remuneration Panel for them to consider as part of their deliberations in reviewing the current scheme of allowances.

Individual Elected Members were also invited to make representations to the Independent Remuneration Panel

Background Papers

Appendix 1 - Report of the Independent Remuneration Panel – February 2021.
Appendix 2 - Existing Members Allowance Scheme

Author

Tony Cox, Head of Governance
Tel: 01922-654822
Email: Anthony.Cox@walsall.gov.uk

WALSALL MBC

REPORT OF THE INDEPENDENT MEMBERS ALLOWANCES PANEL

February 2021

Introduction

1.1. The Panel was re-convened in November 2020 at the request of the Council. Its membership comprises Professor Steve Leach, who chairs the Panel, Philip Tart (former Strategic Director of Resources and Transformation and Monitoring Officer at Dudley MBC) and Richard Hood (Head of Legal and Governance, World Animal Partnership). The initial request was that the Panel should carry out a four-yearly review, but as the last such review had been carried out early in 2019, it was agreed that a more limited review was more appropriate, as there had been little in the way of change in the Council's structure since that time. As a result, the Panel's report is relatively brief, and should be considered in the context of the recommendations made in its 2019 report, which were later accepted by the Council.

1.2. Representations were invited from all members of the Council, either by phone or e-mail to the chair, in light of the limitations in face-to-face meetings necessitated by the Covid pandemic. The Panel was contacted by four members and is grateful from their input. It also received much helpful background information from Anthony Cox and Sarah Read and wishes to acknowledge the value of their contribution to its deliberations.

Analysis and Recommendations

2.1. In its 2019 report, at a time when it was not apparent that the post-2010 period of austerity had come to an end, the Panel recognised the difficulties members would face, if they resolved to accept any significant increases in allowances which might be recommended by the Panel. But Panels have a duty to assess what the appropriate level of allowances should be, in the light of the range of responsibilities carried out by members, irrespective of the financial context in which councils operate. The Panel was clear that the responsibilities and time commitments of all Walsall councillors had increased significantly since 2010, due to the pressures which had impinged on the Council resulting from austerity (not least, the difficult choices about which services to protect that had to be made in the annual budget), and the additional workload stemming from the Council's membership of the West Midlands Combined Authority. More recently, the challenges of responding to the impact of the Covid pandemic on the health and economic circumstances of the Borough's population have intensified these pressures.

2.2. The Panel's 2019 report pointed out that the real value of members allowances had declined by 22% since 2011, when the Council first decided to limit annual increases in allowances to the level of increase in the NJC officers pay award. In other words, councillors were receiving 22% less, in real terms, in 2019 than they had been in 2011, over a period in which their responsibilities and workload had increased considerably. In principle, this outcome is palpably unjust, and the Panel was clear that this injustice needed to be remedied.

2.3. In its 2019 report, the Panel provided three options for the Council to consider, if it were minded to accept the recommendation that a substantial increase in allowances was justified. The first was to re-calculate the allowances to restore their 2011 value in real terms. The second was to re-introduce an updated version of the allowances package recommended in the Panel's 2012 report, which was implemented by the Council in 2015, but then subjected to reductions in the light of the impact of austerity on the Council and its citizens. The third was to introduce a schedule of allowances for Walsall which brought it into line with the authorities in Walsall's CIPFA family. For example, why, the report argued, should the leader of Tameside MBC be receiving a special responsibility allowance of £37,000, when in Walsall the leader received only £23,000?

2.4. The report added a recommendation that its' proposals should be implemented as soon as austerity, in so far as it applied to local government, was perceived by the Council to have ended. The recommendations set out in the 2019 were accepted by the Council, but have not yet been implemented, presumably because neither in 2019 nor 2020 was the Council confident that 'the end of austerity' had yet come to pass.

2.5. The Panel is clear that, in principle, the justification for the levels of increases it recommended in 2019 remains. In Appendix One, the figures set out for each option have been updated to incorporate the 4% increase in the cost of living over the past two years. It is of course up to the Council to decide which option (if any) it wishes to support. There may be a case, in the current circumstances, for choosing option one, which restores the real value of allowances to what they were in 2011. This option has a simplicity about it, which might help it to be better understood and accepted by Walsall's residents and the local media than the other options. It is not a 'real increase' in allowances which is being proposed, but rather a re-instatement of the value of what councillors were receiving ten years ago, when their responsibilities and the pressures on their time were undoubtedly less than they are at present.

2.6. Whether or not the Council feels that it is appropriate to implement the Panel's recommendations at the present time is a political judgement only it can make.

2.7. The one substantive change in the Council's decision-making structure since the panel last met has been the designation of a second deputy leader of the Council by the Conservative administration. The Panel's understanding is that this designation came about as a result of the council's proactive response to the Covid pandemic. The second deputy's role (Resilient Communities) is to coordinate the implementation of the Council's response. The Panel's view is that this role is likely to be a temporary measure, which lasts only as long as the pandemic requires it. It is extremely unusual for a Council to appoint two deputy leaders. Under the current schedule of allowances, to re-designate the cabinet member in this way would increase his SRA by £3,500 to £15,214, assuming parity of status with the existing deputy leader is intended. The Panel is prepared to make such a recommendation, so long as it is understood that the need for a second deputy leader is reviewed and reconsidered by the Panel, when the need for these Covid-related responsibilities is no longer felt to be necessary.

2.8. It is important to maintain a balance between the allowances allocated to the leadership positions in both the governing and opposition parties. For this reason, the Panel recommends that the SRA of the leader of the opposition is increased proportionately, by £2,300 to £9,879. This increase should also be reviewed at the same time as that of the second deputy leader.

2.9. In its 2019 report, the Panel argued that its proposals for substantive increase should not be applied to the basic allowance, as, at the time, this was above the West Midland District's average (Birmingham excepted). But given that the work of all the councillors in Walsall has been increased by the impact of the pandemic, the Panel concluded that a modest increase of 5% could be justified, raising the figure to £11, 938.

2.10. The Panel recommends that each of these three proposed increases - the second deputy leader, the opposition leader and the basic allowance - should be introduced irrespective of whether or not the Council decides to introduce one or other of the three options recommended in 2019 and summarised in 2.3 above. If they do so, the recommendations for the first two proposals should be adjusted accordingly to take account of this decision (see Appendix One).

2.11 Otherwise, the basis for the payment of child and other carers allowances, travel and subsistence expenses should remain as at present. The index for uprating allowances on an annual basis should continue to be the NJC award for officers' remuneration, until such time as the government ceases to impose a limit on it.

2.12. The estimated increase in the total cost of the members allowances budget which would result from the implementation of its recommendations set out below are as follows:

*Recommendations 1 and 3 only - £64,736

*Recommendation 1 and 3 and Option One – £83,152

*Recommendations 1 and 3 and Option Two – £94,204

*Recommendations 1 and 3 and Option Three – £109,825 (£59,985)

These totals represent increase of 7.4%, 9.5%, 10.7% and 12.5% respectively on the existing budget of £877,436.

<u>Summary of Recommendations</u>

1 The Basic Allowance should be increased from £11,146 to £11,938.

2 The Council should give consideration as to whether it wishes to implement one of the three options recommended in 2019 by the Panel for increases in SRAs (uprated in this report), which the Panel continues to regard as justifiable in principle.

3 If it chooses not to implement any of these options at present, then the second Deputy Leader of the Council should be allocated an SRA of £15,124, equivalent to

that of the first deputy; and the leader of the opposition's SRA should be increased from £7,579 to £9,879.

4. If one of the three options is selected for implementation, the SRA paid to the second deputy leader should be as specified in Appendix One and the SRA of the opposition leader should be dependent on the option selected. ((1) £11,572 (2) £11,752 (3) £12,581/£11,743, as applicable).

5. If one of the three options is chosen for implementation, then the SRAs paid to the various positions specified should be as set out in Appendix One.

6. The criterion for the annual updating of members allowances should continue to be the NJC award paid to officers in that year, unless the Council resolves not to apply any increase.

7. All other allowances including the allowances for mayor and deputy mayor and travel and subsistence and carers allowances should remain as at present.

Appendix One

Updated schedule of the recommended SRAs in each of the three options set out in the 2019 report.

(incorporating a 4% top-up to cover inflation in 2019 and 2020).

	Current SRA	Option 1 Restore 2011 Real Value	Option 2 Reintroduce 2013 package	Option 3 Equivalence with Comparator LA's (50% comparator rate)
Council Leader	£22,841	£28,505	£30,716	£33,325 (£28,435)
Deputy Leader	£14,916	£18,612	£20,370	£20,614 (£18,065)
Cabinet Member	£11,431	£14,266	£15,295	£16,787 (£14,131)
Opposition Leader	£7,430	£ 9,272	£ 9,452	£11,158 (£9,443)
Chair of Scrutiny	£7,430	£ 9,272	£ 9,452	£10,821 (£9,004)
Chair of Planning	£7,430	£ 9,272	£9,592	£11,006 (£9,366)
Chair of Licensing	£9,288	£11,591	£10,615	£10,478 (£10,065)
Chair of Audit	£7,430	£ 9,272	£9,592	£8,551 (£8,129)
Chair of Standards	£4,644	£5,795	£ 5,996	£5,348 (£5,088)
Chair other Cttes	£4,644	£5,795	£ 5,996	£5,348 (£5,088)

Notes

(1). If an SRA is allocated to the second deputy leader, and one of the three options is also implemented, then his or her SRA should be the same as that of the first deputy leader, as set out in each option.

(2). In the same circumstances, the SRA allocated to the opposition leader should be as follows:

Option 1 – £11,572 Option2 – £11,752 Option 3 - £12,581 (11,743)

(3). Some of the expenditure in the above table may not be claimed, in cases where members hold two positions eligible for SRAs.

(4) The figures for expenditure on members' allowances in the above table may need to be adjusted to allow for national insurance payments.

(5) The figures in brackets relating to Option 3 represent the outcome of applying 50% (rather than 100%) of the shortfall between the various SRAs in Walsall, as compared with the average figures for

the comparator authorities. They are included, in case the Council wishes to consider this variant of Option 3.

P A R T   6

MEMBERS’ ALLOWANCES SCHEME

Members' Allowances Scheme

The Walsall Metropolitan Borough Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003 made under the Local Government and Housing Act 1989 and the Local Government Act 2000 hereby make this Scheme:

1.1 This scheme may be cited as "The Walsall Metropolitan Borough Council Members' Allowances Scheme" and shall have effect from 11th April 2017.

1.2 The existing Members' Allowances Scheme is revoked upon the coming into effect of this scheme.

1.3 This scheme may be amended at any time but may only be revoked with effect from the beginning of a year.

2. In this Scheme:

"Councillor" means a Member of the Walsall Metropolitan Borough Council;

"Year" means the 12 months ending 31st March;

"Yearly Allowance" is the allowance due for the year within which the term of office of the Councillor falls.

3. Basic Allowance

Subject to the provisions of this scheme, for each year a basic allowance as detailed in Schedule 1 shall be paid to each Councillor, this allowance includes the cost of telephones and travel and subsistence in the borough of Walsall.

4. Special Responsibility Allowances

4.1 For each year a special responsibility allowance shall be paid to those Councillors who hold the special responsibilities in relation to the authority that are specified in Schedule 1 to this Scheme.

4.2 Subject to the provisions of this scheme, the amount of each such allowance shall be the amount specified against that special responsibility in that schedule.

4.3 When a Councillor takes on special responsibilities which would entitle that Councillor to the payment of more than one special responsibility allowance from the Council, the Councillor will be entitled to receive only one special responsibility allowance per year. The Councillor will be entitled to receive the higher allowance for which he/she qualifies.

5. Carers' Allowance

5.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, allowances shall be paid in respect of such expenses of arranging for the care of members' children or dependants as are necessarily incurred in the attendance at any meeting of a type specified in the Regulations and set out in Schedule 2 to this Scheme or the Performance of any duty specified in the Regulations and set out in Schedule 2 to this Scheme.

5.2 That where any elected Member is required to pay a carer in order to attend official Council business, the reasonable actual costs of that care should be reimbursed up to a total annual maximum amount of £1100.

5.3 Payments can be made for the care of dependants including children, elderly persons or those with some form of disability.

5.4 Councillors may claim for care provided by relatives and others provided they do not live in the family home.

6. Travelling and Subsistence Allowance

6.1 Travelling and subsistence within the West Midlands County Area.

The cost of travel and subsistence within the West Midlands County area on official Council business shall be deemed to be included within the Basic Allowance and no further allowance shall be payable.

6.2 Travel and subsistence outside West Midlands County Area

(i) That for all travel members should be encouraged to travel by public transport, the costs of which should be reimbursed or paid directly.

(ii) That where public transport is not available or possible, the mileage rates applicable for travel by officers should be used.

(iii) That where members are unable to take main meals in their normal place, the subsistence rates applicable for officers should be used.

7. Telephone Allowance

The cost of any charges related to the provision of a telephone by a Councillor, including call charges, incurred on Council related business shall be deemed to be included in the basic allowance. The cost of broadband connection can only be recoverable as an expense if it is a standalone expense and not a collateral contract forming a "free" additional package.

8. Co-optees' Allowances

No allowances shall be paid to co-optees on any of the Council's committees other than reimbursement of travel and subsistence expenses.

9. Renunciation

A Councillor may by giving notice in writing to the Chief Executive elect to forego any part of his/her entitlement to an allowance under this Scheme.

10. Part-year entitlement

10.1 The provisions of this paragraph shall have effect to regulate the entitlements of a Councillor to the basic or special responsibility allowance where, in the course of a year, this Scheme is amended or that Councillor becomes, or ceases to be, a Councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.

10.2 Amendment of amount of allowances

If any amendment to this scheme changes the amount to which a Councillor is entitled, during the year, by way of basic an/or special responsibility allowance then the amount of the amended allowance each Councillor shall be entitled to, shall be in direct proportion to the number of days remaining in the year and the amended yearly allowance. Such entitlement commencing upon the date of the amendment coming into effect. Entitlement to allowances due prior to the amendment is in direct proportion to the number of days from the beginning of the year, in which the scheme was amended, up to the date immediately prior to the amendment coming into effect and the amount payable for that year to amendment.

10.3 Amendment to special responsibilities eligible for allowance

If an amendment to this scheme changes the duties specified as eligible for special allowance which are approved from time to time for payment of an allowance; then the entitlement to allowance shall commence when the duty is carried out. The amount to which each Councillor is entitled is in direct proportion to the number of days remaining in the year, commencing upon the date when the duty is first carried out and the amended yearly allowance.

10.4 Amendment to term of office – basic allowance

Where the term of office of a Councillor begins or ends otherwise than at the beginning or end of the year, the entitlement of that Councillor to a basic allowance shall be in direct proportion either to the number of days from the beginning of the year, to the date when the Councillor's term of office ends, or from the date when the term of office began to the end of the year; and the yearly allowance.

10.5 **Changes in period of special responsibility**

Where a Councillor has special responsibilities during part of but, not throughout a year that entitles him/her to a special responsibility allowance, then that Councillor's entitlement shall be limited to payment of such part of that allowance in direct proportion as to the number of days during which the Councillor has such responsibility bears to the number of days in that year. Where a Councillor's special responsibility straddles two different rates of allowance the Councillor's entitlement shall be in direct proportion to the number of days the special responsibility was/is performed and the allowance to that period of the year.

11. Payments

Payment of allowances shall be made in instalments of one-twelfth of the amount specified in the Scheme on the 28th day of each month or the nearest preceding working day. Payment will be by the Bacs system to the Councillor's nominated account. Where a payment of one-twelfth of the amount specified in this scheme would result in a Councillor receiving more than the amount to which he or she is entitled by virtue of paragraphs 3 and 4, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.

12. Record of allowances

12.1 A record of all payments made in accordance with this scheme will be maintained by the Head of Payroll and Pension.

12.2 The record will:-

(a) specify the name of the recipient of the payment and the amount and nature of each payment;

(b) be available at all reasonable times for inspection free of charge by any local government elector for the area of the Borough Council;

(c) be supplied in copy to any person who requests such a copy and who pays to the Council such reasonable fee as it may determine.

13. Inflation increases

The criterion for the annual updating of members' allowances should be the NJC officers award, except when Council staff agree to a lower percentage rise, freeze or reduction, in which case that figure should be applied equally to members allowances.

14. Membership of more than one authority

Where a Councillor is also a member of another authority, that Councillor may not receive allowances from more than one authority in respect of the same duties.

SCHEDULE 1

(a)	**Basic Allowance**	£11,369
(b)	**Special Responsibility Allowances:**	
	Leader of the Council	£23,298
	Deputy Leader of the Council:	£15,214
	*Other Group Leaders:	£7,579
	Cabinet members	£11,660
	Regulatory Committees Chairs:	
	Audit Committee	£7,579
	Personnel Committee	£7,579
	Planning Committee	£7,579
	Employment Appeals Subs	£4,737
	Licensing & Safety Committee	£4,737
	Taxi Licensing Sub-Committees	£4,737
	Standards Committee	£4,737
	Health and Wellbeing Board	£4,737
	Corporate Parenting Board	£4,737
	Scrutiny Committee Chairs	£7,579

* The Group must hold a minimum of 6 seats or 10% whichever is greater of the Council membership.

Amended 22.5.19

SCHEDULE 2

CARERS' ALLOWANCE

(a) The attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of a committee or sub-committee of such a body;

(b) The attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of Section 270(1) of the Local Government Act 1972 or a sub-committee of such a joint committee, provided that members of at least two political groups have been invited;

(c) The attendance at a meeting of any association of authorities of which the authority is a member;

(d) The attendance at a meeting of the Cabinet or of any of its committees;

(e) The performance of any duty in pursuance of any standing order made under Section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;

(f) The performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

(g) The performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purpose of Section 342 of the Education Act 1996 (approval of non-maintained Special Schools) and

(h) The carrying out of any other duty approved by the authority, or any duty of a class so approved for the purpose of, or in connection with, the discharge of the functions of the authority or any of its committees or sub-committees.