

## **Cabinet – 3 February 2010**

### **Corporate Budget Plan and Treasury Management and Investment Strategy 2010/11**

**Portfolio:** Councillor C. Towe – Finance & Personnel

**Service:** Corporate Finance

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Summary of report**

- 1.1. This report presents the final draft revenue and capital budget plan for 2010/11 following consideration of the draft budget proposals by scrutiny panels and public consultation, and for recommendation to full Council.
- 1.2. This report also sets out the treasury management and investment strategy as required by the CIPFA Code of Practice, along with 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.

#### **2. Recommendations**

- 2.1 To note and approve:

##### **Revenue**

- a) 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 increases, so these will be tabled at the Council meeting of 22 February. Current estimates have been used within this report based on informal communication from each precepting authority.
- b) That at the time of dispatch of this report, the levy authorities (Environment Agency and Centro) had not formally notified the authority of their final demand. Current estimates have been used within this report based on informal communication from each authority.
- c) The Walsall council draft net revenue budget requirement for 2010/11 of £245.496m, and a council tax increase of **3.9%** - resulting in a band D council tax of £1,384.64: a weekly increase of between £0.67p and £1.00p for the 92.29% of Walsall residents in bands A-D properties.
- d) On the basis of (a) and (c) above, the provisional (i.e.: subject to formal confirmation of precepts) overall council tax increase would be 3.73%,

including estimated precepts, resulting in a total band D council tax of £1,532.61.

- e) Subject to Council approving the budget in substantially the same form as set out herein, that Cabinet approves the budget plan and all the recommendations, proposals and changes to policies and procedures set out in **Annex 7** and all other annexes, and further delegates authority to the relevant executive directors to implement the same.
- f) That delegated authority be given to the Chief Finance Officer to make any necessary amendments, in consultation with the portfolio holder for finance and personnel, to take account of the final levies and precepts which have not yet been notified and to make any necessary amendments to the statutory determinations to take account of those changes and the resulting final analysis of the budget for 2010/11 and for amendments to those to be submitted to Council on its meeting of 22 February 2010.

### **Capital**

- g) The capital programme for 2010/11 of **£60.739m**, comprising mainstream capital £19.739m and externally funded schemes £41.000m. The leasing programme is £14.795 which includes £4.668m of new starts in 2010/11.

### **Treasury Management**

- h) To approve the 2010/11 treasury management and investment strategy document set out in **Annex 15** including a revised minimum revenue provision (MRP) policy 2009/10 and 2010/11, and the adoption of the Prudential Indicators set out in **Annex 16**.

## **2.2 To note, endorse and recommend to Council:**

### **2.2.1 Revenue**

- a) To note and endorse the recommendations of the Chief Financial Officer (CFO) in respect of the robustness of the estimates made for the purposes of the budget calculations and the adequacy of reserves as set out in **Annex 8**.
- b) That the net levies below for outside bodies **be noted**. At the time of despatch of this report, we had not been formally notified by the authorities of their final levy and as such this will be reflected in a revised resolution to be provided to the Council meeting of 22 February 2010. An estimate has been used within this report based on informal notification from the authorities.

LEVY	AMOUNT (£)
West Midlands Passenger Transport Authority	13,718,445
Environment agency	90,113

- c) That approval be given to an opening working balance for 2010/11 set at a prudent level of c£6.87m in line with the council's medium term financial strategy.
- d) That the following statutory determinations **be noted** (references are to the Local Government Finance Act, 1992):

- I. **£747,097,043** being the aggregate gross expenditure, which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act.
- II. **£501,600,822** being the aggregate income which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act.
- III. **£245,496,221** being the amount, by which the aggregate at (I) above exceeds the aggregate at (II), calculated by the Council in accordance with Section 32 (4) as its budget requirement for the year.
- IV. **£137,295,771** being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates (**£119,841,273**); Revenue Support Grant (**£17,402,066**); and the Collection Fund Surplus (**£52,432**).
- V. **£1,384.64** being the amount at (d III) above, less the amount at (d IV) above, equal to **£108,200,450**, divided by the Council Tax Base of **78,143.38**, calculated by the Council in accordance with Section 33 (1) of the Act as the basic amount of its Council Tax for the year (average council tax at band D)

VI. Valuation bands

Being amounts given by multiplying the amount at (v) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36 (1) 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
£923.09	£1,076.94	£1,230.79	£1,384.64
E	F	G	H
£1,692.34	£2,000.04	£2,307.73	£2,769.28

- e) That the **estimated** precept from the Fire & Civil Defence Authority and the **estimated** precept for the Police Authority, 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 **be noted** and that the final figures **be substituted** for these provisional ones once they are available at the Council meeting on 22 February 2010.

PRECEPTING AUTHORITY	VALUATION BANDS			
Police	A	B	C	D
	£66.60	£77.70	£88.80	£99.90
	E	F	G	H
	£122.10	£144.30	£166.50	£199.80
Fire & Civil Defence	A	B	C	D
	£32.05	£37.39	£42.73	£48.07
	E	F	G	H
	£58.75	£69.43	£80.12	£96.14

- f) That having calculated the aggregate in each case of the amounts at (d) (v) and (e) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts of council tax for 2010/11 for each of the categories of dwellings shown below.

A	B	C	D
£1,021.74	£1,192.03	£1,362.32	£1,532.61
E	F	G	H
£1,873.19	£2,213.77	£2,554.35	£3,065.22

- g) That notice **be given** of the council tax within twenty one days of it being set by publishing details of the same in the “Walsall Observer”; and the “Walsall Advertiser” being newspapers circulating in the Authority’s area.
- h) That the chief financial 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, the giving of notices and the taking of necessary steps to ensure collection thereof.
- i) **Approve** the budget plan, including the opening cash limits, savings and investment proposals set out in the annexes.

### 2.2.2 Capital

- a) That the draft capital 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 unsupported borrowing will not be commenced until a payback agreement is in place.

DRAFT CAPITAL PROGRAMME 2010/11	
MAINSTREAM SCHEMES	ESTIMATED VALUE £
Basic need	1,443,204
Modernisation of all schools	312,582
Schools access initiatives	586,620
Local transport plan	2,476,000
Risk management	100,000
Uninsured property damage	200,000
Contingency	365,000
Redhouse community centre	300,000
Streetly crematorium – mercury abatement equipment / new cremators	125,801
Provision of alternative accommodation to release leased buildings	1,000,000
Hollybank rehabilitation centre	300,000
Barcroft primary	150,000
Targeted capital fund	1,165,000
Finance direct – unsupported borrowing	1,285,000
Building schools for the future	900,000
Health centre, library and children’s centre for Pelsall	200,000
Cleaner, greener – additional litter bins	10,000

<b>MAINSTREAM SCHEMES</b>	<b>ESTIMATED VALUE £</b>
Refurbishment of Goscote adult training centre	600,000
Town centre on street parking	250,000
Cleaner, greener – re-organise community clean teams: purchase of hot jet pavement cleaning machine to clean pavement areas in district centres and shopping precincts	116,000
Asbestos removal	155,000
Legionella	275,000
Statutory testing of building services and resulting works	300,000
Freer street structural works	350,000
Darlaston baths roof	200,000
Education development centre works to driveway to remove dangerous junction	25,000
Hatherton road multi-storey car park	200,000
Memorial safety	100,000
Health and safety executive works at depot	264,000
Relocation of depot	1,000,000
Shop maintenance	120,000
Aids and adaptations	1,500,000
Civic building air condition replacement	100,000
Planned property maintenance (essential maintenance of non-education premises – back log of repairs)	500,000
Willenhall townscape heritage initiative	75,000
Demolition of redundant buildings to save on business rates	200,000
Highways maintenance	950,000
Strategic acquisitions	1,000,000
Sneyd reservoir overflow replacement	45,000
Darlaston Scout Hut roof repairs	55,000
Lower Bridge St swapping of taxi rank and disabled bays	70,000
Regenerating Walsall	370,000
<b>Total</b>	<b>19,739,207</b>

<b>MAINSTREAM CAPITAL PROGRAMME 2010/11</b>	
<b>RESERVE BIDS</b>	<b>ESTIMATED VALUE £</b>
Investing in working smarter programme	1,000,000
Walsall town hall toilet refurbishment	40,000
One stop shop	5,000
Former Moxley junior school	50,000
Personalisation – refresh of ICT and PARIS	150,000
Accommodation review	TBD
Green rivers	200,000
Roof of link bridge to civic centre	75,000
Room 17a council house air conditioning	90,000
Civic centre – supply / extract motors	60,000
Leckie sons of rest – arboretum	230,000
Contingency	45,000
Darlaston town hall replacement kitchen	100,000
<b>TOTAL</b>	<b>2,045,000</b>

<b>NON-MAINSTREAM CAPITAL PROGRAMME – SCHEMES FUNDED FROM GRANT 2010/11</b>	
<b>NON MAINSTREAM SCHEMES</b>	<b>ESTIMATED VALUE £</b>
Developed formula capital	4,772,102
Modernisation	3,003,360
Extended schools	227,901
Harnessing Technology	1,101,784
Children's centres – phase 3	241,350
Primary capital programme	6,735,729
Early years capital grant	1,015,217
14-19 diplomas, special educational needs and disabilities	6,000,000
Children's centres – maintenance	105,248
Aiming high for disabled children	273,600
Youth capital fund	181,600
Safer stronger community fund	106,655
Waste infrastructure capital fund	150,000
Walsall children's play portfolio	320,000
Walsall arboretum restoration programme	762,000
Palfrey park restoration programme	296,500
Pelsall health centre, children's centre and library	2,450,000
Playbuilder	599,369
Disabled facilities grant	1,215,000
Aids and adaptations	2,662,400
AWM	95,000
HLF	120,319
Willenhall townscape heritage initiative – HLF	150,000
Willenhall townscape heritage initiative – VIEW	75,000
Waterfront south phase 2 – growth point	247,000
Social care single capital pot	129,000
Mental health for single capital pot	137,000
Information for social care grant	100,858
Local transport plan integrated transport	3,047,000
Development of highway asset inventory	47,500
Road safety partnership	31,272
Bus showcase	2,000,000
Darlaston project development	150,000
Red routes	2,400,000
<b>Total</b>	<b>40,999,764</b>

<b>LEASING PROGRAMME 2010/11 (as set out in annex 14)</b>	
<b>PORTFOLIO</b>	<b>TOTAL BUDGET £m</b>
Environment portfolio	4.668
<b>Total</b>	<b>4.668</b>

- b) That delegated authority be given to the Chief Financial Officer, in consultation with the Leader to allow reserve list items in the draft capital programme 2010/11 to commence following confirmation that funds are available.

### **2.2.3 Treasury Management**

- a) That the 2010/11 treasury management and investment strategy document set out in **Annex 15** including a revised minimum revenue provision policy 2009/10 and 2010/11, and the adoption of the prudential indicators set out in **Annex 16** be approved and recommended to full Council.
- b) That decisions to effect movements between conventional borrowing and other long term liabilities, such as leases, be delegated to the Chief Finance Officer.
- c) That decisions to use capital receipts or unsupported borrowing within the framework of approved prudential indicators be delegated to the Chief Finance Officer.

### **2.2.4 *A final resolution will be tabled at Council to include final precepts and any final amendments to the budget.***

## **3. Background Information**

- 3.1 This report builds on previous Cabinet reports including the draft corporate revenue budget and capital programme, council tax base, consultation reports and treasury management policy statements.

## **4. Resource considerations**

### **4.1 Financial:**

- 4.1.1 A comprehensive statement on current and recommended reserves is included in the budget report. We prudently maintain an appropriate level of general reserves and use a risk assessment to determine the exact level. The opening balance @ 01.04.10 will be c£6.87m. The opportunity cost of maintaining this level of reserves is considered by the Chief Financial Officer who 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.
- 4.1.2 The council is expected to end 2009/10 with a net borrowing portfolio of £265m against an asset base of £889m and short term investments of between £80m and £90m. These will be proactively managed to minimise borrowing costs and maximise investment returns within a robust risk management environment. In 2010/11 estimated annual interest payments are c£11.0m and investment interest income c£1.3m. The net budget for capital financing in 2010/11 is £19.6m. The challenge for the capital financing budget once again this year will be to contain the drop in investment income due to the continued period of low interest rates.

4.1.3 All financial activities by the council are covered by the strategies. Funds managed on behalf of schools and street lighting receive the benefit from interest gained (c£0.476m).

4.1.4 The draft budget proposals presented for consultation in November included a draft council tax increase of 4.5%. The final proposals recommend an increase of 3.9%, a reduction of 0.6%. This is a reduction arising from an increase in council tax base, alongside an anticipated surplus on the collection fund at 31 March 2010, resulting in a reduced council tax for 2010/11.

## 4.2 Legal:

4.2.1 Councils must set and maintain a budget sufficient to cover all known expenditure and deal with unknown contingencies. CFOs are required to report to members on the robustness of the estimates used for the purpose of calculating the budget and the adequacy of the proposed reserves. This is provided at **Annex 8** of the budget plan.

4.2.2 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. Treasury management policies and strategies have been updated to comply fully with the latest treasury management codes of practice, and the Audit Commission report on the Icelandic banks.

4.2.3 In recent years central government has capped the level of council tax rises. The Parliamentary Under Secretary of State announced that the government expects the average Band D council tax increase to be at a 16 year low in 2010/11. The proposals within this report include a 3.9% council tax increase and a 3.5% increase in net budget requirement. Should the authority be capped, the government could set future years increases or require the council to rebill at a lower council tax level.

## 5. Citizen impact

5.1 The budget is aligned with service activity in service plans. Investment has been targeted at service improvement, delivery of the council's vision and service-user demand.

## 6. Community safety

6.1 The budget provides funding for initiatives to support community safety.

## 7. Environmental impact

7.1 Investment bids for 2010/11 onwards include several targeted at supporting environmental improvements.



## **8. Performance and risk management issues**

- 8.1 Budget Plan: The council annually reviews corporate financial planning and budget principles. In January cabinet approved an updated medium term financial strategy (MTFS). The budget setting process includes a corporate financial risk assessment to determine key risks and their impact on the budget. Services undertake comprehensive risk assessments of their budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate corporate 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.
- 8.2 **Annex 10** shows the results of this exercise and the review by the chief financial officer, however it is highly unlikely that all these scenarios would arise. Managers are required to deliver services within the available budget. Any known changes in service demand or costs arising from legislative or Government demands are identified and dealt with, within the overall draft revenue budget, as an investment bid. The budgeted opening level of reserves is sufficient to cover the high and medium risk items. Any in-year use of general reserves would require replenishment to ensure the opening level of reserves is as required by the MTFS.
- 8.3 Treasury management performance is regularly reviewed by the treasury management panel. Activities are planned in 2010/11 to further improve the service and performance through the evaluation of rescheduling options and cash flow management. To enhance the performance monitoring of treasury activities, local indicators have also been set and are used.
- 8.4 The treasury management function also participates in a local and national benchmarking group, which compares Walsall council's treasury management performance with those of other councils. As previously reported Walsall continues to have a low average rate of borrowing compared to other councils. This has enabled the council to take out additional unsupported borrowing to support capital investment.
- 8.5 Treasury management activity takes place within a robust risk management environment, which enables the council to effectively maximise investment income and minimise interest payments without undue or inappropriate exposure to financial risk. A risk assessment has been undertaken in determining the 2010/11 policy and this is contained within the council's corporate risk register.
- 8.6 The responsibility for treasury management risk lies within the council. Following a review of the council's risk appetite additional levels now incorporated into treasury management policies to ensure there is an acceptable level of risk to be managed with specific aims are :-
- 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.

- 8.7 External risks include the economic recession continuing and the lowering of the United Kingdom's credit rating.

## **9. Equality implications**

- 9.1 Services have regard to equalities in setting budgets and delivering services.

## **10. Consultation**

- 10.1 The council is statutorily obliged to consult with representatives of non-domestic rate payers before setting the budget. Public consultation is an important part of our community engagement activities; effected since September 2009 through facilitated workshops and briefings involving representative samples of different parts of the community. These have been reported to earlier Cabinet meetings. In addition, consultation with trade union representatives has been undertaken through the Budget JNCC (a sub-group of Employee Relations Forum).
- 10.2 Service Managers of all levels are responsible for delivering targets and service outputs on time, to standard and within budget. With their teams, they are involved in budget construction, bidding for investment and working up savings options. The corporate management team and Cabinet have continuously reviewed the evolving budget. All scrutiny panels received the draft revenue budget in November/December 2009 and January 2010 and the capital programme 2010/11 in January 2010. A report is included elsewhere on tonight's agenda detailing the comments and recommendations from each panel. Feedback from the various consultation mechanisms have been used to inform the draft budget proposals.
- 10.3 The treasury management strategy has been approved by the finance treasury management panel, an internal governance arrangement comprising the chief financial officer, deputy chief financial officer and corporate financial systems and treasury manager. All officers involved in treasury management must follow treasury management policies and procedures.

## **Background papers**

Various financial working papers.

Revenue Support Grant Provisional Settlement – Cabinet 16 December 2009

Draft Capital Programme Report 2010/11 – Cabinet 16 December 2009

Budget Consultation 2010/11 – Cabinet 13 January 2010

Draft Corporate Revenue Budget – Cabinet 13 January 2010

Medium Term Financial Strategy – Cabinet 13 January 2010

Annual review of Treasury Management policy statement and annual report on Treasury Management activity for 2008/09 – Cabinet 17 September 2009

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**James Walsh**  
**Chief Finance Officer**  
25 January 2010

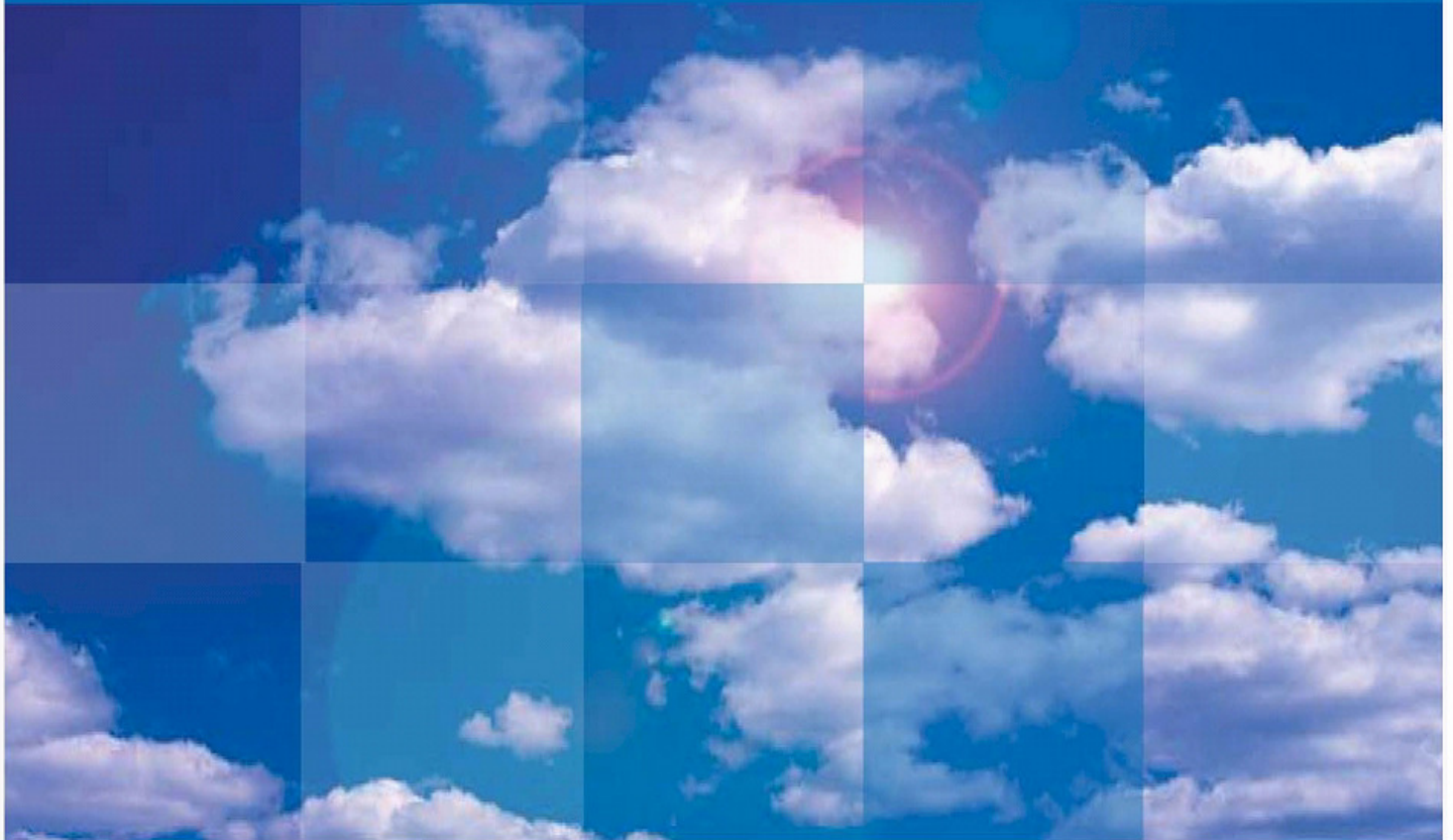


**Councillor C Towe**  
**Portfolio Holder – Finance and  
Personnel**  
25 January 2010



**Rory Borealis**  
**Executive Director (Resources)**  
22 January 2010

# Corporate Budget Plan and Treasury Management and Investment Strategy 2010/11



February 2010



**Walsall** Council

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# 1. Purpose of this document

The council's budget is a financial representation of the organisation's plans for the forthcoming financial year and beyond. Therefore, the budget is constructed as an integral part of the council's corporate integrated planning and performance framework (CIPPF). The key drivers in setting the budget each year are the delivery of:

- the sustainable community strategy, in conjunction with our partners
- the council's vision, aims, objectives, policies and strategies
- the medium term financial strategy

The above plans and strategies are informed by an understanding of the people, nature and demographics of our Borough, captured within a comprehensive document "People & Place Perspectives: A Picture of our Community". This combines a range of primary data, analysis and stakeholder feedback, and has been used, with other information, to undertake needs analyses to support the design and delivery of our services, through service planning and therefore demonstrated in our budget plans.

The CIPPF diagram shows how services are designed, delivered and performance managed, and shows how financial planning connects to the council's aims and objectives. This shows how services and activities are regularly measured and monitored to enable effective decision making, helping to ensure the council delivers efficient, customer focussed services that provide real value for money.

**Figure 1: The Council's CIPPF**



## 2. The Council's vision for the Borough

Through the Walsall Partnership, the council has worked with a range of organisations including the police, the NHS, local businesses and community & voluntary groups to develop a clear vision for the borough of Walsall, looking ahead to the year 2021. This vision is set out in detail in the Sustainable Community Strategy for the borough. This is the overarching community plan which was launched by the Walsall Partnership in July 2008, and which was informed by, and reflected a wide ranging consultation programme 'Vision 2021' delivered by the Partnership and by individual partner organisations.

The Sustainable Community Strategy (SCS) includes clear targeted plans to be delivered by local partners, singly and in partnership. It informs and sits at the heart of the plans of the individual partners, including the council. The council is committed to the strategy, and to the delivery of our own contribution to its implementation, through the Local Area Agreement and other partnership working. The SCS provides a blueprint for the future of our borough, for local **people**, for the **places** where we live and work, and in terms of **prosperity**, where action to create a more prosperous economy is the key to improved health and well-being, lower levels of crime, and greater educational achievement.

Our vision for the borough is that Walsall will be a great place to live, work and invest, where...

- people get on well with one another
- people can get around easily and safely
- people support and look after one another
- there are more and better jobs for local people
- people can live an independent and healthy life
- there is a wide range of facilities for people to use and enjoy
- people consider the impact of what we do now on future generations
- there exist high-quality and distinctive designs of buildings and spaces
- growing up is as good as it can be and young people fulfil their potential
- people are our strength and have the skills and attitude required by employers
- everyone has the chance to live in a home fit for their purpose and fit for the future
- people feel proud to live in Walsall.

This is the shared vision for the borough of Walsall, its communities, and its citizens – it provides us with a clear focus as we plan the council's services, and allocate resources, for the year ahead, and into the future.

To ensure that we achieve our vision for Walsall, we must maximise the positive impact of our resources – the knowledge, experience and commitment of our employees; the buildings, equipment, the roads and green spaces that the council owns and looks after; and the money that is entrusted to the council from local people, from government and other external funders, and from fees and charges. To do this, we must be clear about our priorities, and confident that our priorities reflect the needs and the aspirations of local people. For 2010/11, the council has revised its priorities so that they more closely reflect the priorities of the SCS. As a result, the seven citizen outcomes and three internal drivers that together comprised the Walsall Outcomes Framework, and that were set out in the 2009/10 Corporate Plan, have been superseded by a new set of nine priorities, set out below. Eight of these reflect the Sustainable Community Strategy's priority outcomes, whilst the tenth 'working smarter' is more internally focussed and reflects the council's

commitment to make its structures, its processes, procedures and ways of working effective, and fit for the future. All of these, taken together, successfully delivered whilst holding true to our core values, will build pride in Walsall as a place to live and work. Pride in Walsall relates not just to how the council is performing, but to the borough's rich heritage and how the people and organisations of the borough work together to make it a better place now and for the future. It is about the pride, not just of the Council Members and staff but of every resident, every business, and everyone who uses our services and facilities.

For 2010/11 our nine **priorities** are:

- Improving health
- Reducing crime and feeling safe
- Developing strong and dynamic communities
- Improving education and skills
- Improving housing choice
- Improving the quality of our environment
- Reducing worklessness and creating opportunity and potential
- Increasing enterprise and making Walsall a vibrant borough
- Working smarter

These priorities provide a focus for the whole council – the decisions that are taken, and the actions that are taken as a result by each of our directorates, and the services, teams, and individual members of staff working within them. As these priorities are fully in line with the SCS, we are confident that we will be focussing our resources, energy and attention on shared goals – on the things that matter most to local people.

Underpinning the nine priorities, cabinet members have each identified their own **portfolio objectives**, and have then worked together and with directorates to develop a number of key actions or **service initiatives** which are set out in detail in the relevant portfolio plan, and in the operational plans of directorates and services.

### 3. Our core values

As we move forward, working towards our shared vision for the borough of Walsall, to 2021, we continue to hold fast to our core values of **respect, integrity, equality, listening** and **excellence** to guide us in our day-to-day work. Our values govern our contact with citizens and those who use and rely upon our services, and our relationships with partner organisations. Likewise, these values guide us as we carry out our roles and responsibilities within the council, both council members and employees, and working between and across directorates and services, and with our contractors and suppliers.

Through our commitment to these values, we signal to everyone the beliefs, behaviours and principles that underpin all that we do. These shared and agreed values set out what the council stands for and help us to build pride in Walsall.

Equality is outlined as one of the main values in the council's corporate plan :-:

- We will, through our policies, statements and actions, include, promote and celebrate the great diversity of individuals and cultures across the borough
- We will gear our resources to ensure that our citizens and staff will see and feel real fairness and equality for all



- We will make council services accessible, and tailored to the needs of all, regardless of age, gender, ethnicity, religion, lifestyle or disability

### **Respect**

- We will respect every individual – our citizens, stakeholders and staff – and their differences and diversity
- We will have mutual respect for the professionalism of individuals, teams and partners – communication will be valued and criticism will be constructive
- In respecting everyone we will behave with civility, courtesy, decency, dignity, understanding, consideration and tolerance

### **Integrity**

- We will be honest, open and consistent in all our dealings with our stakeholders, so that we may earn and maintain their trust
- We will keep our promises, be accountable and take responsibility for our actions
- We will demonstrate decisive, responsive, impartial and fair leadership

### **Equality**

- We will, through our policies, statements and actions, include, promote and celebrate the great diversity of individuals and cultures across the borough
- We will gear our resources to ensure that our citizens and staff will see and feel real fairness and equality for all
- We will make council services accessible, and tailored to the needs of all, regardless of age, gender, ethnicity, religion, lifestyle or disability

### **Listening**

- We will listen and consult residents, community organisations, voluntary groups and staff – caring about and acting upon their views and concerns
- We will learn from any comments or complaints that local people may have and ensure they are responded to effectively
- We will consult citizens on major changes and involve them in the things that matter in their community, working with them to deliver the vision at local levels

### **Excellence**

- We will strive to become an excellent council – forward-facing, outward-looking and constantly seeking to develop and improve our services in ways most meaningful to citizens
- We will learn, develop and work effectively and efficiently, acting as one council to deliver our vision for the benefit of all Walsall citizens
- We will empower, trust and value our staff by providing the support, training, communication and opportunities to develop the ownership, responsibility and confidence to make decisions, solve problems and fulfil our potential to achieve continuous improvement for the benefit of local people.

## 4. Understanding our community

### Using data and feedback

The CIPPF is underpinned by the use of primary data, analysis and stakeholder feedback to undertake needs analysis to support the design and delivery of services. The People and Place Perspectives: A Picture of Our Community document is one way in which this is achieved. Key headlines illustrating the wider context in which the council works include:

Walsall Borough has a population of 255,400; there was a steady decline during the 1990's, however, since 2001 it has increased slightly. Walsall has a relatively high dependency population. 23% of the population are above 60 years compared to 21.5% nationally. Having fewer people of working age is likely to increase the need for council services. 32.8% of residents are aged under 25, compared to a national average of 30.2%.

- Latest figures (Nov 09) show 7.3% of Walsall's working age population claiming Jobseeker's Allowance compared with 4.1% for England overall (Source: ONS)
- For all out-of-work benefits, in May 09, Walsall's claimant rate was 19.4% of the working age resident population, compared with 13.4% for Great Britain (Source: ONS)
- Out of 354 local authorities in England and Wales, Walsall ranks on average 45<sup>th</sup> in the 2007 English Indices of Deprivation. A focus on income measures within the overall rating places the borough as the 27<sup>th</sup> most deprived in the country. Walsall is also one of the most diverse boroughs, containing some of the most deprived areas in England and Wales and also some of the most affluent.
- 2001 Census figures show that in Walsall 14% who are from minority ethnic backgrounds.
- Minority ethnic residents' backgrounds are predominantly Indian (40%), Pakistani (27%), Bangladeshi (7%) and Mixed & Black Groups (10% and 10% respectively).
- At March 2008, almost a quarter (24.3%) of Walsall's housing stock was owned by registered social landlords, including Walsall Housing Group (WHG) and Walsall Association of Tenant Management Organisations (WATMOS), compared with 18.2% in England overall (Source: HSSA 2008)

### **Fair, accessible and equitable service delivery**

The council is committed to making it easier for all to access local services and values equality and diversity. Therefore equality impact assessments are undertaken so that services and buildings can be examined to see how accessible they are to the public. Improvements are being highlighted in annual service improvement plans. Our overall aim as set out in the Equality and Diversity Strategy is:

*The council continues its commitment to deliver an equality standard for Walsall Council that will ensure all our service users receive services that meets their individual needs.*

Council staff are trained on equality awareness and to be sensitive to cultural and religious differences. The council organises interpreters where needed and on request provides information in alternative formats such as Braille or audio-tape. Through the racist incident monitoring procedure and the forthcoming new harassment recording procedure, we are

committed to tackling any harassment and discrimination of minority groups within the local area and supporting those minority groups and individuals.

Our Equality & Diversity Strategy sets out our key commitments in the three major roles of the council: community leadership/engagement, service delivery and major employer: and the action plan 'Our Framework for Action'. Other actions appear in our equality schemes. The council's commitments are:

### **Community leadership**

- Develop a partnership approach to equality and diversity in Walsall, in order to seek common solutions and save resources.
- Have a shared understanding of what we mean by equality and a common framework of measurement across the partners.
- Seek to demonstrably reduce prejudice in society on grounds of age, gender, race, religion and belief, disability, sexual orientation and gender identity.

### **Service delivery**

- Have equality embedded in the way that we carry out business
- Test progress of our equality work on positive outcomes as viewed by people living in the borough, not on the process we adopted

### **Employer**

- Value the views of others and have an honest, transparent means of assessing the progress in achieving a more representative workforce at all levels.
- Ensure that political, managerial and community leaders will take direct and personal responsibility for promoting greater equality.
- Ensure that employees are treated fairly at work in an environment that is free from discrimination and harassment

## **Budget Consultation**

### **Listening to local people**

For our services to meet the needs of local residents, and of the community at large, it is essential that our plans and policies reflect the views of local people, and others who use our services. We aim to be a listening organisation and we use a wide range of consultation methods to understand better what matters to residents. As a result, we have amassed a great deal of information, which has been used to inform both the service planning and budget processes.

### **Budget consultation 2010/11**

For many years we have undertaken specific consultation to inform our budget setting processes. The budget plan has been informed by a broad range of consultation findings, undertaken in line with the council's consultation strategy and principles of the Local Compact.

### **2010/11 budget consultation process**

Findings from budget consultation 2009/10 collected in the autumn of 2008 and results from the New Place Survey provide valid sources of information which were used, along

with other information, to inform the budget setting process for the financial year 2010/11. In addition a range of methods were used to gather recent and up to date views of stakeholders which included a number of consultation events and meetings (see below);

- Residents workshop
- Business consultation meeting
- Business Needs Survey (259 business responses)
- Voluntary and community sector focus groups and questionnaires

The key findings of the budget consultation are detailed below.

## **Key Findings**

Attendees want a borough to be proud of, one where people respect one another and their surroundings, is safe, clean and easy to get around. Where young people and adults are aspiring and do well in education and training. Whilst continuing to deliver services to those who are vulnerable, attendees want to see a greater allocation of money to make the borough a more attractive place to live in, with the regeneration of all areas not just Walsall town centre.

Clean streets and level of crime are both important to local quality of life .

The Place Survey top 5 priorities for improvement are;

1. Activities for teenagers
2. Road and pavement repairs
3. Level of crime
4. Clean streets
5. Level of traffic congestion

The Place Survey top 5 issues most important for quality of life are;

1. Level of crime
2. Clean streets
3. Health Services
4. Affordable decent homes
5. Public transport

Anti-social behaviour remains a concern for residents, with many feeling a lack of activities for children and young people in need of improvement.

Residents want to see continued regeneration of the borough with a focus on stimulating a thriving economy. Residents are concerned that about the job situation and ensuring that buildings are not left derelict, and that empty shops are reused. Residents want to see investment across the whole borough.

Investment and regeneration is thought to be a key catalyst for prompting community spirit and proactive behaviour, whilst also helping raise the aspirations of residents and the feeling of pride. Whilst views about the impact of the new Walsall ring road are generally divided, residents feel that further improvements to transport links and services could be made. Walsall bus station and town centre car parking being highlighted as particular areas requiring attention.

Residents want a borough that is clean and tidy, a borough they can feel proud of. Litter picking and street sweeping in all areas of the borough is important to residents, as well as targeting run down areas and maintaining the borough's roads, pavements and footpaths.

Whilst residents feel it is important to ensure a clean and green borough, it should not be at the detriment of other critical services e.g. care for the vulnerable, adults and children, which are seen as a priority. Residents are worried that cuts may lead to reduced services which then impact on the most vulnerable. Maintaining quality services, particularly in the current economic climate and the years ahead is of vital importance.

Throughout the challenging economic climate, supporting people when they need it most and the delivery of preventative services is seen by some as a key area for investment. The community and voluntary sector want the council working hard to support families throughout the borough to help prevent them breaking down and prioritising those most at risk from harm.

Investing in education is a top priority for many, particularly basic skills and life-long learning. Libraries are seen as a potentially vital resource.

Concerns were expressed that young professionals and graduates may not take up jobs here. Regenerating the borough so that it is attractive to young qualified professionals and businesses is seen as a priority.

When recruiting staff, businesses most frequently state that accessing the right higher level skills, lack of basic skills and recruitment costs are barriers.

Businesses identify costs in the form of overheads including business rates, high cost of energy and premises costs as barriers to operating in the borough.

Residents and representatives from the community and voluntary sector feel that there are emerging opportunities arising from the current economic climate. Investing in and supporting volunteering opportunities in the borough and working more closely with the voluntary sector was thought to offer many benefits and cost savings.

There is widespread consensus that the council needs to do more to tap into the expertise, knowledge and skills of the community and voluntary sector, which would in turn help the council achieve its efficiency targets and help this sector survive.

### **Local decision making**

Residents responding to the Place Survey generally feel unable to influence decisions in their local area.

Considering the role of local people in decision-making, a majority of respondents to the Place Survey feel that they currently are not adequately informed about local public services. Research has highlighted the link between the extent to which residents are informed about local services and their level of satisfaction.

Better communication with communities and the voluntary sector is thought to be needed. Representatives from the community and voluntary sector feel that local people don't adequately understand what services the council provides. Having a better understanding is thought to benefit local people and the council.

3<sup>rd</sup> sector representatives want to be more actively consulted and involved in the work of the council. Engagement with communities needs improving particularly Local Neighbourhood Partnerships which some feel need to be more structured and able to engage more people.

There was strong consensus that working more closely with the community and voluntary sector is very important and that this sector can help spread information about council services to the people and communities they work with.

The findings of the consultation have been taken on board during the budget process. The following items are some of the areas which have been included in the 2010/11 budget :-

- Investment into the cleaner, greener agenda –
  - Additional litter hit squads in each of 3 main geographical areas
  - Reorganisation of existing street cleansing teams and increase in barrow routes
  - Increased frequency of weed treatment
  - Enhanced cleaning of the ring road
  - Skips to be provided on specified days to support the work of litter hit squads and help decrease fly tipping
  - Increased maintenance of trees and hedges
  - Improved gully service
  - Reorganising community clean teams
  - Improvement of green spaces
- Investment to help reduce anti-social behaviour –
  - Enhancement of the 24 hour operation of the CCTV system
  - Increased enforcement of enviro-crime
  - Security of buildings when they become redundant
- Protection of consumers and retailers from illegal activity at Brownhills and Bescot markets.
- Investment into neighbourhood management to involve the community
- Investment into regeneration of the borough including the review of current service provision eg. enhancement of educational facilities through the Building Schools for the Future programme.
- Funding towards the major restoration of Walsall Arboretum and Palfrey Park
- Major investment into local transport plan, red routes and bus showcase and further investment in maintaining the highway network
- Significant investment is going into care services,
- Funding towards Pelsall library, children's centre and health centre

Overall the groups learned the benefits that being active in the community can bring to local areas. Fostering cohesion brings indirect benefits such as a reduction in anti-social behaviour.

## Section 1 – Revenue and Capital Budget Plan

### 5. Financial planning: matching resources to vision and the 2010/11 revenue budget

#### 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 effecting sound governance and good practice (i.e. the CIPPF). It is the translation of our vision, aims and objectives into a financial plan, which thereby facilitates delivery of these through the service 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 2** 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, which is aligned with service planning and performance management activities within the CIPPF. Below the MTFS sit the other financial strategies; the capital strategy and the treasury management strategy.

The main objectives for the council relate to maintaining good underlying financial health, adoption of a longer-term perspective, a desire to deliver good quality, value for money services which are modern, efficient, effective, and fit for purpose and to ensure this approach facilitates delivery of the council's vision, aims and objectives.

For a number of years the council has adopted a policy-led, medium term approach to financial planning. We seek 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.

**Figure 2: Financial elements of the CIPPF**

THE FINANCIAL FRAMEWORK WITHIN THE CIPPF					
CATEGORY	OVERALL	REVENUE	CAPITAL	TREASURY MANAGEMENT	RISK MANAGEMENT
Strategies	MTFS				
Guidance	CIPFA & technical guidance	Budget Guidelines	Capital Guidelines	CIPFA Code of Practice for TM	Risk Management Toolkit
Plans	MTFP	Annual Budget	Capital Programme & Asset Management Plan	Treasury Policy Statements	Risk Management Action Plans
Governance	Constitution	Budget Management & Control Manual & Annual Governance Statement		Prudential Indicators & Annual Report	Risk Register reporting and regular review
	Contract & Finance Procedure Rules				Audit Committee Reports & Annual Report
	Internal & External Audit Plans and our response to inspection and audit				

Our eight key objectives are to ensure that:

1. Our financial planning and management contributes to the transformation, development and improvement of the organisation through policy-led resource allocation, the use of options appraisal, income maximisation, and the creation of headroom through savings and efficiency.
2. Our budget is set to enable delivery of the Council's defined priorities, ensuring that resources are allocated according to the corporate vision, aims, objectives and pledges.
3. Our financial standing is stable and sustainable, so we are able to meet our expenditure commitments throughout each financial year and end each financial year with the working balance broadly intact.
4. Our financial planning and budgeting is undertaken on a medium-term, policy led basis, to ensure that the impact of decisions of one year are reflected in the future outlook, and that future developments with financial implications are proactively identified and managed.
5. We seek to deliver value for money in what we do, consider this within the various aspects of our corporate planning, identifying efficiencies and improvement and demonstrating this in measurable ways.



6. We adopt a mixed economy of service provision, where partnership, joint ventures and commissioning, outsourcing, in-house provision, consortia and all other options for service delivery are explored, appraised, and implemented with the aim of delivering good services, value for money and continuous improvement.
7. We work with our external partners, (including but not restricted to: health, police, third sector) to share and optimise resources, improve services, and deliver value for money.
8. Our budget is linked to performance measures so we can assess the effectiveness of resource allocation by using a combination of performance indicators, trend analysis, benchmarking and year on year comparison.

### The Budget Process

The budget process is a continuous annual cycle. Budgets are prepared using approved budget guidelines and updated as required. The draft budget provides for inflation, pay awards and contractual inflation. The budget cycle is shown at **Annex 1**.

### 2010/11 Budget Headlines

The budget has been constructed in accordance with the MTFS and all relevant corporate financial protocols and presents a balanced draft budget, resulting in:

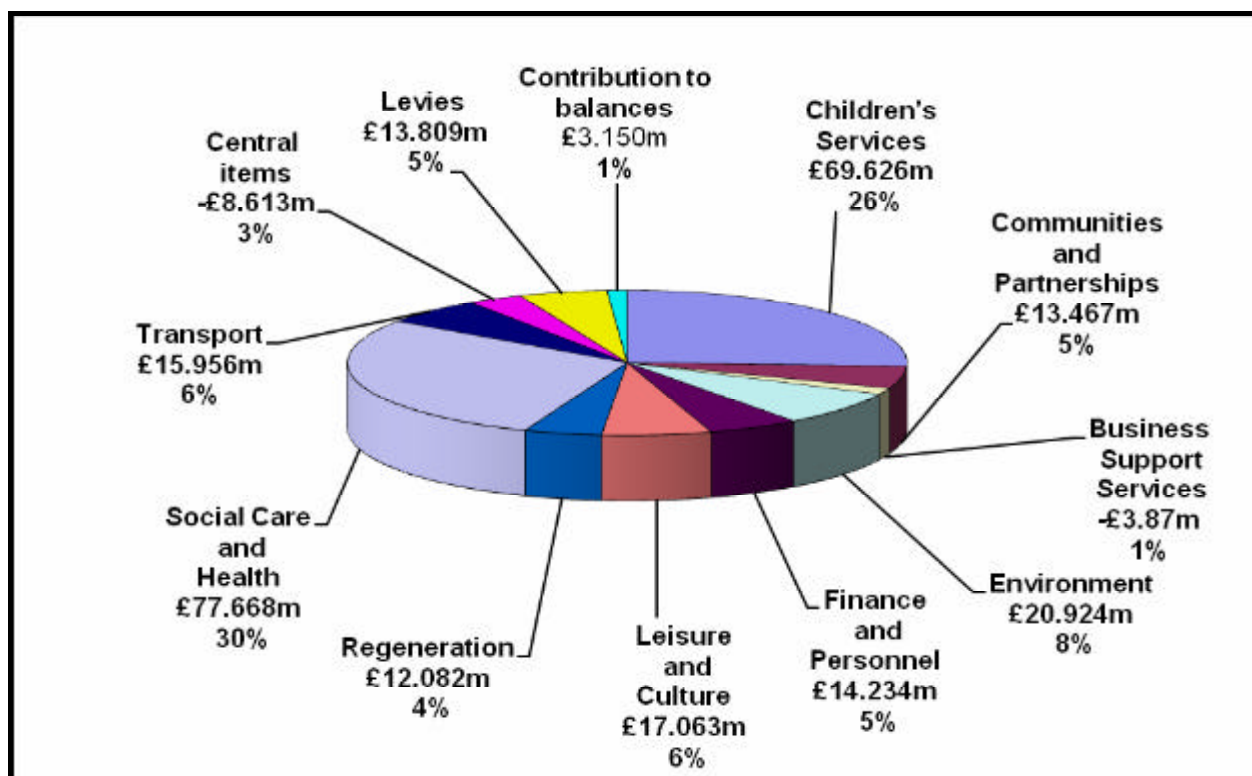
- A focus on a policy-led, medium term, risk assessed budget setting approach using corporate priorities established by cabinet,
- A total net budget requirement of **£245.496m**
- Provision for pay awards, non pay and contractual inflation of **£10.329m**
- Provision for known budget pressures, including fall out of grant, demographic and cost pressures, and income shortfalls of **£6.569m** and provision for new investment in service developments of **£1.612m**, total new growth of **£8.181m**
- Full year impact of growth approved in the 2009/10 budget of **£1.105m**
- Contribution to balances of **£3.150m** ensuring minimum opening reserves in line with the MTFS
- Savings, efficiencies and fees and charges increases of **£11.193m**
- Full year impact of savings approved in the 2009/10 budget of **£3.270m**

The financial implications arising from the draft capital programme 2010/11 are contained within the draft revenue budget.

### 2010/11 Budget Details

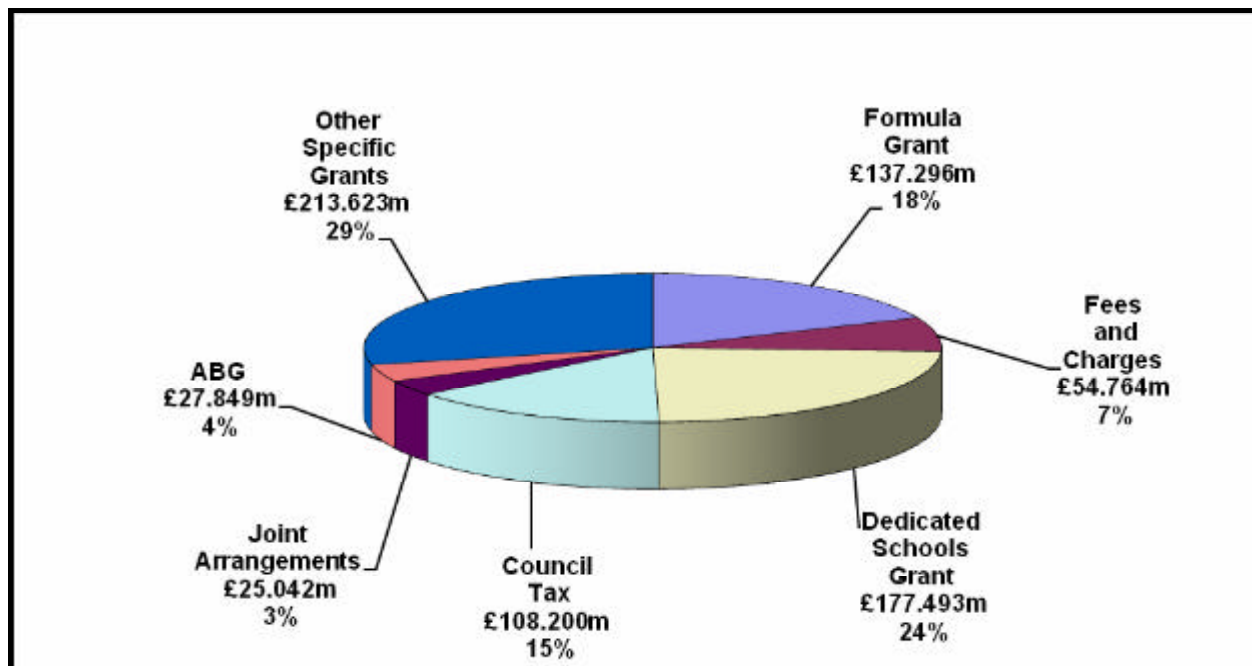
The net budget requirement results in net spending on services of **£245.496m**. **Figure 3** on the next page provides a breakdown of the draft net spending by directorate.

**Figure 3 – Draft net revenue budget requirement by portfolio**



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 parking, use of leisure facilities and other services. In 2010/11 the council tax will account for 15% of total income. **Figure 4** shows all the main sources of income.

**Figure 4 – Sources of funding**



The net revenue budget for 2010/11 totals £245.496m after allowing for the effects of inflation. It has been possible to commit to £19.615m to address key priorities and funding of essential cost pressures. This includes investment in the increase in looked after children coming into care, revised neighbourhood management model, investment into the cleaner, greener agenda, targeted feasibility studies, demand for mental health services, and addressing the impact upon revenue streams arising from the economic downturn.

This commitment has been made possible by planned improvements in efficiencies and other savings, together with the use of one-off resources in the short term. The council is transforming the way it undertakes its business, with a view to reducing overhead and transactional costs. The net budget requirement is shown in **Table 1**.

<b>Table 1: Draft net budget requirement 2010/11</b>	<b>£m</b>	<b>Annex No</b>
<b>2009/10 Approved by Council on 23 February 2009:</b>	<b>237.194</b>	
Changes :		
Pay, non-pay and contractual inflation	10.329	<b>Annex 5</b>
Budget pressures: demographics, cost pressures, fallout of grant	6.569	<b>Annex 2</b>
New investment: service developments	1.612	<b>Annex 2</b>
Contribution to reserves	3.150	<b>Annex 5</b>
Full year effect of 2009/10 growth	1.105	<b>Annex 4</b>
Efficiencies / savings and income generation	(11.193)	<b>Annex 3</b>
Full year effect of 2009/10 savings	(3.270)	<b>Annex 4</b>
<b>2010/11 Draft net Budget Requirement</b>	<b>245.496</b>	<b>Annex 5</b>
<b>Council Tax Increase</b>	<b>3.9%</b>	

This would result in a band D council tax for the Walsall Council element only of £1,384.64, an annual increase of £51.98 or 3.9%. Most properties in Walsall (67.54%) are in bands A or B. This would be an annual increase of £34.65 for band A and £40.43 for band B (**Annex 6**). This is equivalent to weekly increases of 67p and 78p respectively. **Table 2** shows the calculation at Band D.

<b>Table 2: Draft Budget Requirement and Draft Council Tax Levels 2010/11</b>		
<b>Element of budget</b>	<b>2010/11 budget and grants £</b>	<b>Council Tax Band D £</b>
Walsall MBC net budget	245,496,221	
- revenue support grant	(17,402,066)	
- business rates	(119,841,273)	
- collection fund surplus	(52,432)	
<b>WMBC element - required from council tax</b>	<b>108,200,450</b>	<b>1,384.64</b>
Police (estimated)	7,806,524	99.90
Fire (estimated)	3,756,352	48.07
<b>Total from council tax</b>	<b>119,763,326</b>	<b>1,532.61</b>

*NB: based on an approved council tax base of 78,143.38 band D equivalents.*

**Table 3** provides an analysis of funding to meet this requirement. The final settlement is expected in late January, and will impact on the final budget if it changes from the draft.

<b>Table 3: Available Resources for 2010/11</b>	<b>£'m</b>
Formula Grant	137.243
Council Tax (based on a 3.9% increase over 2009/10 levels)	108.201
Collection fund (Deficit)/Surplus	0.052
<b>Total Resources</b>	<b>245.496</b>

### Budget Pressures and Investment for Service Developments

The draft 2010/11 revenue budget includes £1.105m of growth (**Annex 4**) which relates to investment decisions made by Council in February 2009 where a part year cost effect only was included in 2009/10. In addition further growth proposal totalling £8.181m has been identified as a very high priority by Cabinet as being essential to meeting cost pressures, legislative requirements and to meet or improve service delivery targets. Details can be found at **Annex 2**. The budget assumes that any education-related pressures will be accommodated from the schools DSG.

### Efficiencies, Savings and Fees and Charges Increases

In order to set a balanced budget, and after a review of available resources from formula grant and council tax, and taking into account additional known and likely pressures, council wide savings, efficiencies and fees and charges increases of £11.193m are included in the draft budget proposals within this report (**Annex 3**). Further full year effect savings of £3.270m are included relating to decisions taken in relation to the 2009/10 budget (**Annex 4**). This has enabled Cabinet to use available resources to target priority services, and allowed some targeted investment in high priority areas, such as meeting Cabinet's Cleaner, Greener agenda.

### Formula Grant

The Government provides funding to councils through the Formula Grant. For Walsall in 2010/11 this is £137.243m and represents about 56% of the council's overall net budget requirement and as such has a significant impact on the level of services the council can afford to provide. Any budget requirement over and above the level of grant has to be borne either via council tax payers and/or users/recipients of services.

Formula grant is a complex calculation within various blocks based on relative needs, population, demographic data, the tax base and "floor damping". The dampening mechanism ensures no council receives less than a 1.75% annual increase and so acts as a safety net for those councils that would otherwise lose out in grant receipt.

These funding arrangements were introduced in 2006/07. At the same time, the funding of schools was removed from Formula Grant and Government now provides a separate ring fenced grant for schools; the Dedicated Schools Grant (DSG). In 2010/11 this will be c £183.950m or £177.493 excluding Academies, equivalent to a 4.5% per pupil rise over 2009/10. The final allocation will be available in July following a pupil count in January.

2010/11 is the last year of the 3 year settlement for years 2008/09 to 2010/11. The Comprehensive Spending Review (CSR) 2010/11 allocations have now been confirmed by Government, and reported to Cabinet on 16 December 2009.

Whilst Walsall's grant increase was above the national average in 2009/10 at 3.52% as opposed to a national metropolitan average of 2.9% (2.8% for England), and the 2010/11

allocation similarly is above the national average at 3.0% compared to 2.50% nationally, the use of floor damping means our 2010/11 grant has been reduced by £5.03m (in addition to £7.3m in 2008/09 and £6.13m in 2009/10). Over the three year CSR period to 2010/11 this equates to a loss of £18.46m. The indications are that this 'damping' method will continue to be used. The Formula Grant allocation for Walsall CSR2007 is set out in **Table 4** and Walsall's increases compared to the met average in **Table 5**.

<b>Table 4: Formula Grant</b>	<b>2010/11 £m</b>	<b>2009/10 £m</b>	<b>2008/09 £m</b>
A basic needs allowance of £397.86 per resident	<b>106.0</b>	<b>103.6</b>	<b>100.9</b>
A deduction for estimated local tax resources	<b>-13.5</b>	<b>-12.7</b>	<b>-12.0</b>
Central allocation – a 'top up' per head	<b>49.7</b>	<b>48.5</b>	<b>47.2</b>
<b>Total grant £m</b>	<b>142.2</b>	<b>139.4</b>	<b>136.1</b>
A deduction for our contribution to the floor safety net - £m	<b>-5.0</b>	<b>-6.1</b>	<b>-7.3</b>
<b>Total grant (adjusted for damping)</b>	<b>137.2</b>	<b>133.3</b>	<b>128.8</b>
Formula grant (adjusted) - £m	<b>133.3</b>	<b>128.8</b>	<b>122.8</b>
Grant increase (adjusted) - £m	<b>4.0</b>	<b>4.5</b>	<b>6.0</b>
Grant increase (adjusted) - %	<b>3.0%</b>	<b>3.52%</b>	<b>4.92%</b>

<b>Table 5 : Increase in formula grant</b>					
	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>
Walsall	2.40%	4.10%	4.90%	3.50%	<b>3.00%</b>
Metropolitan Borough Average	2.60%	3.50%	3.70%	2.90%	<b>2.50%</b>

### Collection Fund

The collection fund is a fund separate to the revenue general fund which accounts for income collected from council tax. 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 surplus/deficit to enable them to take this into account in their own budget calculations. Any surplus or deficit calculated as at January 2010 will impact on the final council tax increase.

The assessment undertaken in January 2010 revealed an estimated surplus. When taking into account projections to the year-end, a useable Walsall surplus of £0.052m is available.

## Capping

In recent years central government has capped the level of council tax rises. For 2009/10 this was capped at a maximum of 5% for council tax increases and a maximum net budget requirement increase of 5%. Capping principles are determined on a year by year basis. The Parliamentary Under Secretary of State announced that the government expects the average Band D council tax increase to be at a 16 year low in 2010/11. The proposals within this report include a 3.9% council tax increase and a 3.5% increase in net budget requirement. Should the authority be capped, the government could set future years increases or require the council to rebill at a lower council tax level.

## Levies and Precepts

**Table 6** overleaf shows the estimated levy to be made on Walsall Council by the West Midlands Passenger Transport Authority and the estimated levy by the Environment Agency. It will be necessary to table final figures at the cabinet and/or Council meeting.

<b>Table 6: Estimated Levies 2010/11</b>				
<b>Levy</b>	<b>2009/10 £</b>	<b>2010/11 £</b>	<b>Increase £</b>	<b>Increase %</b>
WM PTA	13,586,602	13,718,445	131,843	0.97
Environment Agency	82,963	90,113	7,150	8.62
<b>Total</b>	<b>13,669,565</b>	<b>13,808,558</b>	<b>138,993</b>	<b>1.01</b>

Walsall's precepting authorities are the West Midlands Police and Fire & Civil Defence Authorities. At the time of despatch of this report, formal notification of the precepts had not been received; therefore the figures in **Table 7** are based on informal notification, so amended figures will be tabled at the Council meeting on 22 February.

<b>Table 7: Estimated precepts 2010/11</b>				
<b>Precepting Authority</b>	<b>2010/11 Amount £</b>	<b>Band D 2010/11 £</b>	<b>Band D 2009/10 £</b>	<b>Band D Increase %</b>
WM Police	7,806,524	99.90	97.98	1.96
WM fire and civil defence	3,756,352	48.07	46.90	2.50
<b>Total</b>	<b>11,562,876</b>	<b>147.97</b>	<b>144.88</b>	<b>2.13</b>

## Value for Money (vfm)

The Audit Commission has rated the council as performing well in delivering vfm. The council scored 3 in its Use of Resources (UOR) score in 2009 for managing finances, within an overall score of 2. In addition, the council's external auditors reported that there were proper arrangements in place to secure economy, efficiency and effectiveness in the council's use of resources for the year ending 31 March 2009.

## Reserves

The council's strategy is to continue to demonstrate financial stability and ensure council and service wide financial pressures are well managed. The Chief Finance Officer (CFO) advises on this in accordance with best practice, professional opinion and the council's MTFS. The strategy is to commence 2010/11 with general reserves of between 2.25% (£5.52m) and 5% (£12.27m) of the overall net budget. With estimated opening reserves of £6.87m the budget 2010/11 meets this requirement.

In accordance with sections 25 – 27 of the Local Government Act 2003 and to comply with CIPFA guidance on local authority reserves and balances, the CFO is required to formally consider and report to members upon the robustness of the estimates used for the purpose of calculating the budget and the adequacy of reserves and balances in respect of the 2010/11 budget. This section of the report has been written by the council's CFO (Assistant Director of Finance), and deals with the requirements of the Act and professional guidance. Consideration of all these issues has been comprehensive and complex. **Annex 8** provides further information and signposts to the various activities, documents and other evidence that have contributed to the decision and declaration, and does not seek to reproduce them here. **Annex 9** analyses current earmarked reserves and general provisions.

## Financial Risk

The budget setting process includes a corporate financial risk assessment to determine key risks and their impact on the budget. Services undertake comprehensive risk assessments of their budgets by identifying risk factors, potential changes to service delivery and funding streams. This ensures that adequate corporate budgetary provision is available to cover unforeseen future events. This successful approach has been in place for several years and is used to inform the level of earmarked and general reserves. **Annex 10** shows the results of this exercise and the theoretical risk of additional costs. However, it is highly unlikely that all these scenarios would arise.

Managers are also required to deliver services within the available budget. Any known changes in service demand or costs arising from legislative or Government demands are identified and dealt with within the overall draft revenue budget as investment bids. The budgeted opening level of reserves is sufficient to cover the assessed financial exposure to the council. Any use of reserves in-year would require replenishment to ensure an opening general reserve required by the MTFS.

Included in the risk assessment is an analysis of the economy and pressures going forward. The economy has been subject to significant and rapid change. Funding remains uncertain beyond 2010/11 (see section 6: medium term outlook for more detail). Inflation has been low, however we are already seeing an increase and some sectors are predicting a sharp increase. Bank rates are expected to remain low at 0.5%, however are expected to increase to 1.50% based on best forecasts, by the end of 2010/11, rising steadily to 4.50% by the end of 2012/ 2013.

## **6. Medium term financial outlook – 2011/12 plus**

The council has a longstanding commitment to medium term financial planning. In alignment with work ongoing to revise and enhance the Vision beyond 2008, we are ensuring that resources are available to deliver our aims and objectives and the priorities and pledges that flow from that.

Key sources of funding, in particular formula 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.

The future financial environment continues to be challenging for councils. Both the spending review 2007, the Lyons Review into the structure and funding of Local Government and the Pre-Budget report of 2009 will impact on future resources and funding decisions and plans. The next Comprehensive Spending Review is expected to provide further significant challenges. Beyond 2010/11, funding allocations remain uncertain. The only certainty is that funding will decrease, the question is by how much. Various forecasts exist. The Institute of Fiscal Studies is forecasting a 12% reduction over the next 2 years.

The medium term outlook is currently being assessed, with a number of planning scenarios being drawn up. A budget framework will be issued over the coming months to all services to commence the budget process beyond 2010/11.

It is essential that in setting a budget for a particular year, the council has regard to the medium term outlook. The medium term financial goals and targets are updated annually, including using a comprehensive risk assessment approach to analysing and assessing the appropriate level of reserves.



## 7. Draft Capital Programme 2010/11

The council has an asset portfolio of over £889m. 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 pledges.

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. Cabinet approved the current capital strategy on 21 November 2007. 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, the Urban Regeneration Company (URC) and regionally with other councils.

The draft capital programme has been constructed within the principles outlined in our capital strategy, which was assessed as good by GOWM (the highest category available).

The capital programme totals £60.739m (excluding leasing) and is presented in three parts:

- Mainstream programme (£19.739m) - funded through supported and unsupported capital borrowing and receipts (**Annex 11**).
- Non-mainstream programme (£41.000m) - funded from capital grants (**Annex 13**).
- Leasing programme (£14.795m incl. £4.668m of new starts in 2010/11) – revenue costs of which funded from service revenue budgets (**Annex 14**).

In addition, a reserve list of schemes is in place should resources become available for new starts in 2010/11 (see **Annex 12**).

Capital resources will continue to be limited in the future inevitably placing more pressure on existing programmes. Future funding will be more reliant on the council's ability to secure capital receipts from sale of land and buildings or afford additional borrowing. A strategic review of assets is planned for 2010/11 which will inform the revision of the capital strategy and formulation of the capital programme for 2011/12 onwards.

### Mainstream Programme

#### Funding

Government announced draft capital funding allocations of £4.874m for 2010/11. Capital receipt projections of £4.149m are based on professional estimates of property colleagues, and include 2009/10 carry forwards. **Table 8** shows currently estimated resources to fund the mainstream capital programme for 2010/11.

<b>Table 8: Estimated mainstream capital resources 2010/11</b>	
<b>Category</b>	<b>2010/11 £m</b>
Supported borrowing	4.874
Unsupported borrowing	10.216
<b>Total borrowing</b>	<b>15.090</b>
Capital receipts	4.149
Local Area Agreement performance reward grant	0.500
<b>Total resources</b>	<b>19.739</b>

### Capital Schemes

In line with the capital strategy, the draft programme is constructed using capital proposal forms submitted by services. Some capital scheme categories must go ahead. These are summarised in **Table 9**, along with estimated costs. See **Annex 11** for further details of the projects.

<b>Table 9 : Capital schemes that must be supported</b>	
<b>Category</b>	<b>2010/11 £m</b>
Supported borrowing allocations	4.818
Corporate commitments	0.665
Prior year approvals	5.426
Health & Safety bids	1.605
Asset maintenance / management	2.884
Regeneration initiatives	1.445
Highways / Parking bid	1.270
Aids & Adaptations / Disabled Facilities Grant	1.500
Cleaner, Greener Agenda – environmental improvement	0.126
<b>Total</b>	<b>19.739</b>

Reasons why these categories of schemes must go ahead:

- Supported borrowing - specific allocations for education and the West Midlands regional transport plan. The council will be criticised and future levels of funding may be compromised if resources are not allocated here.
- Corporate commitments - annual commitments that must be in the capital programme though the amounts may be varied, such as contingency.
- Prior year approvals that must be funded - projects that have been commenced and funding in 2010/11 is required for their completion or continuation.

This has left £8.830m in 2010/11 to fund new bids which are shown in **Annex 11**. All bids were prioritised by Cabinet at budget meetings. As the overall demand for resources exceeds those available, schemes deemed to be a high priority in terms of reflecting the council's priorities, and therefore recommended, can be funded, representing a balanced programme for 2010/11. **Table 10** provides a breakdown of the proposed mainstream capital programme per portfolio. A reserve list of schemes has also been drawn up as in previous years, as detailed in **Annex 12**.

<b>Table 10 : Mainstream capital expenditure by portfolio</b>		
<b>Portfolio</b>	<b>2010/11 £m</b>	<b>%</b>
Children's Services	3.657	18.5
Communities & Partnerships	0.300	1.5
Environment	1.616	8.2
Finance & Personnel	1.950	9.8
Leisure & Culture	0.245	1.3
Regeneration	7.125	36.1
Social Care & Health	0.900	4.6
Transport	3.946	20.0
<b>TOTAL</b>	<b>19.739</b>	<b>100</b>

### **Externally Funded (Non-Mainstream) Programme**

**Annex 13** shows the non-mainstream programme for 2010/11 to be funded from capital grants. Certain schemes can go ahead as these are either fully funded by grant or have the necessary mainstream or supported borrowing match funding already approved. If grant or mainstream funding is unavailable the schemes will not go ahead.

### **Leasing Programme**

Leasing minimises the call on capital resources by spreading the acquisition cost over several years. Revenue funds are needed to finance operating leases. The 2010/11 leasing programme is £14.795m, of which £4.668m are new starts which are shown in **Annex 14**. The revenue implications of the leasing programme of £2.495m (new starts of £0.273m + £2.222m of existing leases) for 2010/11 are included in the draft revenue budget.

## Section 2 – Treasury Management

### 8. Treasury Management and Investment Strategy

Members consider the treasury management and investment strategy each year as a requirement of the CIPFA Code of Practice on Treasury Management in the Public Services; the updated version of which Cabinet formally adopted on 22 March 2002.

Along with the above duty, the Government issued new guidance in February 2008 which requires that a Statement on the Council's policy for its annual minimum revenue provision (MRP) i.e. the amount set-aside for the repayment of debt, should be submitted to the full Council for approval before the start of the financial year to which the provision will relate. Thus a MRP statement to be used for the amount to be set-aside each year for the repayment of debt is included in the treasury management strategy (See **Annex 15**).

The council is legally obliged to "have regard" to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual MRP provision than was required under the previous statutory requirements. The Guidance offers four main options under which MRP could be made, with an overriding recommendation that the council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to 'have regard' to the guidance therefore means that:

- Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.
- It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

A review of Walsall's MRP policy involving external treasury advice has concluded that the following updates added would be beneficial and prudent:

- For any capital expenditure carried out after 1 April 2008 up to the amount of supported borrowing provided for within the RSG settlement, the authority will use their discretion to adopt the regulatory method (option 1). The authority, where it considers the capital expenditure to have added significantly to the lifespan of the asset, will set aside funds for repayment in line with the depreciation period of the asset type.
- The authority will treat the asset life as commencing in the year in which the asset first becomes operational. Noting that in accordance with the regulations/Guidance the authority may postpone beginning to make MRP until the financial year following that in which the asset becomes operational. There will be an annual adjustment for assets under construction.

In accordance with MRP guidance council's may vary the MRP policy during the year. The statement should be put to the council at that time. The proposed policy is at **Annex 15**.

## 9. Prudential Indicators

The 2003 Prudential Code for Capital Finance in Local Authorities (the Code) introduced new requirements for the way in which capital investment plans are considered and approved and introduced more integration with councils' treasury management strategies and the council's medium term financial planning activities.

The draft budget contains prudential indicators and borrowing limits for treasury management activities in 2010/11. This provides a framework through which the authority's treasury management and investment strategy is monitored.

The Code requires the Council to set a number of prudential indicators (PCIs) (See **Annex 16**). These set limits on maximum total borrowing, temporary borrowing and on the proportion of borrowing at variable interest rates. The PCIs cover a period of three years from 2010/11 to 2012/13.

The ability to contain costs and make savings in this activity directly impacts on the level of resources available for the development of council strategies. Treasury management activity is delegated to the Chief Finance Officer (CFO) and Deputy CFO. Relevant activities take place within the framework of the council's treasury policy statements, which sets out the type of activities that may be undertaken and by whom, and which is approved annually by Cabinet.

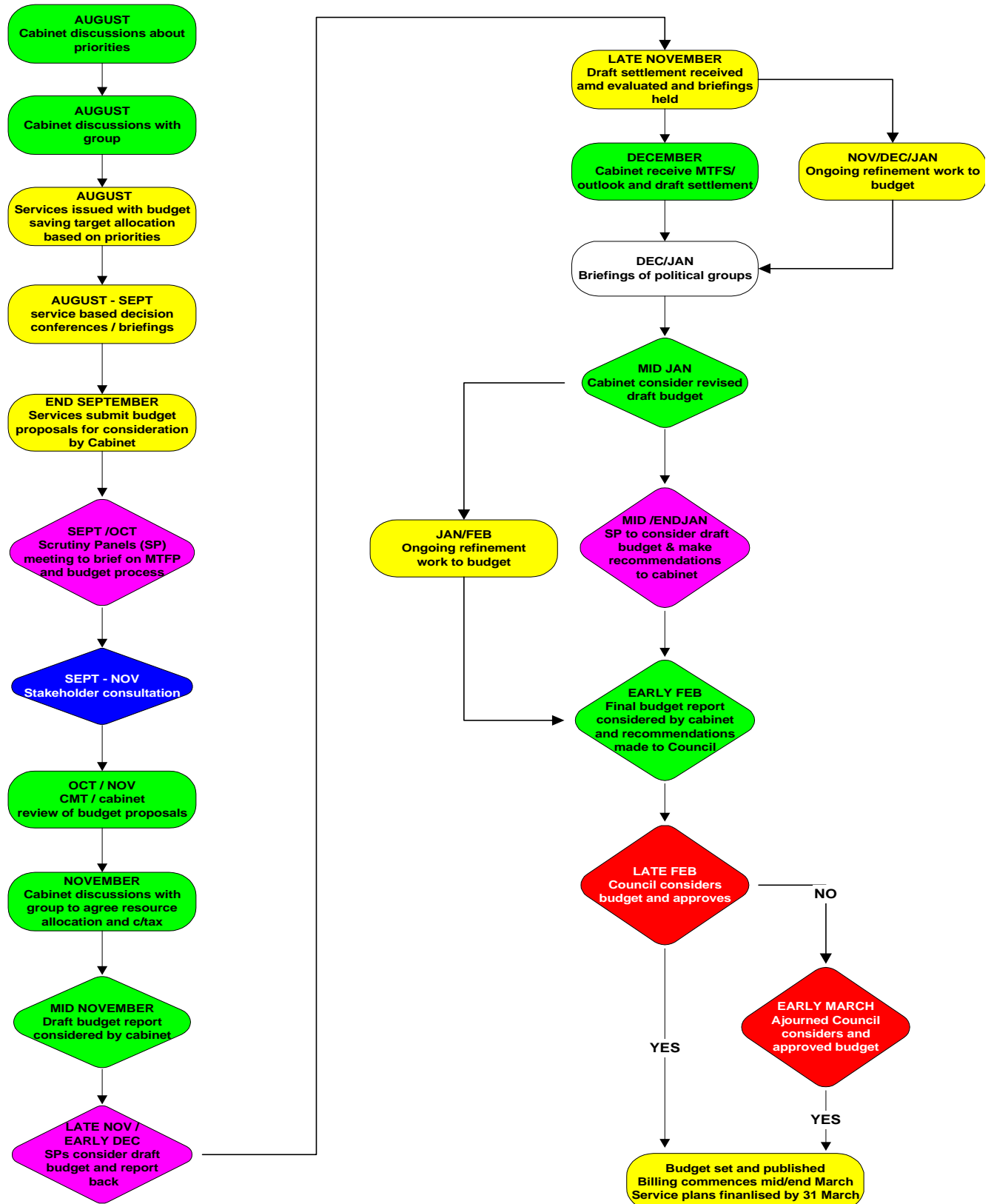
The local target for the average rate for external debt remains at less than 4.7% for internally managed debt and less than 4.85% for total debt. To beat this target the rescheduling of debt would be required; opportunities for this are continually being assessed.

The bank rate has been unchanged at 0.50% since March 2009. The bank rate is forecast to commence rising in quarter 3 of 2010 and then to rise steadily from thereon. Bank rate forecasts for financial year ends (31 March) are as follows: -

Year	Bank Rate
2010	0.50%
2011	1.50%
2012	3.50%
2013	4.50%

There is a downside risk to the economic forecasts if recovery from the recession proves to be weaker and slower than currently expected. Interest rates and investment returns will remain low. The council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile.

The effect of the low bank interest rate environment is that the investment returns (income to the council) decreased from 5.25% in 2007/8 to 1.39% in December 2009. A commentary on the current economic climate provided by the council's treasury advisors is included in **Annex 18**. It includes a summary of economic forecasts for 2010/11 and beyond. The council's investment return target will continue to need particular attention, monitoring and potentially review during the year.

Budget Cycle

Above dates are the maximum end dates for each phase of the process

KEY	Scrutiny activity	Political group	Stakeholder activity
Cabinet activity	Full council	Officer activity	

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## INVESTMENT 2010/11

Investment Category	INVESTMENT DESCRIPTION	SERVICE AREA	ANNUAL INVESTMENT		
			2010/11	2011/12	2012/13
			£	£	£
<b>CHILDREN'S PORTFOLIO</b>					
Demand	Investment required to fund the increase in numbers of looked after children coming into care.	Looked After Children	1,500,000	1,500,000	1,500,000
Demand / Legis'l've	Family contact and support: Additional costs arising from increased family contact and travel costs	Looked After Children	450,000	450,000	450,000
<b>TOTAL INVESTMENT : CHILDREN'S</b>			<b>1,950,000</b>	<b>1,950,000</b>	<b>1,950,000</b>
<b>COMMUNITIES AND PARTNERSHIPS PORTFOLIO</b>					
Legis'l've	Surveillance activity at Brownhills and Bescot markets designed to protect consumers and retailers from illegal activity often linked to serious organised crime.	Public Safety	21,000	21,000	21,000
New	Maintain the operation of the recently digitised CCTV system for 24 hr operation. Yr 1 costs to mainstream the activity, year 2 onwards will generate income and streamline costs to offset the initial costs	Communities and Partnerships	65,000	0	0
New	Increased enforcement of enviro-crime, which will complement community areas (4 officers)	Public Safety	120,000	120,000	120,000
New	Revised neighbourhood management model - the final model is currently being worked on and is to be presented to Council in January	Neighbourhood Partnerships	450,000	395,000	395,000
<b>TOTAL INVESTMENT : COMM'S AND PARTNERSHIP</b>			<b>656,000</b>	<b>536,000</b>	<b>536,000</b>
<b>BUSINESS SUPPORT PORTFOLIO</b>					
Income Shortfall	Shortfall of income within print and design services, due to falling activity and different publication methods	Print and Design	337,000	337,000	337,000
New	Creation of 3 business analyst posts to support council wide efficiency activity. Funding is for one-off set up costs and it is expected that year 2 + the posts will generate sufficient efficiencies to cover the cost of the posts and achieve further savings for the council.	Business Solutions	120,000	0	0
New	Setting up a single operating model for customer service improvements and efficiencies in processes to support effective customer service across the organisation will be secured, supporting self-service as the most cost effective solution where possible.	Business Solutions	145,000	145,000	145,000
Demand / Business Critical	Due to the current economic climate efficiencies within procurement of contracts have not been realised and investment is required to prevent budget pressures in future years	Procurement	1,500,000	1,500,000	1,500,000
<b>TOTAL INVESTMENT : BUSINESS SUPPORT</b>			<b>2,102,000</b>	<b>1,982,000</b>	<b>1,982,000</b>



Investment Category	INVESTMENT DESCRIPTION	SERVICE AREA	ANNUAL INVESTMENT		
			2010/11	2011/12	2012/13
			£	£	£
<b>ENVIRONMENT PORTFOLIO</b>					
<b>Income Shortfall</b>	Shortfall of income within bereavement services due to a decline in deaths	Bereavement Services	175,000	175,000	175,000
<b>New</b>	Additional litter hit squads. To provide one team in each of the three main geographical areas. Three litter hit squads will be sufficient to deal with fly tipping and the more routine community focused work at current levels (It is proposed that there will be one crew per two of the new LNP areas).	Street Pride	47,000	47,000	47,000
<b>New</b>	Reorganisation of the existing street cleaning teams around the neighbourhood management model, and increased number of barrow routes. An increase in the number of barrow routes will allow us to have at least one route in each of the town/district centres where mechanical footway sweeping is difficult. Additional barrow routes will be provided in Brownhills/Aldridge, Pelsall / Rushall, Blakenall, Birchills, Paddock and Bentley.	Street Pride	123,000	123,000	123,000
<b>New</b>	Increased frequency of weed treatment (from one per year to two) which will improve the appearance of footpaths and pavements.	Street Pride	23,000	23,000	23,000
<b>New</b>	Providing a skip in one area for a day which will also support the work of litter hit squads. This would help eradicate fly tipping and bulk waste.	Street Pride	6,000	6,000	6,000
<b>New</b>	Enhanced cleaning of the ring road, upgrading the cleansing regime along this key corridor. The 3 year maintenance agreement associated with the recently completed work covers maintenance of the soft landscaped areas and litter picking of the highway four times per year. This proposal will supplement this work. Costs will increase from 2012/13 as the 3 year maintenance period expires.	Street Pride	69,710	69,710	175,000
<b>New</b>	Increased maintenance of trees and hedges in council ownership. The proposal is to increase the number of tree gangs to four (from current three) to prioritise highways trees.	Street Pride	116,000	116,000	116,000
<b>TOTAL INVESTMENT : ENVIRONMENT</b>			<b>559,710</b>	<b>559,710</b>	<b>665,000</b>
<b>FINANCE AND PERSONNEL PORTFOLIO</b>					

Investment Category	INVESTMENT DESCRIPTION	SERVICE AREA	ANNUAL INVESTMENT		
			2010/11	2011/12	2012/13
			£	£	£
New	Additional capacity within legal in contract and social care (children's) law and social care lawyer, to manage demand. This will result in a reduction in the number of cases that require support from agency staff and external legal support. It involves the employment of a contract lawyer and a social care lawyer.	Legal Services	122,000	122,000	122,000
Business Critical	Corporate feasibility studies resource. A corporate resource to enable targeted feasibility studies /and investigation work to be undertaken	Council Wide	225,000	225,000	225,000
Grant Fallout	Reduction in housing benefit administration grant	Revenues	180,000	200,000	200,000
Legisl've	Change in legislation for elections services - Individual registration not household registration from 2010/11	Electoral Registration	123,000	123,000	123,000
<b>TOTAL INVESTMENT : FINANCE AND PERSONNEL</b>			<b>650,000</b>	<b>670,000</b>	<b>670,000</b>
<b>LEISURE AND CULTURE PORTFOLIO</b>					
Income Shortfall	Loss of income in sports centres due to current economic conditions	Sports	110,000	110,000	110,000
New	Grant funding for Jerome K Jerome Society	Libraries and Heritage	2,200	2,200	2,200
New	Increased staff visibility and enforcement activity in parks, green spaces and countryside. Park Rangers will have responsibility for green spaces as well as parks.	Green spaces	163,000	163,000	163,000
<b>TOTAL INVESTMENT : LEISURE AND CULTURE</b>			<b>275,200</b>	<b>275,200</b>	<b>275,200</b>
<b>REGENERATION PORTFOLIO</b>					
Business Critical	Increase in property maintenance (representing a 20% increase in the budget) for council owned properties.	Property Services	131,000	131,000	131,000
Business Critical / Legisl've	A resource to manage the Council's carbon reduction commitment. The Council is legally required to report our carbon consumption. The resource will report on consumption data to Government which then translates into carbon credits. Provision has been made for the potential carbon charge, however this resource has been identified to help mitigate the tax in future years and requires advanced planning.	Property Services	30,000	30,000	30,000
Business Critical / Legisl've	A dedicated resource for the management of the Council's building logbook. The Council introduced a building logbook in 2008. It is a key role for the corporate landlord function within Property services.	Property Services	30,000	30,000	30,000

Investment Category	INVESTMENT DESCRIPTION	SERVICE AREA	ANNUAL INVESTMENT		
			2010/11	2011/12	2012/13
			£	£	£
Grant Fallout	Fall out of Planning Delivery Grant. The investment allows mainstreaming of activity currently undertaken by c 5 posts and funded via grant.	Regeneration	185,000	185,000	185,000
Business Critical	To manage the costs of security for some premises when Councils buildings become vacant and prior to them becoming redundant / for sale.	Property Services	100,000	100,000	100,000
Grant Fallout	Fall out of grant funding for a post within the economic development team	Regeneration	59,000	59,000	59,000
Legisl've	Commissioning of electrical testing survey works. It is a legal requirement to undertake surveys. Any subsequent works arising can be charged to capital.	Property Services	15,000	15,000	15,000
Legisl've	Commissioning of legionella surveys. It is a legal requirement to undertake surveys. Any subsequent works arising can be charged to capital.	Property Services	25,000	25,000	25,000
Legisl've	Commissioning of asbestos surveys. It is a legal requirement to undertake surveys. Any subsequent works arising can be charged to capital.	Property Services	45,000	45,000	45,000
Income Shortfall	Loss of rental income from the permanent closure of the Vigo quarry for tipping The lease for the quarry has ended as the tipping has been completed, resulting in a budget shortfall.	Property Services	140,000	140,000	140,000
Income Shortfall	Loss of rental income from Suffolk Place following the departure of WHG. The WHG lease of Suffolk place has ended and will not be replaced with another tenant.	Property Services	80,000	80,000	80,000
Income Shortfall	Loss of rental income from sale of assets. A number of assets have been sold and tenant income has therefore ended permanently	Property Services	36,000	36,000	36,000
Income Shortfall	Loss of fee income within property services. This is unsustainable from 2010/11 onwards due to projected falls in capital projects	Property Services	277,000	277,000	277,000
Income Shortfall	Loss of income from Brownhills market. The Council has taken over responsibility for managing the site and therefore no longer receives the rental income .	Markets	37,000	37,000	37,000
<b>TOTAL INVESTMENT : REGENERATION</b>			<b>1,190,000</b>	<b>1,190,000</b>	<b>1,190,000</b>
<b>SOCIAL CARE AND HEALTH PORTFOLIO</b>					
Demand	Increase in demand within mental health services. Dementia statistics show this is a national issue not just at Walsall.	Mental Health and Dementia	570,071	685,649	804,845
Demand	Increase in client demand within learning disabilities	Learning Disability	45,000	90,000	90,000
Demand	Increase in demand within older peoples services.	Older People	143,036	(72,584)	14,116
<b>TOTAL INVESTMENT : SOCIAL CARE AND HEALTH</b>			<b>758,107</b>	<b>703,065</b>	<b>908,961</b>
<b>TRANSPORT PORTFOLIO</b>					

Investment Category	INVESTMENT DESCRIPTION	SERVICE AREA	ANNUAL INVESTMENT		
			2010/11	2011/12	2012/13
			£	£	£
New	Improved gully service provision. The work is currently undertaken by a contractor. The investment will allow emergency jetting to be provided and will ensure a quality service is maintained through increased service frequencies.	Engineering and Transportation	40,000	40,000	40,000
TOTAL INVESTMENT: TRANSPORT			40,000	40,000	40,000
TOTAL INVESTMENT			8,181,017	7,905,975	8,217,161

## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
CHILDREN'S PORTFOLIO							
1	EFFICIENCY	Restructure of the Family Placement Service to secure service improvements. This saving is removing vacant posts	CHILDRENS	Residential and Fostering	(185,947)	(185,947)	(185,947)
2	EFFICIENCY	Remove vacant post in Children Trust Support Team	CHILDRENS	Childrens Trust	(5,300)	(5,300)	(5,300)
3	EFFICIENCY	Reduction in costs and budget requirement for Uplands House premise, following the transfer of Social Workers team	CHILDRENS	Childrens Trust	(33,000)	(33,000)	(33,000)
4	EFFICIENCY	Review and removal of administrative budgets within general management	CHILDRENS	Specialist Management	(15,000)	(15,000)	(15,000)
5	EFFICIENCY	Saving in budget for Uplands House in line with current spend - Transition & Leaving Care Team	CHILDRENS	Residential and Fostering	(30,000)	(30,000)	(30,000)
6	EFFICIENCY	Saving in budget for Quest Building in line with current spend	CHILDRENS	Vulnerable Children	(10,000)	(10,000)	(10,000)
7	EFFICIENCY	Saving on service management structure (realises saving of part of a post)	CHILDRENS	CAPS & Young Carers	(30,000)	(30,000)	(30,000)
8	EFFICIENCY	Reduction in spend on managing the education contract	CHILDRENS	Education Client	(20,000)	(20,000)	(20,000)
9	EFFICIENCY	Realignment of budget in line with current spend for Music Support Service	CHILDRENS	Education Client	(20,000)	(20,000)	(20,000)
TOTAL EFFICIENCIES					(349,247)	(349,247)	(349,247)
10	NEW INCOME	Transfer of Walsall Street Team (specialist service) contracts to grant funding (e.g.Solom Project & Jigsaw )	CHILDRENS	Child Protection	(17,332)	(17,332)	(17,332)
11	NEW INCOME	Integrating new grant income streams to maximise outcomes and align posts with this grant funding	CHILDRENS	Residential and Fostering	(81,772)	(81,772)	(81,772)
12	NEW INCOME	Increase the catering management fee to schools for 2010/11	NEIGHBOURHOOD	Catering	(21,817)	(39,756)	(39,756)
TOTAL INCOME					(120,921)	(138,860)	(138,860)
13	SERVICE REDESIGN	Efficiency savings through integrating the young peoples support services (previously youth service, youth offending service and Connexions), working with partners and re-aligning service	CHILDRENS	IYPSS & Connexions	(405,373)	(405,373)	(405,373)
14/16	SERVICE REDESIGN	Review of contract activity in light of changes in requirements	CHILDRENS	Education Client	(280,000)	(280,000)	(280,000)
15	SERVICE REDESIGN	Re-negotiate with providers of child adolescent mental health and achieve efficiencies	CHILDRENS	Child Protection	(50,000)	(50,000)	(50,000)
17	SERVICE REDESIGN	Changes in the commissioning & decommissioning of services	CHILDRENS	Childrens Trust	(33,000)	(33,000)	(33,000)
18	SERVICE REDESIGN	Reduction of spend on no recourse to public fund cases in line with 2009/10 demand	CHILDRENS	Vulnerable Children	(60,000)	(60,000)	(60,000)
19	SERVICE REDESIGN	Realignment of funding of former care matters grant in line with expenditure	CHILDRENS	Residential and Fostering	(75,000)	(75,000)	(75,000)
TOTAL SERVICE REDESIGN SAVINGS					(903,373)	(903,373)	(903,373)
TOTAL CHILDREN'S PORTFOLIO PROPOSALS					(1,373,541)	(1,391,480)	(1,391,480)
COMMUNITIES AND PARTNERSHIP PORTFOLIO							
20	EFFICIENCY	Public safety service restructuring following the merger of safer Walsall partnership and public protection.	NEIGHBOURHOOD	Communities and partnership	(73,427)	(73,427)	(73,427)

## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
21	EFFICIENCY	General efficiencies across the service	NEIGHBOURHOOD	Neighbourhood	(35,020)	(35,020)	(35,020)
22	EFFICIENCY	Reduction in maintenance/running costs for the bus and other small general efficiencies	NEIGHBOURHOOD	First Stop Shop	(13,044)	(13,044)	(13,044)
<b>TOTAL EFFICIENCIES</b>					<b>(121,491)</b>	<b>(121,491)</b>	<b>(121,491)</b>
23	NEW INCOME	Additional contributions from partners	NEIGHBOURHOOD	Walsall Partnership	(5,272)	(5,272)	(5,272)
<b>TOTAL INCOME</b>					<b>(5,272)</b>	<b>(5,272)</b>	<b>(5,272)</b>
24	SERVICE REDESIGN	Merger of CCTV function with Emergency Planning as part of overall Public Safety service restructuring and review management arrangements, exploring the opportunity for out-sourcing some activities	NEIGHBOURHOOD	Public Safety	(8,559)	(8,559)	(8,559)
25	SERVICE REDESIGN	Integration of service across trading standards, environmental health and community safety based on the neighbourhood management model.	NEIGHBOURHOOD	Public Safety	(122,414)	(122,414)	(122,414)
<b>TOTAL SERVICE REDESIGN SAVINGS</b>					<b>(130,973)</b>	<b>(130,973)</b>	<b>(130,973)</b>
<b>TOTAL COMMUNITIES AND PARTNERSHIP PORTFOLIO PROPOSALS</b>					<b>(257,736)</b>	<b>(257,736)</b>	<b>(257,736)</b>
<b>BUSINESS SUPPORT PORTFOLIO</b>							
26	EFFICIENCY	Restructure within performance and scrutiny team - removal of vacant post	RESOURCES	CPM	(10,368)	(10,368)	(10,368)
27	EFFICIENCY	Rationalisation of training and supplies and services budgets	RESOURCES	Procurement	(16,343)	(16,343)	(16,343)
28	EFFICIENCY	Efficiencies achieved through the Finance Direct project	RESOURCES	Financial Administration	(228,861)	(228,861)	(228,861)
29	EFFICIENCY	Restructure resulting in reduction of 1 vacant project support post following review of service	RESOURCES	Programme Delivery	(33,284)	(33,284)	(33,284)
30	EFFICIENCY	The deletion of a vacant post following the merger of support functions in line with the creation of the new Integrated Young Peoples Services.	RESOURCES	Business Support	(15,000)	(15,000)	(15,000)
31	EFFICIENCY	Efficiencies within the performance and outcomes team supporting social care and inclusion.	RESOURCES	CPM	(6,687)	(6,687)	(6,687)
32	EFFICIENCY	General service efficiencies across CPM	RESOURCES	CPM	(9,098)	(9,098)	(9,098)
33	EFFICIENCY	Efficiencies from merging transformation and business solutions	RESOURCES	Business Solutions	(25,824)	(25,824)	(25,824)
34	EFFICIENCY	Renegotiation of supplier contracts, consolidation of hardware inventory, natural efficiencies	RESOURCES	ICT	(70,731)	(70,731)	(70,731)
35	EFFICIENCY	Rationalise PA support and delete post (PA to AD ICT) following restructure	RESOURCES	Business Support	(23,285)	(23,285)	(23,285)
36	EFFICIENCY	Saving through economies of scale of physical centralisation of 'generic' functions and / or cease or re-engineer some functions	RESOURCES	Business Support	(80,000)	(80,000)	(80,000)
<b>TOTAL EFFICIENCIES</b>					<b>(519,481)</b>	<b>(519,481)</b>	<b>(519,481)</b>
37	SERVICE REDESIGN	Restructure of service, releasing savings - o.5 FT vacant scrutiny post and vacant p/t analyst post	RESOURCES	CPM	(34,850)	(34,850)	(34,850)
38	SERVICE REDESIGN	Savings related to a reduction in business support required following the successful implementation of People First in Social Care and Inclusion.	RESOURCES	Business Support	(86,000)	(86,000)	(86,000)
39	SERVICE REDESIGN	Post room savings associated with a pilot scheme to increase machine readable and standard size items.	RESOURCES	Business Support	(2,071)	(2,071)	(2,071)
40	SERVICE REDESIGN	Deletion of 3 posts not needed following realignment of roles within business support	RESOURCES	Business Support	(41,662)	(41,662)	(41,662)
41	SERVICE REDESIGN	Net savings resulting from restructuring support teams predominantly within Neighbourhood and Regeneration Services.	RESOURCES	Business Support	(40,000)	(40,000)	(40,000)

## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
42	SERVICE REDESIGN	Rationalisation and reduction in 1st class postage	RESOURCES	Business Support	(14,424)	(14,424)	(14,424)
TOTAL SERVICE REDESIGN SAVINGS					(219,007)	(219,007)	(219,007)
TOTAL BUSINESS SUPPORT PORTFOLIO PROPOSALS					(738,487)	(738,487)	(738,487)
ENVIRONMENT PORTFOLIO							
43	EFFICIENCY	Reduction in use of private contractors in relation to abandoned vehicles and fly tipping.	NEIGHBOURHOOD	Street Pride	(28,000)	(28,000)	(28,000)
44	EFFICIENCY	Review of holiday allowances in refuse	NEIGHBOURHOOD	Street Pride	(27,000)	(27,000)	(27,000)
45	EFFICIENCY	Negotiated reduction in gate fee for energy from waste delivered to Coventry 10,000 tonnes @ £2 per tonne. Contract to be renewed in 2013/14	NEIGHBOURHOOD	Street Pride	(20,000)	(20,000)	(20,000)
46	EFFICIENCY	Greenstar / landfill variance - increase in recycling over and above initial predictions of new waste collections service resulting in landfill diversion. Contract to be reviewed in 2012/13	NEIGHBOURHOOD	Street Pride	(280,000)	(280,000)	0
47	EFFICIENCY	Trade recycling - increase in performance	NEIGHBOURHOOD	Street Pride	(35,000)	(35,000)	(35,000)
48	EFFICIENCY	Reduction in waste collection pool vehicles includes sale of a vehicle in year 1	NEIGHBOURHOOD	Street Pride	(48,000)	(42,500)	(42,500)
49	EFFICIENCY	Fleet savings from non street pride users of fleet services	NEIGHBOURHOOD	Street Pride	(50,000)	(50,000)	(50,000)
50	EFFICIENCY	Reduction of hired plant	NEIGHBOURHOOD	Street Pride	(25,000)	(25,000)	(25,000)
51	EFFICIENCY	Restructure within grounds and street cleansing will release 1 x manager post.	NEIGHBOURHOOD	Street Pride	(47,000)	(47,000)	(47,000)
52	EFFICIENCY	Reduction in general material purchases	NEIGHBOURHOOD	Street Pride	(10,000)	(10,000)	(10,000)
53	EFFICIENCY	Rationalisation of employee training	NEIGHBOURHOOD	Street Pride	(5,000)	(5,000)	(5,000)
54	EFFICIENCY	Removal of supervisor post for household waste recycling centre: contract self monitored and supervised by other staff	NEIGHBOURHOOD	Street Pride	(27,000)	(34,500)	(34,500)
55	EFFICIENCY	Saving on maintenance and running expenses following sale of recycling bus	NEIGHBOURHOOD	Street Pride	(1,200)	(1,200)	(1,200)
56	EFFICIENCY	General efficiencies across street pride	NEIGHBOURHOOD	Street Pride	(35,000)	(35,000)	(35,000)
57	EFFICIENCY	Reduced overtime costs following review and revision of task and finish arrangements within waste	NEIGHBOURHOOD	Street Pride	(25,000)	(25,000)	(25,000)
58	EFFICIENCY	Non purchase of container bins as a result of existing stock - one off saving	NEIGHBOURHOOD	Street Pride	(40,000)	0	0
59	EFFICIENCY	May Gurney RPI reduction in 2009/10 - contract to be reviewed in 2011/12.	NEIGHBOURHOOD	Street Pride	(60,000)	0	0
60	EFFICIENCY	Additional income from external contract MOT work	NEIGHBOURHOOD	Street Pride	(23,000)	(23,000)	(23,000)
62	EFFICIENCY	Revision to cost structure arrangements for gate opening and closing across cemeteries	NEIGHBOURHOOD	Public Safety	(20,500)	(20,500)	(20,500)
63	EFFICIENCY	Negotiation of renewal of service level agreement with the Manor Hospital for mortuary services at a lower charge	NEIGHBOURHOOD	Public Safety	(2,500)	(2,500)	(2,500)
64	EFFICIENCY	Reduction in maintenance requirement for new cremators following their replacement	NEIGHBOURHOOD	Public Safety	(2,000)	(2,000)	(2,000)
65	EFFICIENCY	General efficiencies within registration services	NEIGHBOURHOOD	Public Safety	(5,500)	(5,500)	(5,500)
66	EFFICIENCY	Reduction in consultants fees - pollution control	NEIGHBOURHOOD	Engineering and Transportation	(7,000)	(7,000)	(7,000)
67	EFFICIENCY	Rationalisation of training budgets	NEIGHBOURHOOD	Street Pride	(20,000)	(20,000)	(20,000)
68	EFFICIENCY	Reduction in waste arisings	NEIGHBOURHOOD	Street Pride	(107,000)	(117,000)	(117,000)
TOTAL EFFICIENCIES					(950,700)	(862,700)	(582,700)
69	NEW INCOME	Income from batteries recycling	NEIGHBOURHOOD	Street Pride	(2,000)	(2,000)	(2,000)
70	NEW INCOME	Review discretionary registration charges	NEIGHBOURHOOD	Public Safety	(859)	(859)	(859)
TOTAL INCOME					(2,859)	(2,859)	(2,859)
71	SERVICE REDESIGN	Introduction of mobile security overnight and CCTV cameras will result in no requirement for continuous security on site overnight.	NEIGHBOURHOOD	Street Pride	(44,000)	(44,000)	(44,000)



## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
73	SERVICE REDESIGN	Review of 3 year extension to contract for management of household waste and recycling centre	NEIGHBOURHOOD	Street Pride	(100,000)	(100,000)	(100,000)
74	SERVICE REDESIGN	Reduction in opening hours for district toilets (8:00am - 4:00pm) reducing need for 1 agency employee.	NEIGHBOURHOOD	Street Pride	(12,000)	(12,000)	(12,000)
<b>TOTAL SERVICE REDESIGN SAVINGS</b>					<b>(156,000)</b>	<b>(156,000)</b>	<b>(156,000)</b>
<b>TOTAL ENVIRONMENT PORTFOLIO PROPOSALS</b>					<b>(1,109,559)</b>	<b>(1,021,559)</b>	<b>(741,559)</b>
<b>FINANCE AND PERSONNEL PORTFOLIO</b>							
75	EFFICIENCY	Weekly / monthly monitoring of processes and outstanding work. Ensuring disadvantageous changes are identified on notification and that benefit payments are suspended thereby reducing the creation of local authority error overpayments and loss of income	RESOURCES	Benefits	(67,448)	(67,448)	(67,448)
76	EFFICIENCY	General efficiencies - benefits	RESOURCES	Benefits	(31,000)	(31,000)	(31,000)
77	EFFICIENCY	Restructure of revenues team to release efficiencies and reduction of half a post	RESOURCES	Revenues	(24,043)	(27,643)	(27,643)
78	EFFICIENCY	Reduce spending on communications & marketing activities across the council by strict conformance to council wide strategy and consolidation of professional expertise.	RESOURCES	Council Wide	(80,000)	(80,000)	(80,000)
79	EFFICIENCY	Restructure of finance, implemented in 2009/10 reducing overall staffing numbers	RESOURCES	Finance	(45,000)	(45,000)	(45,000)
80	EFFICIENCY	Review and rationalisation of supplies and services budgets	RESOURCES	Finance	(80,562)	(87,562)	(87,562)
81	EFFICIENCY	Rationalise relief chauffeur provision	RESOURCES	Mayoral	(18,000)	(18,000)	(18,000)
82	EFFICIENCY	Restructure of equalities service	RESOURCES	Equalities and Diversity	(9,865)	(9,865)	(9,865)
83	EFFICIENCY	General efficiencies in equalities team	RESOURCES	Equalities and Diversity	(4,102)	(4,102)	(4,102)
84	EFFICIENCY	Efficiencies in external audit grant audits leading to reduced audit fee	RESOURCES	External Audit	(38,413)	(38,413)	(38,413)
85	EFFICIENCY	General efficiencies in Employee services	RESOURCES	HRD - Employee Services	(17,843)	(17,843)	(17,843)
86	EFFICIENCY	Reduction in mileage claims	RESOURCES	HRD - Employee Services	(1,800)	(1,800)	(1,800)
87	EFFICIENCY	General efficiencies in Safety, Health and Welfare services	RESOURCES	HRD - SHAW	(7,684)	(7,684)	(7,684)
88	EFFICIENCY	Renegotiation of costs with employee welfare provider service and physiotherapist service	RESOURCES	HRD - SHAW	(10,600)	(10,600)	(10,600)
89	EFFICIENCY	General efficiencies - personnel	RESOURCES	HRD - PERSONNEL	(1,958)	(1,958)	(1,958)
90	EFFICIENCY	General efficiencies	RESOURCES	HRD - Strategy Services	(1,798)	(1,798)	(1,798)
91	EFFICIENCY	Efficiencies and review of all supplies and services budgets	RESOURCES	Corporate Management Team	(21,479)	(21,479)	(21,479)
92	EFFICIENCY	General efficiencies - internal audit	RESOURCES	Internal Audit	(3,910)	(3,910)	(3,910)
93	EFFICIENCY	Restraint of expenditure in areas that have little direct impact on service delivery	RESOURCES	Communications	(5,097)	(5,097)	(5,097)
<b>TOTAL EFFICIENCIES</b>					<b>(470,602)</b>	<b>(481,202)</b>	<b>(481,202)</b>
94	NEW INCOME	Additional income from traded services	RESOURCES	Finance	(23,000)	(23,000)	(23,000)
95	NEW INCOME	Increased income from traded services	RESOURCES	HRD - Employee Services	(50,000)	(50,000)	(50,000)
96	NEW INCOME	Increased income for Blue Badge and road safety officers	RESOURCES	HRD - SHAW	(10,097)	(10,097)	(10,097)
97	NEW INCOME	Secure project funding: ensure project post is charged out (major projects: non-mainstream)	RESOURCES	Finance	(51,000)	(51,000)	(51,000)
<b>TOTAL INCOME</b>					<b>(134,097)</b>	<b>(134,097)</b>	<b>(134,097)</b>
98	SERVICE REDESIGN	Reorganisation within safety, health and wellbeing teams, releasing one vacant safety officer post and partner/external funding contribution to occupational health service post	RESOURCES	HRD - SHAW	(78,446)	(78,446)	(78,446)
99	SERVICE REDESIGN	Reduced use of professional services	RESOURCES	Internal Audit	(7,534)	(7,534)	(7,534)
100	SERVICE REDESIGN	Changes to discretionary relief qualifying criteria and use of electronic work flow	RESOURCES	Revenues	(59,889)	(59,889)	(59,889)
101	SERVICE REDESIGN	Restructure of transactional team in HRD employee services	RESOURCES	HRD - Employee Services	(74,557)	(74,557)	(74,557)



## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
102	SERVICE REDESIGN	Reduction in recruitment and training activity	RESOURCES	HRD - Strategy Services	(58,500)	(58,500)	(58,500)
TOTAL SERVICE REDESIGN SAVINGS					(278,926)	(278,926)	(278,926)
TOTAL FINANCE AND PERSONEL PORTFOLIO PROPOSALS					(883,625)	(894,225)	(894,225)
LEISURE AND CULTURE PORTFOLIO							
103	EFFICIENCY	Staffing restructure	NEIGHBOURHOOD	New Art Gallery	(7,129)	(7,129)	(7,129)
104	EFFICIENCY	General efficiency savings - New Art Gallery	NEIGHBOURHOOD	New Art Gallery	(17,472)	(17,472)	(17,472)
105	EFFICIENCY	Reduce visitor assistants` hours at Walsall Museum	NEIGHBOURHOOD	Libraries and Heritage	(6,290)	(6,290)	(6,290)
106	EFFICIENCY	General efficiency savings on NVQ Health	NEIGHBOURHOOD	College of Continuing Education	(8,617)	(8,617)	(8,617)
107	EFFICIENCY	Deletion of one post within Art Gallery	NEIGHBOURHOOD	New Art Gallery	(30,428)	(30,428)	(30,428)
108	EFFICIENCY	General efficiencies - creative development team	NEIGHBOURHOOD	Creative Development Team	(1,000)	0	0
109	EFFICIENCY	Reduce procurement of freelance art workers contracts and increase internal delivery	NEIGHBOURHOOD	Creative Development Team	(3,641)	0	0
110	EFFICIENCY	Reduction in staffing	NEIGHBOURHOOD	Marketing and Development	(3,239)	(3,239)	(3,239)
TOTAL EFFICIENCIES					(77,816)	(73,175)	(73,175)
111	NEW INCOME	Recharge Walsall College 50% of costs of maintenance of jointly owned gardens	NEIGHBOURHOOD	Libraries and Heritage	(5,000)	(5,000)	(5,000)
112	NEW INCOME	Additional income generation from the schools' music service	NEIGHBOURHOOD	Forest Arts Centre	(26,813)	(40,219)	(40,219)
113	NEW INCOME	Increase general income for commissioned projects	NEIGHBOURHOOD	Creative Development Team	(10,000)	(10,000)	0
114	NEW INCOME	Introduce rental for leather museum café on expiry of current lease	NEIGHBOURHOOD	Libraries and Heritage	(1,200)	(2,400)	(2,400)
TOTAL INCOME					(43,013)	(57,619)	(47,619)
115	SERVICE REDESIGN	Closure of Willenhall Leisure Centre - includes security/boarding up costs in year 1	NEIGHBOURHOOD	Sports and Leisure	(216,565)	(295,565)	(295,565)
116	SERVICE REDESIGN	To source new external grant income	NEIGHBOURHOOD	Creative Development Team	(4,671)	(4,671)	(14,671)
117	SERVICE REDESIGN	General efficiencies - Local History centre incl reduction in staffing costs	NEIGHBOURHOOD	Libraries and Heritage	(19,000)	(19,000)	(19,000)
118	SERVICE REDESIGN	Rationalise Leather Museum events programme	NEIGHBOURHOOD	Libraries and Heritage	(2,500)	(2,500)	(2,500)
119	SERVICE REDESIGN	Reduce exhibition programme at Walsall Museum	NEIGHBOURHOOD	Libraries and Heritage	(2,000)	(2,000)	(2,000)
120	SERVICE REDESIGN	Rationalise marketing and promotions activity	NEIGHBOURHOOD	Libraries and Heritage	(4,438)	(4,438)	(4,438)
121	SERVICE REDESIGN	Reduction in infrastructural repairs budget and maintenance budgets across the whole service area associated with fencing, walls, buildings, paths, features, furniture etc.	NEIGHBOURHOOD	Green Spaces	(42,190)	(42,190)	(42,190)
122	SERVICE REDESIGN	Reduction in staffing - marketing & development	NEIGHBOURHOOD	Marketing and Development	(11,445)	(11,445)	(11,445)
123	SERVICE REDESIGN	Restructure leading to reduced management posts	NEIGHBOURHOOD	Libraries and Heritage	(92,000)	(92,000)	(92,000)
TOTAL SERVICE REDESIGN SAVINGS					(394,809)	(473,809)	(483,809)
TOTAL LEISURE AND CULTURE PORTFOLIO PROPOSALS					(515,638)	(604,603)	(604,603)
REGENERATION PORTFOLIO							
124	EFFICIENCY	Restructuring of Design & Project Management, Building Services, Procurement, Estates & Asset Management, leading to reduced costs	REGENERATION	Property Services	(100,000)	(200,000)	(200,000)
125	EFFICIENCY	Reduction in town centre management/shop mobility	REGENERATION	Strategic Regeneration	(5,200)	(5,200)	(5,200)
126	EFFICIENCY	Following receipt of approved investment in 2009/10, review of cleaning and caretaking service will result in reduced cost / improved efficiency	REGENERATION	Property Services	(63,400)	(63,400)	(63,400)
127	EFFICIENCY	Removal of team leader post	REGENERATION	Development and Delivery	(47,811)	(47,811)	(47,811)
128	EFFICIENCY	General efficiencies - policy team	REGENERATION	Strategic Regeneration	(7,472)	(7,472)	(7,472)

## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
129	EFFICIENCY	Reduction in contribution to Urban Regeneration Company	REGENERATION	Strategic Regeneration	(49,818)	(49,818)	(49,818)
130	EFFICIENCY	Restructure within facilities management cleaning client	REGENERATION	Property Services	(60,000)	(60,000)	(60,000)
131	EFFICIENCY	General efficiencies across Cleaning & Caretaking Services	REGENERATION	Property Services	(60,000)	(60,000)	(60,000)
132	EFFICIENCY	General efficiencies - Economic Development Team	REGENERATION	Strategic Regeneration	(2,001)	(2,001)	(2,001)
133	EFFICIENCY	Review of Markets Income	REGENERATION	Strategic Regeneration	(2,552)	(2,552)	(2,552)
134	EFFICIENCY	Restructure within Land Charges team and deletion of 2 posts	REGENERATION	Planning Services	(10,582)	(50,982)	(50,982)
135	EFFICIENCY	Review of pay structure for new employees (career graded)	REGENERATION	Standards and Improvement	(18,369)	(18,369)	(18,369)
136	EFFICIENCY	Terminate lease on Charles St store	REGENERATION	Property Services	(12,500)	(12,500)	(12,500)
137	EFFICIENCY	Terminate lease on Goscote St store	REGENERATION	Property Services	(7,500)	(7,500)	(7,500)
138	EFFICIENCY	General efficiencies - strategy and partnerships	REGENERATION	Strategy and Partnerships	(7,854)	(7,854)	(7,854)
139	EFFICIENCY	Review of hygiene contracts - facilities management	REGENERATION	Property Services	(28,000)	(28,000)	(28,000)
<b>TOTAL EFFICIENCIES</b>					<b>(483,059)</b>	<b>(623,459)</b>	<b>(623,459)</b>
140	NEW INCOME	Increase in fees of building control officers	REGENERATION	Planning Services	(23,823)	(23,823)	(23,823)
141	NEW INCOME	Increased service charges at Hawbush	REGENERATION	Property Services	(20,000)	(20,000)	(20,000)
142	NEW INCOME	Introduction of charge to developers / solicitors for attendance at the development team of £275 per hour based on 75% take up of available slots	REGENERATION	Planning Services	(9,281)	(9,281)	(9,281)
<b>TOTAL INCOME</b>					<b>(53,104)</b>	<b>(53,104)</b>	<b>(53,104)</b>
143	SERVICE REDESIGN	Redesign homeless prevention activity	REGENERATION	Supported Housing	(60,000)	(60,000)	(60,000)
144	SERVICE REDESIGN	Rationalise the provision of category 2 School Crossing Patrols (through vacant posts only)	REGENERATION	Property Services	(87,000)	(87,000)	(87,000)
145	SERVICE REDESIGN	Change to criteria for emergency bed & breakfast	REGENERATION	Supported Housing	(25,000)	(25,000)	(25,000)
146	SERVICE REDESIGN	Reduction on security provision at Willenhall Lane Caravan Site	REGENERATION	Supported Housing	(15,000)	(15,000)	(15,000)
147	SERVICE REDESIGN	Review of cleaning in corporate buildings (Facilities Management)	REGENERATION	Property Services	(90,000)	(90,000)	(90,000)
148	SERVICE REDESIGN	Removal of a vacant post: strategy and research	REGENERATION	Strategy and Partnerships	(37,000)	(37,000)	(37,000)
149	SERVICE REDESIGN	General efficiencies	REGENERATION	Standards and Improvement	(18,677)	(18,677)	(18,677)
150	SERVICE REDESIGN	Non-provision of flowers to Council House events	REGENERATION	Property Services	(3,000)	(3,000)	(3,000)
<b>TOTAL SERVICE REDESIGN SAVINGS</b>					<b>(335,677)</b>	<b>(335,677)</b>	<b>(335,677)</b>
<b>TOTAL REGENERATION PORTFOLIO PROPOSALS</b>					<b>(871,840)</b>	<b>(1,012,240)</b>	<b>(1,012,240)</b>
<b>SOCIAL CARE AND HEALTH PORTFOLIO</b>							
151	EFFICIENCY	Establish the level of entitlement and review thresholds for clients receiving direct payments, day care, home care and residential and nursing care services. Implement a fair and equitable entitlements policy covering all client groups, types of care and ensuring cost reductions and ensuring more effective processes of block lower cost placements rather than one off spot rates which are more expensive on a unit cost basis	SOCIAL CARE	Social Care	(3,196,053)	(3,711,463)	(3,736,463)
152	EFFICIENCY	Housing 21 income - surplus generated as part of ongoing and annually calculated affordability envelope	SOCIAL CARE	Social Care	0	(310,000)	(24,000)
153	EFFICIENCY	Sharing local authority buildings with NHS Walsall and charging for their partial occupancy	SOCIAL CARE	Social Care	(20,000)	(50,000)	(70,000)
<b>TOTAL EFFICIENCIES</b>					<b>(3,216,053)</b>	<b>(4,071,463)</b>	<b>(3,830,463)</b>

## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
154	NEW INCOME	Review of, and increase in, non-residential care charges including incremental removal of meals subsidy and charging for community alarm rentals.	SOCIAL CARE	Social Care	(266,000)	(276,000)	(286,000)
155	NEW INCOME	Maximising Continuing Health care co-ordination charges from NHS Walsall.	SOCIAL CARE	Social Care	(102,000)	(102,000)	(102,000)
<b>TOTAL INCOME</b>					<b>(368,000)</b>	<b>(378,000)</b>	<b>(388,000)</b>
156	SERVICE REDESIGN	Working in partnership with voluntary organisations to provide more cost effective and adaptive services for Prevention and BME group liaison including supporting people programme	SOCIAL CARE	Social Care	(900,000)	(900,000)	(900,000)
157	SERVICE REDESIGN	Implementation of new assessment and care management model which will reduce the numbers of social care staff required by streamlining processes	SOCIAL CARE	Social Care	(200,000)	(200,000)	(200,000)
158	SERVICE REDESIGN	This is an invest to save bid which will improve day services for people with learning and physical disabilities and relies on Capital investment of £600k for Goscote. The closure of Brewer Street, scheduled for 2009, will bring in a capital receipt. Refurbishment of Goscote will facilitate the transfer the transfer of services from Pinfold, enabling the closure of day services at Pinfold and a further capital receipt from that site.	SOCIAL CARE	Social Care	0	(150,000)	(150,000)
159	SERVICE REDESIGN	Review of community mental health services and rationalisation of team bases.	SOCIAL CARE	Social Care	(50,000)	(50,000)	(50,000)
160	SERVICE REDESIGN	Access and Response Centre - Core hours of business to remain within current parameters of 9am-5pm Monday to Friday therefore delaying expansion of core service until budgetary restraints improve.	SOCIAL CARE	Social Care	(160,000)	(160,000)	(160,000)
161	SERVICE REDESIGN	Redefining financial allocation currently allocated to preventing delayed discharges at Manor	SOCIAL CARE	Social Care	(100,000)	(100,000)	(100,000)
<b>TOTAL SERVICE REDESIGN SAVINGS</b>					<b>(1,410,000)</b>	<b>(1,560,000)</b>	<b>(1,560,000)</b>
<b>TOTAL SOCIAL CARE AND HEALTH PORTFOLIO PROPOSALS</b>					<b>(4,994,053)</b>	<b>(6,009,463)</b>	<b>(5,778,463)</b>
<b>TRANSPORT PORTFOLIO</b>							
162	EFFICIENCY	Sign maintenance efficiency (Highways Mtnce)	NEIGHBOURHOOD	Engineering and Transportation	(10,000)	(10,000)	(10,000)
163	EFFICIENCY	Works efficiency (Highways Mtnce)	NEIGHBOURHOOD	Engineering and Transportation	(65,000)	(65,000)	(65,000)
164	EFFICIENCY	Supplies and services (Road Safety)	NEIGHBOURHOOD	Engineering and Transportation	(12,000)	(12,000)	(12,000)
165	EFFICIENCY	Remove Joint Data Team contribution (Road Safety)	NEIGHBOURHOOD	Engineering and Transportation	(4,000)	(4,000)	(4,000)
166	EFFICIENCY	Reduction in shift allowance Urban Traffic Control (Traffic Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(6,000)	(6,000)	(6,000)
167	EFFICIENCY	Review inspection regime of traffic signals (Traffic Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(11,000)	(11,000)	(11,000)
168	EFFICIENCY	Maintenance budget (Traffic Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(5,000)	(5,000)	(5,000)
169	EFFICIENCY	Enumerator budget saving (Traffic Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(10,000)	(10,000)	(10,000)
170	EFFICIENCY	Reduction in business rates Clemson Street car park	NEIGHBOURHOOD	Engineering and Transportation	(10,000)	(10,000)	(10,000)
171	EFFICIENCY	Removal of vacant trainee post (Street Lighting)	NEIGHBOURHOOD	Engineering and Transportation	(22,000)	(22,000)	(22,000)
172	EFFICIENCY	Removal of vacant post (Highways Mtnce)	NEIGHBOURHOOD	Engineering and Transportation	(31,600)	(31,600)	(31,600)
173	EFFICIENCY	Removal of vacancy (Road Safety)	NEIGHBOURHOOD	Engineering and Transportation	(18,300)	(18,300)	(18,300)
174	EFFICIENCY	Removal of vacancy / business travel (Road Safety)	NEIGHBOURHOOD	Engineering and Transportation	(26,400)	(26,400)	(26,400)
175	EFFICIENCY	Removal of car parking staff part vacancy	NEIGHBOURHOOD	Engineering and Transportation	(13,000)	(13,000)	(13,000)
<b>TOTAL EFFICIENCIES</b>					<b>(244,300)</b>	<b>(244,300)</b>	<b>(244,300)</b>
176	NEW INCOME	Increase in income from residents parking	NEIGHBOURHOOD	Engineering and Transportation	(3,000)	(3,000)	(3,000)

## SAVINGS AND EFFICIENCIES 2010/11

REF NO	SAVING CATEGORY	SAVING DESCRIPTION	DIRECTORATE	SUB SERVICE AREA	ANNUAL NET SAVING		
					2010/11	2011/12	2012/13
					£	£	£
177	NEW INCOME	Car parking pay & display - change banding by removal of 1 & 3 hour charges, and replace with 0-2 & 2-4 hrs. This will reduce current 2 & 4 hour charges but increase overall income.	NEIGHBOURHOOD	Engineering and Transportation	(57,000)	(57,000)	(57,000)
178	NEW INCOME	Staff and Councillor parking charges - proposed increase by £3/month from £27/month	NEIGHBOURHOOD	Engineering and Transportation	(27,000)	(27,000)	(27,000)
179	NEW INCOME	On street parking charge - introduce for town centre based on 20p / 10 minutes and maximum parking of 2 hrs.	NEIGHBOURHOOD	Engineering and Transportation	(100,000)	(100,000)	(100,000)
180	NEW INCOME	Introduction of disabled parking charges (bringing Walsall into line with others in West Midlands)	NEIGHBOURHOOD	Engineering and Transportation	(1,000)	(1,000)	(1,000)
181A	NEW INCOME	New charges relate to the introduction of charging other naming and numbering of roads and premises (Traffic Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(2,000)	(2,000)	(2,000)
181B	NEW INCOME	Efficiencies within naming and numbering of roads and premises (Traffic Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(3,000)	(3,000)	(3,000)
182	NEW INCOME	Dropped kerbs identified on safety walks (Roadworks Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(1,000)	(1,000)	(1,000)
183	NEW INCOME	Supervision fee for dropped crossings (Highways Mtnce)	NEIGHBOURHOOD	Engineering and Transportation	(5,000)	(5,000)	(5,000)
184	NEW INCOME	Offer service to WHG & Wolverhampton (Roadworks Mgt)	NEIGHBOURHOOD	Engineering and Transportation	(5,000)	(10,000)	(10,000)
TOTAL INCOME					(204,000)	(209,000)	(209,000)
TOTAL TRANSPORT PORTFOLIO PROPOSALS					(448,300)	(453,300)	(453,300)
TOTAL SAVINGS AND EFFICIENCIES					(11,192,779)	(12,383,093)	(11,872,093)

## FULL YEAR EFFECT OF PREVIOUS YEARS INVESTMENT AND SAVINGS

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
CHILDRENS PORTFOLIO						
1	INVESTMENT	Additional Child Concern Workers to support the development of localised integrated working.	UNIVERSAL SERVICES	0	(100,000)	(100,000)
2	INVESTMENT	Increase in Demand of no recourse to public funds - statutory duty under Sec 20 Children Act for children of those whose immigration status means they have no access to other public funds - increase in investment as identified in 2009/10.	SPECIALIST SERVICES	6,500	13,163	13,163
3	INVESTMENT	Increased work around complex abuse cases (child protection) - under section 47 of the Children Act cthe council has a duty to investigate 'complex abuse'. Increase in investment as identified in 2009/10.	SPECIALIST SERVICES	1,000	1,500	1,500
TOTAL INVESTMENT				7,500	(85,337)	(85,337)
4	EFFICIENCIES	Catering - Management team re-alignment	LEISURE, CULTURE AND LIFELONG LEARNING	(24,483)	(24,483)	(24,483)
5	EFFICIENCIES	Catering - Introduction of Management Fee	LEISURE, CULTURE AND LIFELONG LEARNING	(78,200)	(78,200)	(78,200)
6	EFFICIENCIES	Restructure support services to looked after children to include consideration of reduction in management posts	SPECIALIST SERVICES	(36,843)	(36,843)	(36,843)
7	EFFICIENCIES	Realign services to establish integrated young peoples services - deliver services in multiagency team allowing reduction in 2 management posts.	UNIVERSAL SERVICES	(4,000)	(4,000)	(4,000)
8	EFFICIENCIES	Reduction in ABG funding	ACROSS DIRECTORATE	(155,408)	(30,000)	(30,000)
TOTAL EFFICIENCIES / SAVINGS				(298,934)	(173,526)	(173,526)
TOTAL CHILDRENS PORTFOLIO				(291,434)	(258,863)	(258,863)
COMMUNITIES AND PARTNERSHIP PORTFOLIO						
9	EFFICIENCY / SAVING	Reduction in ABG funding	ACROSS DIRECTORATE	(18,207)	0	0
TOTAL EFFICIENCIES / SAVINGS				(18,207)	0	0
10	FEES & CHARGES	Increase Pest Control charges by 5% (standard annual fee increase)	BUILT ENVIRONMENT	(75)	(154)	(154)
TOTAL FEES AND CHARGES				(75)	(154)	(154)
TOTAL COMMUNITIES AND PARTNERSHIP PORTFOLIO				(18,282)	(154)	(154)
BUSINESS SUPPORT PORTFOLIO						
11	INVESTMENT	Direct payments financial auditors (1.5 FTE) & infrastructure support 2007/8 onwards (business support). Increase in investment as identified in 2009/10.	STRATEGIC TRANSFORMATION	53,000	53,000	53,000
TOTAL INVESTMENT				53,000	53,000	53,000
12	EFFICIENCY / SAVING	Business Support review - A redesign project for Business Support service has started, using lean principles. The outcome of work with stakeholders will determine service changes, the cashable and non cashable benefits and timescales. Savings in years 2 and 3 are in addition to Financial Administration efficiencies already allocated to the Finance Direct project. This assumes the equivalent of an additional 7-9 posts (management to be considered as well as staff) from the service . It will mean the reallocation of resources aligned to Council priorities and the cessation, reduction and redesign of support to some functions.	BUSINESS SUPPORT	(5,000)	(5,000)	(5,000)
13	EFFICIENCY / SAVING	Stop purchasing license package from Microsoft	ICT	(86,250)	(86,250)	(86,250)
14	EFFICIENCY / SAVING	Increased level of procurement savings	PROCUREMENT	(38,773)	(66,006)	(66,006)
15	EFFICIENCY / SAVING	Rationalisation of training and general running costs	STRATEGIC TRANSFORMATION	(7,600)	(7,600)	(7,600)
16	EFFICIENCY / SAVING	Reduce supplies and services budgets relating to service delivery by making more efficient use of equipment and supplies	POLICY AND PERFORMANCE	(14,844)	(14,844)	(14,844)

## ANNEX 4

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
17	EFFICIENCY / SAVING	<b>Rationalise travel expenses and training budgets for the service.</b> In year 1 10% saving has been offered as currently the service has committed to the development of a number of team members. Savings in year 2 are 50% of remaining budget. As less training and conferences will be attended lower travel costs will be incurred and 40% of existing budget has been offered.	POLICY AND PERFORMANCE	(14,915)	(14,915)	(14,915)
18	EFFICIENCY / SAVING	<b>Reduce use of professional and service fees.</b> Budget allows service to engage external expertise when required to conduct business (e.g. support from SOLACE in preparation for the corporate assessment, expert witnesses to scrutiny etc). This will be further prioritised in future.	POLICY AND PERFORMANCE	(18,635)	(26,204)	(26,204)
19	EFFICIENCY / SAVING	<b>Reduce use of agency workers and increased vacancy management.</b> The service is currently undergoing a significant review and using backfill arrangements for vacant HoS post to deliver services. The use of agency will be reduced in future once the review has been completed.	POLICY AND PERFORMANCE	(9,878)	(38,621)	(38,621)
20	EFFICIENCY / SAVING	<b>Reduction in production of hard copy materials for service customers and generally public</b> (e.g. corporate plan, annual report, CIPPF, scrutiny review reports, scrutiny leaflets etc) and more concentration on access via web and on-line services.	POLICY AND PERFORMANCE	(11,481)	(11,481)	(11,481)
<b>TOTAL EFFICIENCIES / SAVINGS</b>				<b>(207,376)</b>	<b>(270,921)</b>	<b>(270,921)</b>
<b>TOTAL BUSINESS SUPPORT PORTFOLIO</b>				<b>(154,376)</b>	<b>(217,921)</b>	<b>(217,921)</b>
<b>ENVIRONMENT PORTFOLIO</b>						
21	INVESTMENT	Landfill Tax Increase. Previously a £3 increase was expected but that increase in now £8, this bid funds the £5 additional increase. Increase in investment as identified in 2009/10.	STREET PRIDE	336,000	336,000	336,000
<b>TOTAL INVESTMENT</b>				<b>336,000</b>	<b>336,000</b>	<b>336,000</b>
22	FEES & CHARGES	<b>Increase in burial and cremation fees/charges</b> including organ added to fee at rate of 7.5% ( benchmarked with other authorities)	BREAVEMENT SERVICES	(15,041)	(31,210)	(31,210)
23	FEES & CHARGES	<b>Increase in registration fees/charges at 7.5%</b> e.g. marriage licensing fees, outside marriage services, British citizenship. (benchmarked with other authorities)	REGISTRARS	(637)	(1,323)	(1,323)
<b>TOTAL FEES AND CHARGES</b>				<b>(15,678)</b>	<b>(32,533)</b>	<b>(32,533)</b>
<b>TOTAL ENVIRONMENT PORTFOLIO</b>				<b>320,322</b>	<b>303,467</b>	<b>303,467</b>
<b>FINANCE AND PERSONNEL PORTFOLIO</b>						
24	INVESTMENT	<b>Employment of 1 post for new CRB checks for foster carers.</b> This is supported by the Safer Recruitment Panel set up by CMT to oversee the CRB process. The council screens foster carers initially as a statutory requirement and this would allow the council to complete follow up checks. Increase in investment as identified in 2009/10.	HRD	500	1,000	1,000
25	INVESTMENT	Income from the housing purchases from "right to buys" is decreasing year on year, this has been exacerbated by the economic situation. The budgeted income is no longer achievable. Increase in investment as identified in 2009/10.	CENTRAL	250,000	250,000	250,000
26	INVESTMENT	Additional capital financing regarding the reduction in capital due to falling land values. Increase in investment as identified in 2009/10.	CENTRAL	382,500	467,500	467,500
<b>TOTAL INVESTMENT</b>				<b>633,000</b>	<b>718,500</b>	<b>718,500</b>
27	EFFICIENCY / SAVING	<b>In year 2009/10 - switch from bi-monthly, printed staff newsletter to a quarterly, digital version</b>	COMMUNICATIONS	(8,000)	(8,000)	(8,000)
28	EFFICIENCY / SAVING	<b>Re-tender corporate advertising contract, anticipating savings through more efficient media usage.</b> The new contractor will be bound through the contract to deliver savings on advertising spend across the council via more efficient use of media, on line advertising etc. The contract will be let in January 2009 and the new contractor will be required to deliver these savings as a term of the contract.	HRD	(60,000)	(60,000)	(60,000)
29	EFFICIENCY / SAVING	<b>Increase in vacancy management from 1.5% to 2.5% in the service.</b>	HRD	(23,900)	(23,900)	(23,900)
30	EFFICIENCY / SAVING	<b>More efficient use of supplies and services budgets</b>	HRD	(2,918)	(2,918)	(2,918)
31	EFFICIENCY / SAVING	<b>Reduction in Service for training, development, strategic HR planning and workforce planning.</b>	HRD	(60,000)	(60,000)	(60,000)

## ANNEX 4

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
32	EFFICIENCY / SAVING	Reduction in ABG funding	HRD	(114,689)	0	0



## ANNEX 4

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
33	EFFICIENCY / SAVING	Restructuring proposals	COUNCIL WIDE	(417,200)	(665,700)	(665,700)
TOTAL EFFICIENCIES / SAVINGS				(686,707)	(820,518)	(820,518)
TOTAL FINANCE AND PERSONNEL PORTFOLIO				(53,707)	(102,018)	(102,018)
LEISURE AND CULTURE PORTFOLIO						
34	INVESTMENT	Arboretum Restoration Programme - Stage 2 heritage lottery Fund bid. Increase in investment as identified in 2009/10.	LEISURE, CULTURE AND LIFELONG LEARNING	40,000	30,000	30,000
35	INVESTMENT	Unavoidable escalating building costs Rates shortfall - increase in investment as identified in 2009/10.	LEISURE, CULTURE AND LIFELONG LEARNING	2,000	4,000	4,000
TOTAL INVESTMENT				42,000	34,000	34,000
36	EFFICIENCY / SAVING	Review of staffing at the New Art Gallery	LEISURE, CULTURE AND LIFELONG LEARNING	(20,000)	(20,000)	(20,000)
37	EFFICIENCY / SAVING	Administrative savings within the Walsall Adult & Community College's operation	LEISURE, CULTURE AND LIFELONG LEARNING	(2,200)	(3,300)	(3,300)
38	EFFICIENCY / SAVING	Cease funding to the Behavioural Improvement service	LEISURE, CULTURE AND LIFELONG LEARNING	(30,326)	(30,326)	(30,326)
39	EFFICIENCY / SAVING	Box office software efficiencies and savings on annual maintenance charges	LEISURE, CULTURE AND LIFELONG LEARNING	(11,100)	(16,700)	(16,700)
40	EFFICIENCY / SAVING	Greenspaces - Management team re-alignment	LEISURE, CULTURE AND LIFELONG LEARNING	(20,000)	(20,000)	(20,000)
41	EFFICIENCY / SAVING	Creative development team - increase commissioned work and work on larger projects to attract more income and also seek grant aid to cover BME / cohesion and disability work. Adding budget back from 2010/11.	LEISURE, CULTURE AND LIFELONG LEARNING	2,000	6,000	6,000
42	EFFICIENCY / SAVING	Reduction in events programming expenditure	LEISURE, CULTURE AND LIFELONG LEARNING	(38,000)	(57,000)	(57,000)
43	EFFICIENCY / SAVING	Undertake Voluntary Redundancy trawl across specific service areas with Leisure & Culture (unlikely to be Catering or Green Spaces) ~ and realign remaining staff to ensure service continuity. Cost to the service in year 1.	LEISURE, CULTURE AND LIFELONG LEARNING	(200,000)	(200,000)	(200,000)
44	EFFICIENCY / SAVING	Illuminations closure - 3 year closure due to major restoration programme. Adding budget back from 2010/11.	LEISURE, CULTURE AND LIFELONG LEARNING	17,000	17,000	17,000
45	EFFICIENCY / SAVING	Re-organisation of leisure management - combine sports development and sports management teams	LEISURE, CULTURE AND LIFELONG LEARNING	(20,000)	(20,000)	(20,000)
46	EFFICIENCY / SAVING	Greenspaces - Closure of the Grange golf course and seek alternative provider	LEISURE, CULTURE AND LIFELONG LEARNING	(20,000)	(20,000)	(20,000)
TOTAL EFFICIENCIES / SAVINGS				(342,626)	(364,326)	(364,326)
TOTAL LEISURE AND CULTURE PORTFOLIO				(300,626)	(330,326)	(330,326)
REGENERATION PORTFOLIO						
47	INVESTMENT	Cleaning & caretaking transforming - This investment will enable the review of working practices, long term strategy development, identification of further efficiencies and the identification of new markets for the service (linked to below)	PROPERTY	(4,600)	(34,800)	(34,800)
48	INVESTMENT	Increased fee income and efficiencies - cleaning & caretaking - saving related to 7 above. The payback for investment will be over a 5 year period.	PROPERTY	(5,000)	(25,000)	(25,000)
49	INVESTMENT	Reducing leased office accommodation - Over the next 3 years there is an opportunity to move out of Tameway Tower, Townend house and other leased accommodation resulting in reduced costs to the council. The Civic complex does not have the capacity to absorb more staff and therefore alternative council accommodation will need to be converted. Capital bids have been made for conversion. The cost saving over 5 years is £1.6m (linked to 50 below).	PROPERTY	(49,500)	(10,700)	(10,700)



## ANNEX 4

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
50	INVESTMENT	<b>Saving relating to the reducing of leased accommodation</b> - linked to 49 above	PROPERTY	(220,000)	(642,500)	(642,500)
51	INVESTMENT	<b>Development Control Income</b> Review of income targets - pressure arising from under achievement of income for planning applications due to current economic conditions. In year 3 2011/12 the income figure will be refreshed. This bid is in the context of the Council having taken a number of years to build up a stable professional team within planning, in the face of a severe national shortage. This has resulted in the Council achieving top quartile performance and a stable team (in comparison to most other local authority planning teams).	REGENERATION	0	(278,704)	(278,704)
<b>TOTAL INVESTMENT</b>				<b>(279,100)</b>	<b>(991,704)</b>	<b>(991,704)</b>
52	EFFICIENCY / SAVING	<b>Sundry items</b> - reduction in general supplies and services budgets	PROPERTY	(1,000)	(2,000)	(2,000)
53	EFFICIENCY / SAVING	<b>Black Country Consortium</b> Review of and reduction in funding	REGENERATION	(30,000)	(30,000)	(30,000)
54	EFFICIENCY / SAVING	<b>Fee levy on non Education premises energy units for reinvestment in energy saving (0.02% pa)</b> . This will be charged on top of the energy suppliers unit costs as a levy in recognition of the savings achieved through corporate energy procurement. This budget will then be used by the Council to invest in energy saving measures in non Education buildings to reduce energy consumption and carbon emissions. A corresponding capital bid has been made for these works.	PROPERTY	(56,000)	(112,000)	(112,000)
55	EFFICIENCY / SAVING	<b>Deletion of 2 Principal Planning Officers</b> - 1 x Enforcement and 1 x Householder Team	REGENERATION	(40,000)	(40,000)	(40,000)
56	EFFICIENCY / SAVING	<b>Deletion of Senior Planning Officer</b>	REGENERATION	(20,000)	(20,000)	(20,000)
57	EFFICIENCY / SAVING	<b>Deletion of building control &amp; development control technical support officer posts</b>	REGENERATION	(6,660)	(6,660)	(6,660)
58	EFFICIENCY / SAVING	<b>Reduction in temporary staffing costs</b>	ACROSS DIRECTORATE	0	(150,000)	(150,000)
59	EFFICIENCY / SAVING	<b>Funding of temporary staffing costs via WNF</b> . Adding budget back from 2009/10.	ACROSS DIRECTORATE	0	150,000	150,000
<b>TOTAL EFFICIENCIES / SAVINGS</b>				<b>(153,660)</b>	<b>(210,660)</b>	<b>(210,660)</b>
60	FEES & CHARGES	<b>Asset data fee charge for all buildings</b> - This will be a charge and will enable services in non Education buildings to access the asset management database.	PROPERTY	(3,000)	(5,000)	(5,000)
61	FEES & CHARGES	<b>Increased fee income and smarter charging</b> - This will require that all activity is charged to projects including time charging. This fee recovery is dependent on the capital programme size particularly Education and on the basis that the Primary Capital programme PCP is not delivered through the BSF LEP. A full VFM analysis will be necessary on the PCP route will be required including the risk of putting too much work through a single supplier - i.e. the LEP	PROPERTY	(32,000)	(51,000)	(51,000)
62	FEES & CHARGES	<b>Fee increase on capital maintenance projects</b> in years 1 & 2 - 0.5 % year 1, 1% year 2. This will marginally reduce the budget available for construction works	PROPERTY	(20,000)	(20,000)	(20,000)
<b>TOTAL FEES AND CHARGES</b>				<b>(55,000)</b>	<b>(76,000)</b>	<b>(76,000)</b>
<b>TOTAL REGENERATION PORTOLIO</b>				<b>(487,760)</b>	<b>(76,000)</b>	<b>(76,000)</b>

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
SOCIAL CARE AND HEALTH PORTFOLIO						
63	INVESTMENT	Older persons - Demographic Growth. Increase in investment as identified in 2009/10.	ADULTS	72,133	335,656	408,240
64	INVESTMENT	Learning Disability Demographic Growth - new cases 08/09. Increase in investment from 2009/10.	ADULTS	240,000	480,000	480,000
TOTAL INVESTMENT				312,133	815,656	888,240
65	EFFICIENCY / SAVING	YADS External Residential & Nursing Budgets - reducing the number of existing clients who would be able to receive a service (2 towards the end of 9/10; additional 10 in 10/11 & additional 5 in 11/12).	ADULTS	(357,256)	(545,803)	(545,803)
66	EFFICIENCY / SAVING	Reduction of posts of direct payments development manager, carers co-ordinators and user participation officer	ADULTS	(62,000)	(62,000)	(62,000)
67	EFFICIENCY / SAVING	Reduction in posts in the older people assessment & care management teams - A new specialist in house brokerage service will have up to date information on the most appropriate available agency to provide a care plan. Social workers currently have to find a suitable agency to deliver the care plan. Using the new system will streamline the placing of care packages and reduce the number of Social workers by 11 and OP locality manager	ADULTS	(20,000)	(20,000)	(20,000)
68	EFFICIENCY / SAVING	20% reduction in Service Level Agreements (SLA) budgets for placements' of older people within third sector day centres	ADULTS	(10,092)	(10,092)	(10,092)
69	EFFICIENCY / SAVING	MH Admin posts remained within Mental Health budget due to the planned merger into the Black Country Mental Health Trust & possible TUPE arrangements. Saving relates to two half time posts which are currently vacant and covered by agency, one to be deleted in 2009/10 and one in 2010/11.	ADULTS	(9,000)	(9,000)	(9,000)
70	EFFICIENCY / SAVING	Learning disability efficiencies related to supported living packages. This would require in total a 9% efficiency against the total supported living budget. This could be achieved in a variety of different ways (asking individual supported living providers being asked to implement an overall efficiency target, make changes to existing individual supported living packages or reducing the proposed inflationary award to supported living providers which is current care packages or the reduction in the inflation award for 9/10 which is currently modelled using RPI.	ADULTS	(285,651)	(464,573)	(464,573)
71	EFFICIENCY / SAVING	Efficiencies within the external market for learning disability residential and nursing care - using fewer providers, more cost effective providers	ADULTS	(571,302)	(929,146)	(929,146)
72	EFFICIENCY / SAVING	Major projects manager funded via social care reform grant for 2 years whilst undertaking the project management role within the people first project. Adding budget back from 2011/12.	ADULTS	0	51,000	51,000
73	EFFICIENCY / SAVING	Reduction in ABG funding	ACROSS DIRECTORATE	(118,973)	0	0
TOTAL EFFICIENCIES / SAVINGS				(1,434,274)	(1,989,614)	(1,989,614)
74	FEES & CHARGES	Standard charges income - older peoples services. This is based on 19 in-house self funders. This assumes no reduction in client numbers.	ADULTS	(8,537)	(17,245)	(17,245)
75	FEES & CHARGES	Home Care & Day Care - increase client charges from £4.88 for half hour to £5.19 based on the lowest cost of the service provision to the authority from the new contract providers. This assumes no change in client numbers. Small amounts of this income is across other services including Disability services and Mental Health.	ADULTS	(976)	(1,972)	(1,972)
76	FEES & CHARGES	Meals on Wheels - increase client charges from £2.49 to £2.75 per meal. This assumes no change in client numbers.	ADULTS	(532)	(1,074)	(1,074)
TOTAL FEES AND CHARGES				(10,045)	(20,291)	(20,291)
TOTAL SOCIAL CARE AND HEALTH PORTFOLIO				(1,132,186)	(1,194,249)	(1,121,665)
TRANSPORT PORTFOLIO						
77	EFFICIENCY / SAVING	One year reduction in highways maintenance budget. Adding back one year budget saving from 2009/10.	ENGINEERING AND TRANSPORTATION	75,000	75,000	75,000
78	EFFICIENCY / SAVING	Reduction in ABG funding	ACROSS DIRECTORATE	(2,723)	0	0
TOTAL EFFICIENCIES / SAVINGS				72,277	75,000	75,000
79	FEES & CHARGES	Traffic Management Act Inspections - New income from the introduction of legislation	ENGINEERING AND TRANSPORTATION	(5,000)	(10,000)	(10,000)
80	FEES & CHARGES	Fixed Penalty Notices (Traffic Management Act egislation) - New penalty income from introduction of legislation	ENGINEERING AND TRANSPORTATION	(5,000)	(10,000)	(10,000)

## ANNEX 4

No.	CATEGORY	DETAIL	SERVICE AREA	FINANCIAL YEAR		
				2010/11	2011/12	2012/13
81	FEES & CHARGES	Civil Parking Enforcement income	ENGINEERING AND TRANSPORTATION	(76,000)	(117,500)	(117,500)
82	FEES & CHARGES	Introduction of pay and display charges for Sunday parking	ENGINEERING AND TRANSPORTATION	(1,000)	(2,000)	(2,000)
83	FEES & CHARGES	Increase in general pay and display charges and increase in long and medium stay car parking	ENGINEERING AND TRANSPORTATION	(26,000)	(53,000)	(53,000)
84	FEES & CHARGES	Increase in staff parking charges	ENGINEERING AND TRANSPORTATION	(6,000)	(12,000)	(12,000)
TOTAL FEES AND CHARGES				(119,000)	(204,500)	(204,500)
TOTAL TRANSPORT PORTFOLIO				(46,723)	(129,500)	(129,500)
TOTAL FULL YEAR EFFECT OF PREVIOUS YEARS INVESTMENT AND SAVINGS				(2,164,772)	(2,005,564)	(1,932,980)

## SUMMARY OF DRAFT CORPORATE REVENUE BUDGET 2010/11 BY PORTFOLIO

PORTFOLIO / SERVICE / LEVY ETC.	2009/10 BASIC FORECAST £000	BUDGET REFRESH £000	BASIC FORECAST 2010/11 £000
Children's Services	68,998	187	69,185
Communities and Partnerships	13,250	-181	13,069
Business Support Services	-5,226	146	-5,080
Environment	21,808	-654	21,154
Finance and Personnel	14,472	127	14,599
Leisure and Culture	17,216	388	17,604
Regeneration	12,455	-203	12,252
Social Care and Health	74,206	8,711	82,917
Transport	15,511	897	16,408
<b>SUB TOTAL SERVICES</b>	<b>232,690</b>	<b>9,418</b>	<b>242,108</b>
Capital Financing	16,750	2,475	19,225
Removal of impact of depreciation	-20,850	0	-20,850
Non-service specific prudence/central items	-7,066	297	-6,769
<b>SUB TOTAL CENTRAL ITEMS</b>	<b>-11,166</b>	<b>2,772</b>	<b>-8,394</b>
<b>Levies:</b>			
PTE (% increase to be advised)	13,587	132	13,719
Environment Agency	83	7	90
<b>NET REVENUE EXPENDITURE</b>	<b>235,194</b>	<b>12,329</b>	<b>247,523</b>
(Use of)/contribution to reserves	2,000	1,150	3,150
<b>GRAND TOTAL BUDGET REQUIREMENT</b>	<b>237,194</b>	<b>13,479</b>	<b>250,673</b>

FYE OF 2009/10 APPROVED SAVINGS £000	FYE OF 2009/10 APPROVED INVESTMENT £000	NEW SAVINGS / EFFICIENCIES £000	NEW INVESTMENT £000	FORECAST 2010/11 INCL. SAVINGS & INVESTMENT £000
-143	8	-1,374	1,950	69,626
0	0	-258	656	13,467
-208	54	-738	2,102	-3,870
-16	336	-1,110	560	20,924
-155	249	-884	425	14,234
-343	42	-515	275	17,063
-209	-279	-872	1,190	12,082
-1,325	312	-4,994	758	77,668
-44	0	-448	40	15,956
<b>-2,443</b>	<b>722</b>	<b>-11,193</b>	<b>7,956</b>	<b>237,150</b>
0	383	0	0	19,608
0	0	0	0	-20,850
-827	0	0	225	-7,371
<b>-827</b>	<b>383</b>	<b>0</b>	<b>225</b>	<b>-8,613</b>
0	0	0	0	13,719
0	0	0	0	90
<b>-3,270</b>	<b>1,105</b>	<b>-11,193</b>	<b>8,181</b>	<b>242,346</b>
0	0	0	0	3,150
<b>-3,270</b>	<b>1,105</b>	<b>-11,193</b>	<b>8,181</b>	<b>245,496</b>



**SUMMARY OF CORPORATE REVENUE FORECAST 2010/11****1. DRAFT COUNCIL TAX EXCLUDING PRECEPTS (WALSALL COUNCIL ONLY)****A. LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)**

BAND	WEIGHT	2009/10 C.TAX	2010/11 C.TAX	ANNUAL CHANGE	ANNUAL INCREASE
		£	£	£	%
A	6/9	888.44	923.09	34.65	3.90%
B	7/9	1,036.51	1,076.94	40.43	3.90%
C	8/9	1,184.59	1,230.79	46.20	3.90%
D	9/9	1,332.66	1,384.64	51.98	3.90%
E	11/9	1,628.81	1,692.34	63.53	3.90%
F	13/9	1,924.95	2,000.04	75.09	3.90%
G	15/9	2,221.10	2,307.73	86.63	3.90%
H	18/9	2,665.32	2,769.28	103.96	3.90%

**2. DRAFT OVERALL COUNCIL TAX INCLUSIVE OF PRECEPTS****A. DRAFT LEVELS FOR PROPERTIES WITH TWO OR MORE RESIDENTS (67% of Properties)**

BAND	WEIGHT	2009/10 TOTAL C.TAX	2010/11 WMBC C.TAX	ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)		
				2010/11 FIRE PRECEPT	2010/11 POLICE PRECEPT	2010/11 TOTAL C.TAX	ANNUAL C.TAX INCREASE	ANNUAL C.TAX INCREASE
		£	£	£	£	£	£	%
A	6/9	985.03	923.09	32.05	66.60	1,021.74	36.71	3.73%
B	7/9	1,149.19	1,076.94	37.39	77.70	1,192.03	42.84	3.73%
C	8/9	1,313.37	1,230.79	42.73	88.80	1,362.32	48.95	3.73%
D	9/9	1,477.54	1,384.64	48.07	99.90	1,532.61	55.07	3.73%
E	11/9	1,805.88	1,692.34	58.75	122.10	1,873.19	67.31	3.73%
F	13/9	2,134.21	2,000.04	69.43	144.30	2,213.77	79.56	3.73%
G	15/9	2,462.57	2,307.73	80.12	166.50	2,554.35	91.78	3.73%
H	18/9	2,955.08	2,769.28	96.14	199.80	3,065.22	110.14	3.73%

**B. DRAFT LEVELS FOR PROPERTIES WITH ONE RESIDENT (25% DISCOUNT) (33% of Properties)**

BAND	WEIGHT	2009/10 TOTAL C.TAX	2010/11 WMBC C.TAX	ESTIMATE - ACTUAL T.B.A		OVERALL (INC PRECEPTS)		
				2010/11 FIRE PRECEPT	2010/11 POLICE PRECEPT	2010/11 TOTAL C.TAX	ANNUAL C.TAX INCREASE	ANNUAL C.TAX INCREASE
		£	£	£	£	£	£	%
A	6/9	738.77	692.32	24.04	49.95	766.31	27.54	3.73%
B	7/9	861.90	807.71	28.04	58.28	894.03	32.13	3.73%
C	8/9	985.03	923.09	32.05	66.60	1,021.74	36.71	3.73%
D	9/9	1,108.16	1,038.48	36.05	74.93	1,149.47	41.31	3.73%
E	11/9	1,354.41	1,269.25	44.06	91.58	1,404.90	50.49	3.73%
F	13/9	1,600.67	1,500.03	52.08	108.23	1,660.34	59.67	3.73%
G	15/9	1,846.93	1,730.80	60.09	124.88	1,915.77	68.85	3.73%
H	18/9	2,216.31	2,076.96	72.11	149.85	2,298.92	82.61	3.73%

**3. SPREAD OF PROPERTIES**

The proportion of properties within Walsall MBC within each Council Tax band at 1st December 2009 is as follows:

BAND	A	B	C	D	E	F	G	H	TOTAL
PROPERTIES (No)	48,052	24,654	16,935	9,716	5,256	2,269	720	54	107,656
PROPERTIES (%)	44.63	22.90	15.73	9.03	4.88	2.11	0.67	0.05	100
CUMULATIVE TOTALS	67.54%								
	83.27%								
	92.29%								

**4. WEEKLY INCREASE IN COUNCIL TAX (WALSALL MBC ELEMENT)**

BAND	A	B	C	D	E	F	G	H
£	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00

## ANNEX 7

### **Additional information on savings proposals requiring executive decisions** **(Relating to proposals in Annex 3)**

	<b><u>Savings Reference No</u></b>	<b><u>Saving</u></b>
A	13	Integrated young people support services (IYPSS) & connexions
B	15	Reduction in child & adolescent mental health services
C	73	Extension of Household Waste Recycling Centres contract for 3 years
D	74	Reduction in opening hours for district public conveniences
E	115	Closure of Willenhall leisure centre
F	118	Rationalise leather museum events programme
G	119	Reduce exhibition programme at Walsall museum
H	142	Introduction of a fee for the use of the council's Development Team.
I	143	Redesign homeless prevention activity
J	144	Cease the provision of category 2 school crossing patrols
K	154	Review of and increase in non-residential care charges
L	157	Implementation of new care management model
M	158	Day services learning disability & physical disability
N	177	Rationalise the charging structure for pay & display car parks
O	178	Increase in the monthly parking permit cost available to staff/elected members and partner organisations
P	179	Introduction of on street parking
Q	180	Introduction of parking charges for disabled users of council operated off street car parks & disabled employees using staff parking provisions
R	181A	Introduction of charges for the naming and numbering of roads and premises

***Saving 13: Integrated Young People Support Services (IYPSS) & Connexions***

<b>Estimate Net Saving in £'000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£405,373	£405,373	£405,373	£0

**1. Description of the Savings Proposal**

- 1.1 Efficiency savings through integrating the young people's support services (previously youth service, youth offending service and Connexions), working with partners and re-aligning services.

**2. Implications Associated With Savings Proposal****2.1 Customers**

No reduction of service is anticipated. Remodelling existing services to work differently to provide greater access to information, advice and guidance for young people. Part of this process is re-tendering a contract in order to deliver a proportion of the efficiency savings the successful contractor may have to reduce current staffing staff. The number of youth unemployment is forecast to rise due to the recession. See risks below.

**2.2 Employees**

A phased transition plan relating to staffing arrangements has been shared with staff and as yet there have been no objections to proposals put forward.

**2.3 Partners**

The new service will work closely with key partners through the Children's Trust arrangements and some services will be delivered by partners through a commissioning process.

**2.4 Corporate Plan/Priorities**

Priorities within the CYPP directly relate to improved outcomes for young people and the reconfiguration of youth services is a key objective within the CYPP to deliver improved outcomes.

**2.5 Other Council Services**

There are no implications for other council services, cross directorate and partnership working will continue as a key aspect of IYPSS.

**3. Associated Risks**

- 3.1 Re-tendering process is in early stages. Unknown outcomes. High risk to outcome targets related to NEET NI117, LAA NI110 Positive Activities which will be managed through the new service.



- 3.2 As a consequence of the economic recession it is anticipated that youth unemployment will rise, creating further challenges for the IAG service. The Invitation to Tender obligates the bidders to take account of this risk within their tender. However it is anticipated that this may be an area of negotiation when bids are received.

4. **Consultation**

- 4.1 Series of consultation activities have taken place involving staff in current services, key partners and agencies. Feedback from these consultation activities have informed process going forward.

5. **Legal Implication**

- 5.1 The monitoring officer has chaired a meeting with lawyers from the four Black Country Councils in order to ensure a consistent approach in relation to dealing with the pension deficit in relation to Connexions. A memorandum of understanding has been prepared by Wolverhampton.

6. **Equal Opportunities and Environmental Implications**

- 6.1 The need to reflect the needs of CYP from all communities remains a service priority and will not be affected by any budget reduction.

7. **Equality Impact Assessment**

- 7.1 Completed as part of project management process.

***Saving 15: Reduction in Child and Adolescent Mental Health Services.***

<b>Estimate Net Saving in £'000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£50,000	£50,000	£50,000	£0

**1. Description of the Savings Proposal**

- 1.1 The proposal is to reduce spend on child and adolescent mental health services provided by Dudley/Walsall Mental Health Trust and the voluntary sector and commissioned in partnership with NHS Walsall. Historically the LA and NHS Walsall have commissioned services separately from CAMHS providers, from the inception of the new MHT in August of last year NHS Walsall and Children Services have commissioned jointly to agreed priorities and using a shared needs analysis, this provides an opportunity to reduce duplication of services and enable more efficient spend of aligned budgets. In addition the development of targeted youth support and Walsall's successful bid to pilot a grant funded government initiative targeted at vulnerable young people and their families, has enabled us to maximise funding from these other funding streams to benefit particularly vulnerable children and young people. The saving proposed is a reduction in spend of £50,000 in 2010/11 which will be maintained at the same level in future years.

**2. Implications Associated With Savings Proposal****2.1 Customers**

No reduction in service is anticipated however opportunities to enhance service provision in the next financial year and beyond may be effected.

**2.2 Employees**

There are no implications for existing employees.

**2.3 Partners**

There are no implications for existing partners although opportunities for future engagement with voluntary and independent providers may be limited.

**2.4 Corporate Plan/Priorities**

Actions and priorities in Corporate and Children and Young Peoples plan will still be addressed.

**2.5 Other Council Services**

There are no implications for other Council services.

**3. Associated Risks**

- 3.1 The risk of continued growth in demand on Children's Services has an impact on

demand for other services including CAMHS. Any budget reduction will limit opportunity to engage partner agencies in the development of service provision.

4. **Consultation**

- 4.1 There is ongoing consultation with partner agencies on CAMHS delivery and priorities.

5. **Legal Implication**

- 5.1 There are no legal implications.

6. **Equal Opportunities and Environmental Implications**

- 6.1 The need to reflect the needs of CYP from all communities remains a service priority and will not be affected by any budget reduction. There are no environmental implications.

7. **Equality Impact Assessment**

- 7.1 A formal EqIA has not been undertaken however the need to reflect the needs of CYP from all communities remains a service priority and will not be affected by any budget reduction.

**Saving Number 73: Extension of HWRC Contract for 3 Years**

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£100k	£100k	£100k	0

**1. Description of the savings proposal**

- 1.1 This proposal to extend the contract for the management of HWRC by 3 years. It will generate £80,000 per year savings over the next 4 years, the one remaining year of the contract and the 3 year extension option which is due to end in 2013/14.
- 1.2 Savings will be generated via a more effective use of plant and equipment, a reduction in haulage charges and a reduction in management fees.

**2. Implications associated with savings proposal****2.1 Customers**

There is no proposed alteration to the operation of the site and no impact on customers who use the site.

**2.2 Employees**

There is no impact on employees.

**2.3 Partners**

Agreement has been reached with May Gurney, the current operator of the HWRC site that, subject to a 3-year contract extension, annual efficiency savings of £79,492 will be delivered. This saving would take effect in 2010/11 (the remaining year of the current contract) and would continue for a further three years thereafter.

**2.4 Corporate Plan/Priorities**

The efficiency allows these resources to be re-directed to support the council's priorities.

**2.5 Other Council Services**

There is no impact on other council services with this savings proposal

**3. Associated risks**

- 3.1 There are no anticipated risks with this saving option, the information below details the management performance by the HWRC contractor.
- 3.2 The HWRCs play a key role in reducing the amount of waste we send to landfill and maximising the amount we recycle. The table below shows how the amount of waste we have recycled at the HWRC sites has increased over the last three years

and in comparison how there has been a downward trend in waste being sent to landfill since the commencement of contract.

Year	Recycling Percentage	Reduction in waste to landfill
2006/07	40.6%	12,143.39 tonnes
2007/08	51.0%	9,395.37 tonnes
2008/09	54.3%	8,473.66 tonnes

3.3 Year-on-year increases in recycling performance and a reduction in waste being sent to landfill demonstrates May Gurney's performance against the existing contract and contributing towards Walsall's waste strategy.

3.4 Over the contract term, the two sites have improved in a number of ways:

- Site presentation and cleanliness
- Site signage
- Staff assistance to residents
- Restriction of unauthorised trade and business waste

#### 4. **Consultation**

4.1 In preparation of a report to Cabinet for the approval to extend the current contract consultation has been carried out with the portfolio holder, legal, finance and procurement.

#### 5. **Legal implications**

5.1 Legal Services have been consulted and there are no issues with this savings proposal.

#### 6. **Equal opportunities and environmental implications**

6.1 There are no equal opportunity issues arising from these savings proposals.

6.2 There are no alterations to the operation of the HWRC sites so no changes in environmental implications.

#### 7. **Equality impact assessment**

7.1 There are no alterations to the operation of the HWRC sites so there is no need for an assessment at this time.

***Saving 74: Reduction - in Opening Hours for District Public Conveniences***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£12k	£12k	£12k	0

**1. Description of the savings proposal**

- 1.1 These proposals reduce the opening hours of 6 No district toilets across the borough currently open between 7:00am and 6:00pm to be open between 8:00am until 4:00pm.
- 1.2 District toilets are currently opened and cleansed by 3 employees (1 Council and 2 agency). By reducing the number of employees by one, it would be necessary to reduce the opening hours to maintain cleansing standards.

Current locations are:

- Willenhall
- Bloxwich
- Aldridge
- Pelsall
- Rushall
- Blakenall

**2. Implications associated with savings proposal****2.1 Customers**

There will be some impact on the general public with the reduced opening hours. Priority opening will be given to public conveniences with greater usage.

The majority of usage at all locations is between 8:00 am and 4:00 pm and there will be no impact on disabled users as there is no change in their access arrangements.

**2.2 Employees**

The current resources used for the cleansing of public conveniences is 1 full time employee and 2 agency employees. This proposal will reduce the agency employees by 1 and have no impact on full time employees.

**2.3 Partners**

There is no impact on partners with this savings proposal.

**2.4 Corporate Plan/Priorities**

Reducing the opening hours of the public conveniences, rather than proposing closure of one or more of the facilities to deliver the required savings, will help the

Council to deliver on the following citizen outcomes identified in the Corporate Plan:

- Citizens are healthy; the ability to access public conveniences is essential for citizens with certain medical conditions
- Citizens are enjoying a high quality of life – clean, green, and mobile; citizens with certain medical conditions may suffer a reduced quality of life due to reduced mobility if they are unable to have access to public conveniences.

The proposed reduction in opening hours would also contribute to the following internal drivers necessary to deliver the Council's commitment to the Sustainable Community Strategy, the shared vision, and our citizen outcomes:

- Effective use of resources
- Delivering quality services and meeting customer expectations

## 2.5 **Other Council Services**

It has been principally agreed between the relevant Heads of Service that the responsibility for cleansing of public conveniences will transfer from Street Pride to Property Services. Final arrangements and timescales are still to be determined, but this alteration will have no direct impact for other council services.

## 3. **Associated risks**

- 3.1 It is anticipated that there may be a few complaints from users who would normally access the public conveniences early in the morning and in the early evening. Arrangements are being developed to ensure the conveniences with greater use are opened as early as possible in the opening schedule to minimise complaints.

## 4. **Consultation**

- 4.1 Consultation has been carried out with the portfolio holder, legal, and finance. Property services have carried out some usage surveys that identify the usage at each location over hourly periods during the day.

## 5. **Legal implications**

- 5.1 There are no legal issues identified with this savings proposal.

## 6. **Equal opportunities and environmental implications**

- 6.1 There are no equal opportunity issues or environmental implications with this savings proposal.

## 7. **Equality impact assessment**

- 7.1 No equality impact assessment has been carried out but there are no changes proposed for disabled users.

**Saving 115: Closure of Willenhall Leisure Centre**

<b>Estimate Net Saving in £'000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£216,565	£295,565	£295,565	£292,400

**1. Description of the saving proposal**

- 1.1 This proposal involves the closure of Willenhall Leisure Centre. The saving in a full year from 2011/12 is estimated to be £295,000. In the first year however, 2010/11, the saving will be £216,000 as a result of various costs that will be incurred from the close-down of the facility.
- 1.2 Information suggests that the following costs may need to be met in year 1, including £54,000 redundancy costs (worst case), and initial property costs for boarding up and security of £25,000.
- 1.3 Once the facility is closed, other costs in addition to further security costs, will include:-
- £7,200 security (based on an initial 3 months; £600 per week)
  - £5,000 decommissioning of services
  - £25,000 asbestos removal (and survey)
  - £160,000 demolition
  - £15,000 fencing site (post demolition)
  - £30,000 rates bill (75% for nine months; less if demolished)
- 1.4 Apart from the rates, it is expected that it will be possible to pass the majority of these costs onto a future development of the site. The figures are shown to indicate the full financial information.

**2. Implications associated with saving proposal****2.1 Customers**

In 2008/09 Willenhall Leisure Centre had 80,784 attendances. Based on the first 6 months of 2009/10 this is likely to rise this year to 95,000. Whilst it is hoped much of this usage can be diverted to other provision it should be noted that the council's only other directly managed "dry" sport & leisure provision in the west of the borough (Darlaston Multi-Purpose Centre) was closed and demolished in 2008.

**2.2 Employees**

12 staff are currently employed at Willenhall Leisure Centre (9.2 FTE). It is anticipated that the majority of these, if not all, will be redeployed within Sport & Leisure Services.

**2.3 Partners**

Willenhall Leisure Centre is currently used by the following schools for curricular swimming lessons:

- Barcroft Primary
- Beacon Primary
- Bentley West Primary



- King Charles Primary
- Lodge Farm
- Fibbersley Park Primary
- Country Bridge
- St Giles Primary

#### 2.4 **Corporate Plan/Priorities**

The closure of a leisure centre may have an impact on the Corporate Plan Priority to ensure citizens are healthy, specifically the pledge: *“we will raise the levels of physical activity”*.

The closure may have an impact on the following National Indicators:

- NI8 – Adult participation in sport
- NI55 – Obesity among primary school age children in Reception Year
- NI56 – Obesity among primary school age children in Year 6
- NI57 – Children and young people’s participation in high-quality PE and sport
- NI110 – Young people’s participation in positive activities

#### 2.5 **Other Council Services**

Property Services will make a saving from ceasing of the need for maintenance. As a vacant premise, responsibility for or security, decommissioning and site demolition costs will need to be funded. These costs are estimated as £238,000.

### 3. **Associated risks**

- 3.1 There may be community safety implications. The site is isolated from the main road (Walsall Street) and flanked by council premises (Library & depot) largely unoccupied in the after 6pm. Once vacant or derelict, the site may attract anti-social behaviour and may pose an increased security risk to the adjacent properties / premises.

### 4. **Consultation**

- 4.1 Scrutiny have been consulted.

### 5. **Legal implications**

- 5.1 These are contained within the body of the report.

### 6. **Equal opportunities and environmental implications**

- 6.1 Due to the age of the premises there may be asbestos present in the building which will have implications for the security of the vacant premises and any subsequent demolition.

### 7. **Equality impact assessment**

- 7.1 An equality impact assessment has not yet been undertaken. The closure may have a negative equality impact on age grounds due to the high proportion of older people currently using Willenhall LC and the acknowledged difficulty this age group have accessing other sport & leisure opportunities such as Bentley Bridge in Wolverhampton.

**Saving 118: Rationalise Leather Museum events programme**

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£2.5k	£2.5k	£2.5k	Nil

**1. Description of the Savings Proposal**

- 1.1 A reduction in the Leather Museum's events budget of £2,500 equating to approximately twelve activity sessions per annum.

**2. Implications Associated with Savings Proposal****2.1 Customers**

The proposal will lead to a reduction in the programme of children's events and activities being offered by the Leather Museum. The events programme is usually heavily over-subscribed.

**2.2 Employees.**

No impact. The events programme is delivered by freelance, sessional arts workers

**2.3 Partners**

The Leather Museum café operates as an independent franchise. Events and activities are important to raising the profile of the museum service and attracting repeat visitors. Any reduction in visitor numbers will impact on the café.

**2.4 Corporate Plan/Priorities**

No direct impact.

**2.5 Other Council Services**

No direct impact.

**3. Associated Risks**

- 3.1 As set out in paragraphs 2.1 and 2.4 above.

**4. Consultation**

- 4.1 None necessary.

**5. Legal/ Equal Opportunities, Environmental and Equality Impact Assessment Implications**

- 5.1 None.

***Saving 119: Reduce exhibition programme at Walsall Museum***

<b>Estimate Net Saving in £'000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£2k	£2k	£2k	£0

**1. Description of the Savings Proposal**

- 1.1 As part of the budget process for 2010/11, Walsall Museum will reduce its exhibition budget by £2,000.

**2. Implications Associated With Savings Proposal****2.1 Customers**

The Museum will be able to put on fewer temporary exhibitions. This will reduce the number of people visiting the Museum as there will be fewer new exhibitions for them to see. Temporary exhibitions are also important for local schools, as the Museum tries to gear new exhibition themes to relevant parts of the curriculum and provide tailored sessions for schools to accompany them.

**2.2 Employees**

The majority of our exhibitions will in future have to be created internally by museum staff.

**2.3 Partners**

The Museum's temporary display spaces are regularly used by outside groups to put on displays of interest and relevance to Walsall's diverse communities. There is a strong demand for use of our display spaces, which frequently outstrips their availability. Many of these displays require input from the Museum in terms of staff time and provision of display materials, with the exhibition budget reduced the ability to support these kind of displays in future will be reduced.

**2.4 Corporate Plan/Priorities**

No impact.

**2.5 Other Council Services**

No direct impact.

**3. Associated Risks**

- 3.1 As set out in paragraphs 2.1 and 2.3 above.

**4. Consultation**

- 4.1 The proposed reduction to the exhibition budget has been discussed with museum staff and the Senior Curator of Walsall Museums Service.

5. **Legal Implication**

5.1 None.

6. **Equal Opportunities and Environmental Implications**

6.1 The museum will be less able to deliver a wide range of exhibitions on different subjects, reflecting the diversity of all Walsall's different communities.

7. **Equality Impact Assessment**

7.1 None.

***Saving No 142: Introduction of a fee for the use of the council's Development Team.***

Estimate Net Saving in £0,000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£9,281	£9,281	£9,281	0

**1. Description of the savings proposal**

- 1.1 The proposed charge will be introduced in April 2010 to be paid by developers and / or their representatives for attendance at the Council's pre planning application Development Team meeting which considers significant and major planning proposals prior to the submission of planning or other applications.
- 1.2 The new charge is to be levied at £275 per hour and it is estimated that subject to a more favourable economic climate, continued uptake at about 75% of the total number of meetings will deliver the proposed new income stream. The service which is managed by Regeneration since it was first introduced by Planning Services in 2004 is highly valued by users. There are three 3 hour slots available at each meeting that can be pre-booked and there are approximately 15 such meetings per year (meets every three weeks less holiday periods or where we have no bookings).
- 1.3 It is not uncommon for council's to charge for per-submission planning advice.
- 1.4 That Cabinet delegate to the Executive Director for Regeneration Services in consultation with the relevant portfolio holder authority to devise and implement a pre planning advice charging policy.

**2. Implications associated with savings proposal****2.1 Customers**

Currently there is no charge for users of the service, which is best practice but discretionary.

**2.2 Employees**

None. The team is made up of senior representatives from many Council service areas and partner agencies such as the police and Environment Agency.

**2.3 Partners**

None.

**2.4 Corporate Plan/Priorities**

There will be no direct impact on delivering the Council's priorities as it is considered that developers will continue to use the service.

## 2.5 **Other Council Services**

This proposal will have no direct impact on other Council services, but if approved will generate addition income for the service and the Council.

### 3. **Associated risks**

- 3.1 There is a risk that a few developers may choose not to use the service if they view the cost as prohibitive. However, set at £275 per hour it is considered that this is very reasonable, particularly given the attendance of many senior service representatives and the receipt of a comprehensive written report which would be more expensive for developers to obtain by other separate means.

### 4. **Consultation**

- 4.1 There has been no formal consultation as the new fee will not impact directly on citizens or partners and discussions with previous users of the service have indicated that they would be happy to pay for the service which they see as an exemplar which other councils should also introduce.

### 5. **Legal implications**

- 5.1 The Local Government Act 2003 provides authorities with a power to charge for discretionary services, including the provision of pre-application advice. This potentially allows authorities to recover at least some of the costs incurred in providing advice in advance of submission. As a general rule, income raised must not exceed the cost of providing the service.

### 6 **Equal opportunities and environmental implications**

- 6.1 None arising from the proposal. The planning process and therefore the team considers equal opportunities, accessibility and environmental issues as part of its remit.

### 7. **Equality impact assessment**

- 7.1 None arising from the proposal. The planning process and therefore the team considers equality issues as part of its remit and the planning service has an up to date equality impact assessment.

***Saving number 143: Redesign Homeless Prevention Activity***

<b>Estimate Net Saving in £0,000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£60k	£60k	£60k	0

**1. Description of the savings proposal**

- 1.1 The council offers a range of tools to prevent households from becoming homeless. These include a rent deposit scheme that provides financial assistance (rent in advance and or deposit) to help households access privately rented accommodation, a scheme that provides security measure for victims of domestic abuse / hate crime to keep them in their home, and a repossession prevention fund.
- 1.2 The council will continue to offer all these services but the savings proposed will reduce the number of households that can be assisted
- 1.3 The average cost of preventing homelessness is approximately £1000; accordingly a £60k saving will mean 60 less households can be assisted.

**2. Implications associated with savings proposal****2.1 Customers**

60 less households prevented from becoming homeless.

**2.2 Employees**

None initially.

**2.3 Partners**

Direct impact on Walsall Rent Guarantee scheme (the voluntary organisation that provides this service on the LA's behalf). This organisation received £40k in 2009/10. Funding will be reduced by £20k.

**2.4 Corporate Plan/Priorities**

Over time a reduction in prevention activity may impact indirectly on a range of corporate priorities including improving health and reducing crime but will directly impact on improving housing choice

**2.5 Other Council Services**

This proposal may have implications for Children's and Adult services. There is often a correlation between the vulnerable households assisted by the homeless service and those households known to and or being supported by social care colleagues.

### 3. **Associated risks**

- 3.1 There is a risk that disinvesting in pro active prevention activities will result in increased costs to the Authority over time in responding reactively to homelessness. These costs will be generated by increased homeless applications, increased admittances to temporary accommodation and increased B&B usage.
- 3.2 The Authority receives an £80k grant from CLG to contribute towards prevention activities. 2010/11 is the final year of a current 3 year allocation. Future grant allocation is uncertain.

### 4. **Consultation**

- 4.1 There has been no formal consultation with service users or the voluntary sector providers. Consultation has been undertaken with the portfolio holder.

### 5. **Legal implications**

- 5.1 The Housing Act 1996 Part VII as amended by the Homelessness Act 2002 places a general duty on housing authorities to ensure that advice and assistance and information about homelessness and preventing homelessness is available to everyone in their district free of charge.

### 6 **Equal opportunities and environmental implications**

- 6.1 Our prevention activity aims to expand housing opportunities for all but there is a clear targeting of prevention activity towards the most disadvantaged households in the Borough.

### 7. **Equality impact assessment**

- 7.1 An equality impact assessment has not been carried out on this proposal.



***Saving number 144: Cease the provision of category 2 school crossing patrols.***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£87k	£87k	£87k	NIL

**1. Description of the Savings Proposal**

- 1.1 These proposals include for the deletion of vacant posts for Category 2 school crossing patrol wardens. There are a total of 62 category 2 crossings with at present 27 vacancies.
- 1.1 The School Crossing Patrol service, originally organised by WM Police, is a permissive function of the council.
- 1.2 The council has operated the service since 1989, initially between two service areas (Engineers and Caretaking & Cleaning). Since 2004, Engineers have only advised on policy and carried out assessments to authorise sites. Policies and operational arrangements have been the subject of many reports to various committees over the years and whilst certain operational changes have been made, the original criteria for establishing facilities have been ratified at every review.
- 1.3 Patrol sites are authorised having been assessed using surveys to determine the level of demand from child pedestrians and the amount of passing traffic. Two lists are maintained; - category 1 sites are those without other crossing facilities and category 2 sites are those with other pedestrian facilities such as refuge, zebra or light controlled crossing. The Council is required to have a presence at Category 1 sites.
- 1.4 The service follows national guidelines devised by Road Safety GB (Local Authorities Road Safety Association) and Walsall officers regularly attend regional meetings to discuss aspects of the service and to develop regional standards such as uniform, signing and use of camera technology.
- 1.5 All crossings are assessed on a 2 year rolling programme by Council road safety engineers who review the category rating of the crossing. This service will also review any new requirement for crossings in the borough.
- 1.6 The delegated authority to determine authorisation and de-authorisation of school crossing patrols lies with the Executive Director for Regeneration.

**2. Implications Associated With Savings Proposal****2.1 Customers**

It is likely that there could be some negative feedback from parents where crossing patrols are withdrawn.

## 2.2 **Employees**

There will be no impact as these are vacant posts.

## 2.3 **Partners**

None.

## 2.4 **Corporate Plan/Priorities**

None.

## 2.5 **Other Council Services**

None.

## 3. **Associated Risks**

3.1 The principle risk is negative feedback from parents when patrols are withdrawn.

## 4. **Consultation**

4.1 None at this stage.

## 5. **Legal Implication**

5.1 None.

## 6. **Equal Opportunities and Environmental Implications**

6.1 None.

## 7. **Equality Impact Assessment**

7.1 Not required as there is no equality impact.

***Saving 154: Review of and increase in non-residential care charges.***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£266k	£276k	£286k	0

**1. Description of the Savings Proposal**

- 1.1 This proposal will incrementally remove the subsidy on meals on wheels by 10% in the first year and 5% in the 2 subsequent years. This will increase the charge per meal to service users from £2.75 for 2009/10 to £3.02 in 2010/11, £3.17 in 2011/12 and £3.33 in 2012/13.
- 1.2 In addition, the charge for non-residential care services will increase by 10%, from £16.19 per day to £17.88 per day for Day Care and from £10.38 per hour to £11.42 per hour for Home Care.
- 1.3 The subsidy we fund for community alarm rentals will also be removed. This is currently an inequitable policy whereby the council pays the line rental for users with a BT line, but not for those whose line is provided by another supplier. This will affect approximately 1200 service users who will be required to pay line rental costs of around £38 per year.
- 1.4 The above are all discretionary charges.

**2. Implications Associated With Savings Proposal****2.1. Customers**

Any increase in charges is likely to result in a rise in complaints and some service users may decline receiving a service.

**2.2. Employees**

No direct implications.

**2.3. Partners**

No direct implications.

**2.4. Corporate Plan/Priorities**

May have a negative impact on NI 130 and LAA NI 136 performance targets.

**2.5. Other Council Services –**

May impact on Business Support in the introductory stage.

### 3. **Associated Risks**

#### 3.1 Potential risks are:

- Decline in take up of lower level prevention services and alarms.
- Reduction in household disposable income for some service users.
- Could be perceived (erroneously) as directly related to personal budgets.

### 4. **Consultation**

#### 4.1 Existing consultation group have been involved in reviewing charging.

### 5. **Legal Implication**

#### 5.1 None identified.

### 6. **Equal Opportunities and Environmental Implications**

#### 6.1 We will offer all service users benefits advice to maximise income.

### 7. **Equality Impact Assessment**

#### 7.1 Fair Access to Care ensures that people are charged according to their ability to pay and this will apply.

***Saving 157: Implementation of new care management model.***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£200k	£200k	£200k	£0

**1. Description of the Savings Proposal**

- 1.1 This proposal refers to the implementation of a new model of care management as the next stage of the People First programme. The streamlined processes will reduce the number of social care staff required.

**2. Implications Associated With Savings Proposal****2.1 Customers**

No direct implications although service users may be affected if lack of capacity results in longer waiting times.

**2.2 Employees –**

Deletion of 6 posts, which are expected to be vacant.

**2.3 Partners –**

The new processes will involve the transfer of some duties to health.

**2.4 Corporate Plan/Priorities**

May negatively impact on NI 132 and NI 133 performance indicators.

**2.5 Other Council Services**

HR support required.

**3. Associated Risks**

- 3.1 If the benefits of the new model are not realised, the loss of posts will result in increased volumes of work for the remaining staff. A hold on recruitment to vacancies will be required until the six posts can be deleted.

**4. Consultation**

- 4.1 Social Care JNC have been involved in developing the People First agenda and are aware of the implications.

**5. Legal Implication**

- 5.1 None identified.

6. **Equal Opportunities and Environmental Implications**

6.1 Will result in fewer choices of employment opportunities in adult social care.

7. **Equality Impact Assessment**

7.1 Impact of the distribution of work and the capacity to meet demand will be managed.

***Saving 158: Day Services Learning Disability and Physical Disability.***

<b>Estimate Net Saving in £'000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£0	£150k	£150k	£0

**1. Description of the Savings Proposal**

- 1.1 This proposal is an invest to save action dependent on capital investment monies for Goscote. The refurbishment of Goscote will facilitate the transfer of services from Pinfold which, together with the closure of Brewer Street, will bring in 2 capital receipts. The relocation of services will impact on the transport arrangements for some service users who may have to travel further than they do now.

**2. Implications Associated With Savings Proposal****2.1 Customers**

Service for people with severe levels of disability will improve but the closure of Pinfold will result in the cessation of a support service to people currently attending Pinfold. See above.

**2.2 Employees**

No direct implications.

**2.3 Partners**

Will create capacity for partners in health.

**2.4 Corporate Plan/Priorities**

May have a negative impact on NI 136 performance indicator.

**2.5 Other Council Services**

No direct implications.

**3. Associated Risks**

- 3.1 A reduction in service provision could have an impact on carers. Commissioning will address the need to develop alternative services to Pinfold.

**4. Consultation**

- 4.1 Formal consultation will be required.

**5. Legal Implication**

- 5.1 None identified.

6. **Equal Opportunities and Environmental Implications**

6.1 Refurbishment of Goscote will result in improved environmental efficiencies.

7. **Equality Impact Assessment**

7.1 Assessment for the new services at Goscote will include all aspects of need and individual circumstances. Services commissioned as alternatives will have an equality impact assessment.



***Saving 177: Rationalise the charging structure for pay and display car parks***

<b>Estimate Net Saving in £'000</b>			
<b>2010 / 2011</b>	<b>2011 / 2012</b>	<b>2012 / 2013</b>	<b>Implementation cost</b>
£57k	£57k	£57k	£ 5k (accounted for when estimating the £57k income generation)

**1. Description of the Savings Proposal**

- 1.4 These proposals will remove the existing 1 hour and 3 hour charging bands, resulting in a revised tariff structure of up to 2 hours, up to 4 hours and all day. The proposals will increase the overall revenue generated from pay and display charges, whilst allowing a small reduction in the existing 2 and 4 hour charge and no change in the all day charge.

**2. Implications Associated With Savings Proposal****2.1 Customers**

Customers will no longer have the ability to pay for 1 and 3 hour parking but will be given the opportunity to park up to 2 hours and 4 hours for a lower cost than currently available.

**2.2 Employees**

As outlined above, this proposal could impact on employees who use Council car parks on a pay and display basis.

**2.3 Partners**

As outlined in 2.1 and 2.2, this proposal could impact on partners who use Council car parks on a pay and display basis.

**2.4 Corporate Plan/Priorities**

This proposal will support a vibrant town centre by encouraging motorists to remain in the town centre for longer, hopefully supporting businesses and allowing them to remain, grow and thrive.

**2.5 Other Council Services**

This proposal will have no impact on the delivery of council services.

**3. Associated Risks**

- 3.1 Existing customers may object to no longer being able to purchase 1 and 3 hour parking. This could result in existing customers looking for alternative parking provision. However, a 30% loss of existing custom has already been factored into the anticipated revenue generation.

4. **Consultation**

- 4.1 This proposal forms part of the overall draft Corporate Revenue Budget 2010/11 consultation recently implemented. Further consultation will be undertaken as part of the Traffic Regulation order procedures required to implement the change.

5. **Legal Implication**

- 5.1 If approved, this proposed change will have to be undertaken in accordance with legislative requirements. This requires us to widely advertise the proposed change, invite, consider and determine any objections prior to implementing the change.

6. **Equal Opportunities and Environmental Implications**

- 6.1 If approved, this proposal will be implemented across all users of council car parks. No direct environmental implications are anticipated.

7. **Equality Impact Assessment**

- 7.1 The introduction of a revised parking tariff structure will apply to all motorists irrespective of their gender, race, religious belief, sexual orientation, disability or age.

***Saving 178: Increase in the monthly parking permit cost available to staff/ elected members and partner organisations***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£ 27k	£27k	£27k	£ 0 (n/a)

**1. Description of the Savings Proposal**

- 1.5 These proposals will increase the cost of staff, elected member and partner organisation parking permits by £1.50 per month for staff working up to 18.5 hours and by £3 per month for staff working over 18.5 hours.

**2. Implications Associated With Savings Proposal**

**2.1 Customers**

No impact on customers.

**2.2 Employees**

Whilst the cost of the monthly parking permit will increase for eligible employees, it still represents a significant saving compared to the daily pay and display charges (currently £5.00 per day) applicable to the general public.

**2.3 Partners**

Whilst the cost of the monthly parking permit will increase for eligible partner organisations, it still represents a significant saving compared to the daily pay and display charges (currently £5.00 per day) applicable to the general public.

**2.4 Corporate Plan/Priorities**

The additional revenue raised by this proposal will contribute to the general revenue budget used to deliver the range of Corporate Plan priorities.

**2.5 Other Council Services**

This proposal will have no impact on the delivery of council services, but will have an individual financial impact for eligible employees of other council services.

**3. Associated Risks**

- 3.1 Employees with a casual car allowance may object to this increase, relinquish their parking permit and claim that their vehicle is no longer available for council use.

**4. Consultation**

- 4.1 This proposal forms part of the overall draft Corporate Revenue Budget 2010/11 consultation recently implemented. No further consultation has been undertaken.

5. **Legal Implication**

5.1 No legal implications stem from this proposal.

6. **Equal Opportunities and Environmental Implications**

6.1 If approved, this proposal will be implemented across all staff, elected members and partner organisations eligible for subsidised parking arrangements.

7. **Equality Impact Assessment**

7.1 The increase in parking charges will apply to all irrespective of their gender, race, religious belief, sexual orientation or age.

***Saving 179: Introduction of On Street Pay and Display Charges in Walsall Town Centre***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£100k	£100k	£100k	£250 k (Capital Expenditure)

**1. Description of the Savings Proposal**

- 1.1 These proposals will introduce on street pay and display charges to Walsall Town Centre. An ongoing revenue stream will be derived as long as the pay and display charges apply. During the first year a reduced level of income will be achieved due to the necessary implementation period required to introduce a charging regime.

**2. Implications Associated With Savings Proposal**

**2.1 Customers**

Currently there is no charge for the use of on street parking places. This proposal will require users to pay for on street parking.

**2.2 Employees**

No direct implications for employees of Walsall Council who are eligible for a staff parking permit. Potential implications for staff that are not eligible for subsidised staff parking and currently park on street as an alternative to paying to park in an off street car park.

**2.3 Partners**

Potential implications for partner organisation staff who currently park on street as an alternative to paying to park in an off street car park.

**2.4 Corporate Plan/Priorities**

The introduction of on street pay and display charges will assist with delivering the Corporate Plan priority of helping people to get around easily and safely.

**2.5 Other Council Services**

This proposal will have no direct impact on other Council services, but if approved will generate revenue for the Council that can be used to offset certain Council expenditure.

### 3. **Associated Risks**

- 3.1 The legislative process requires that mechanisms exist for objections to be raised and determined prior to the introduction of the necessary Traffic Regulation Orders. Objections are likely to be determined by the Development Control Committee who could if they feel it appropriate uphold any objections. This could either delay or prevent the implementation of the proposals.

### 4. **Consultation**

- 4.1 Wide ranging consultation was undertaken as part of the parking strategy development.
- 4.2 Further consultation is a legislative requirement prior to the implementation of the necessary Traffic Regulation Orders required to permit and control on street pay and display.

### 5. **Legal Implication**

- 5.1 The implementation of on street pay and display charges will have to be undertaken in accordance with legislative requirements. This requires us to widely advertise the proposed change, invite, consider and determine any objections prior to implementing the change.
- 5.2 The introduction of on street pay and display charges will assist with the delivery of the Council's statutory network management duty imposed by the Traffic Management Act.

### 6. **Equal Opportunities and Environmental Implications**

- 6.1 Any parking places would be available for use by all sections of the community.
- 6.2 By introducing a pay and display charge for parking on the highway, this may encourage more use of off street parking facilities, thereby reducing the likelihood of unnecessary traffic congestion being generated as a result of on street parking.
- 6.3 The pay and display machines and associated signage required to support the proposal will add to the existing stock of street furniture.

### 7. **Equality Impact Assessment**

- 7.1 The introduction of parking charges will apply to all motorists irrespective of their gender, race, religious belief, sexual orientation or age. There will however be an exemption for any certain motorists with mobility problems as part of the national Blue Badge scheme.

***Saving 180: Introduction of parking charges for disabled users of council operated off street car parks and disabled employees using staff parking provisions***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£1k	£1k	£1k	£ 0 (n/a)

**1. Description of the Savings Proposal**

- 1.1 These proposals introduce the requirement for Blue badge holders to pay for parking on Council operated pay and display car parks. In addition, it will require that staff, and elected members holding a Blue badge and a staff parking permit pay the normal monthly permit cost applicable to other staff, elected members and partner organisations.

**2. Implications Associated With Savings Proposal**

**2.1 Customers**

No impact on customers

**2.2 Employees**

Employees with a blue badge are currently allowed to park under the Council's staff parking arrangements without charge. This proposal will require that a monthly payment is made at the same cost as other staff, elected members and partner organisations.

**2.3 Partners**

Partner organisation employees with a blue badge are currently allowed to park under the Council's staff parking arrangements without charge. This proposal will require that a monthly payment is made at the same cost as other staff, elected members and partner organisations.

**2.4 Corporate Plan/Priorities**

The additional revenue raised by this proposal will contribute to the general revenue budget used to deliver the range of Corporate Plan priorities.

**2.5 Other Council Services**

This proposal will have no impact on the delivery of council services.

**3. Associated Risks**

- 3.1 A significant number of objections may be received from the disabled community. This proposal is likely to generate a degree of negative press coverage.

4. **Consultation**

- 4.1 This proposal forms part of the overall draft Corporate Revenue Budget 2010/11 consultation recently implemented. No further consultation has been undertaken.

5. **Legal Implication**

- 5.1 This proposed change will have to be undertaken in accordance with legislative requirements for changes to Traffic Regulation Orders. This requires us to widely advertise the proposed change, invite, consider and determine any objections prior to implementing the change.

6. **Equal Opportunities and Environmental Implications**

- 6.1 No environmental implications will result from this proposal. However, the council could be criticised for limiting the opportunities for disabled motorists by introducing a financial constraint that currently does not exist.

7. **Equality Impact Assessment**

- 7.1 The introduction of parking charges for disabled motorists and staff will have a financial impact on the disabled community and will not impact on any other section of society.



***Saving 181: Introduction of charges for the naming and numbering of roads and premises***

Estimate Net Saving in £'000			
2010 / 2011	2011 / 2012	2012 / 2013	Implementation cost
£2k	£2k	£2k	0

**1. Description of the Savings Proposal**

- 1.1 These proposals will introduce a charge for naming of roads and numbering of premises. Currently these services are provided free of charge but under the provisions of the Local Government Act 2003 charges can be applied, however before doing so a number of legislative provisions need to be adopted and notice of intention to adopt the same need to be made before such adoption can take place. An ongoing revenue stream will be derived from these proposals.
- 1.2 That Cabinet delegate authority to the Executive Director for Neighbourhood Services authority to advertise the intention to adopt the relevant legislation.
- 1.3 That Cabinet delegate authority to the Executive Director for Neighbourhood Services in consultation with the relevant Portfolio Holder:
  - 1.3.1 to adopt the legislation necessary to implement charging for street naming and house and building numbering,
  - 1.3.2 to devise and implement a charging policy for street naming and house and building numbering,
  - 1.3.3 to make such orders as are necessary for the naming of streets and numbers of houses and buildings.

**2. Implications Associated With Savings Proposal**

**2.1 Customers**

Currently there is no charge for this service. Customers will have to pay the new charge but this will usually be the developer of the land and not the individual householder.

**2.2 Employees**

No implications.

**2.3 Partners**

No direct implications.

## 2.4 **Corporate Plan/Priorities**

The introduction of these new charges will generate an ongoing revenue stream that can be used by the council to supplement the revenue costs of delivering a range of statutory services for the benefit of the whole community.

## 2.5 **Other Council Services**

No direct implications.

## 3. **Associated Risks**

- 3.1 The council records could be insufficient to prove it has previously adopted the relevant legislation. Timescales for formal adoption could result in a slight delay to the proposed implementation of the new charges.

## 4. **Consultation**

- 4.1 Consultation has been undertaken with neighbouring authorities who already apply such charges.

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## 5. **Legal Implication**

- 5.1 Implementation of these new charges will rely upon the council proving it has previously adopted the appropriate legislation, failing this formal adoption will first be required, the relevant Acts are the Public Health Act 1925 and Towns Improvement Clause Act 1847.
- 5.2 Two weeks notice by way of advertisement in a local newspaper of the intention to pass the resolution adopting the Public Health Act 1925 and Towns Improvement Clause Act 1847 is required before the resolution can be passed.
- 5.3 Charging is permitted under section 93 of the Local Government Act 2003 as long as it covers the cost of the service, subject to compliance with detailed calculation mythology as prescribed by the legislation.

## 6. **Equal Opportunities and Environmental Implications**

- 6.1 No direct implications.

## 7. **Equality Impact Assessment**

- 7.1 The introduction of these charges will apply to all, irrespective of their gender, race, religious belief, sexual orientation or age.

## **CHIEF FINANCE OFFICER (CFO) REPORT ON ROBUSTNESS OF THE BUDGET & ADEQUACY OF RESERVES - SUPPORTING INFORMATION**

### **Context**

In accordance with the Local Government Act 2003 (S25-S27) and to comply with CIPFA guidance on local authority reserves and balances, the CFO is required to formally report to members on the robustness of the budget and the adequacy of reserves. The CFO is appropriately qualified under the terms of S113 of the Local Government Finance Act 1988. In signing off this overall revenue budget report, the signature of the Assistant Director of Finance who holds the post of CFO constitutes the formal declaration required under the Act that these conditions are met (based on the available information at the time of signing)..

### **Adequacy of reserves**

The CFO assesses and determines the appropriate level of reserves (including schools reserves) and provisions 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 as an attendee of the corporate management team;
- The annual refresh of the Medium Term Financial Strategy and involvement in the production and refresh of the corporate integrated planning and performance framework (CIPPF) within which the financial framework lies;
- 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, and the extent to which known trends and liabilities are provided for;
- Meetings with specific colleagues to examine particular areas or issues;
- Review of the financial risk assessments;
- 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, LAAP55, Local Government Act 73);
- Knowledge of the colleagues involved in the process, particularly finance professionals, including their degree of experience and qualifications;
- Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements.

This is undertaken in consultation with relevant colleagues and the cabinet portfolio holder for finance and personnel.

It is prudent for councils to maintain an adequate level of general reserves. A risk assessed approach is used to determine the required level of general

reserves and provisions. The combined medium term financial strategy (MTFS), Cabinet budget meetings and budget preparation processes have been identified by the Audit Commission as areas of good practice to be shared nationally. The tenth edition of the MTFS was approved by Cabinet in January 2010. Reserves and contingencies are addressed within the strategy, demonstrating our acknowledgement of the importance of sound governance and the priority this issue is given.

The level of general reserves, in the same way as central contingency, is index linked to the level of the net general fund revenue budget and continues to be informed by the risk assessment. The council will establish opening general reserves of between 2.25% and 5% of the total net general fund revenue budget, the precise level within this range to be determined by risk assessment. The minimum opening balance required @ 01.04.10 is £5.52m. The level of reserves for 2010/11 will be c£6.87m which is within the required range.

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 should also not approve unbudgeted expenditure on the assumption that it will be met from the working balance. A central contingency supports prudent financial management. Experience shows that this should be adequate. Adequate ear marked reserves and provisions have been created to meet legal and expected liabilities. A list of these is included in **Annex 9**.

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 and are therefore potentially only "one off" sources of funding. 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 local authority) against potential unforeseen and therefore unbudgeted costs.

The current level of reserves is relatively modest but appropriate. The level is considered to be sufficient in all but the most unusual and serious combination of possible events. In this context, it is considered that the current level of reserves presents an optimum balance between risk management and opportunity cost. This maintains a suitable and sustainable level of reserves, which include ensuring sound governance and financial stability in the short and longer term.

### Schools Reserves

The CFO as part of this statement is required to confirm that schools balances are adequate. In 2006/7, DfES introduced some new expectations on local authorities with regard to their schemes of financial management. Part of this legislation states that schools should have a balance control mechanism.

Walsall's scheme must include a provision that allows the Authority to place a control mechanism on uncommitted surplus balances. The Balance Control Mechanism (BCM) seeks to ensure that schools can build up reserves towards particular projects, through committing balances to those projects, but prevents schools from deferring implementation indefinitely. The BCM will take account of any funds paid into the school's budget share, except for funds relating to community facilities provided by the school, in accordance with Section 27 of the Education Act (2002). The scheme has applied since 1 April 2007. It allows schools to have uncommitted balances of between 5% and 8% (or £10,000, whichever is the greater) depending on the size/age range of the school.

The adequacy of balances is reviewed annually by the CFO. 5 primary (including 1 that has closed) and 3 secondary (including 1 that has closed) schools are in deficit. Action plans have been put in place to deal with each of these. The levels of reserves will be kept under regular review along with compliance with BCM through 2010/11. The overall level of reserves is considered prudent.

### Use of Reserves

The above assessment demonstrates that general reserves are at an appropriate level; as determined in accordance with the MTFS and the CFO's professional advice. The MTFS allows any reserves above the level required by the MTFS to be used to fund one off items of expenditure. No general reserves below the minimum threshold are being used to support the 2010/11 budget and no reserves are being used to fund recurring expenditure. The risk assessment described elsewhere in this report has informed the established level of general and earmarked reserves. CIPFA guidance (LAAP 55) provides two methods of determining the minimum level of reserves. Walsall Council uses the method based on risk assessment.

### Robustness of Budget

The CFO has been involved throughout the entire budget process, including the revision of the MTFS, 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 scrutiny, advising colleagues, the public consultation process, challenge and evaluation activities, and the scrutiny and approval of various reports.

The following sections of this statement signpost to particular activities and documents:

Process - a robust budget process has been used within the overall context of the MTFS. The process, timetable and the overall budget framework were approved by Cabinet.

Timetable - the process commenced in summer 2009 and the draft budget options were available in November before the draft government financial settlement. This enabled Cabinet to meet in November and December 2009 to consider its priorities and draft budget proposals in the context of resources. Formal scrutiny meetings have been held in November / December and in January to consider Cabinet's draft budget proposals. Public consultation has been ongoing since September 2009. The final budget is due to be set at Council on 22 February 2010.

Member involvement and Scrutiny - both informal and formal member involvement has been extensive, particularly through the cabinet portfolio holder for finance, individual portfolio holders in conjunction with executive directors, and budget meetings with Cabinet. Corporate Scrutiny panel also held a budget decision conference in December 2009. Cabinet formally considered draft budget proposals on 18 November 2009 and on 13 January 2010. Scrutiny panels have each had two opportunities to make recommendations and comments to Cabinet, both on the services within their individual remit and the overall budget. Budget briefings have also been given to each political group and to Independent councillors.

Consultation - internally and externally, has been comprehensive as outlined in this and previous reports submitted to Cabinet in December 2009, January 2010 and February 2010.

Challenge - there are various points of challenge at various stages of the budget, including throughout corporate management team and Cabinet budget meetings, meetings of various directorate management teams, corporate management team meetings, and the scrutiny process itself.

Budget monitoring - reports continue to be submitted to Cabinet, scrutiny panels, corporate management team, performance boards and management teams across the council throughout the year. The council's individual performance management (IPM) process (which has been refreshed again this year) also requires review of financial performance for individual managers, complementary to the formal accountability process.

Capping - The contingency plan should the capping criteria change would be to either identify additional savings or to remove some planned investment from the budget to the level of the cap.

Ownership and accountability - the budget has progressed through various filters during its construction including endorsement of management teams within services and corporate management team itself. Accountability letters are sent to senior managers and capital project managers setting out budget scope and responsibilities, including implementation of investment and savings. Managers are required to sign and return a copy acknowledging their responsibilities. This is formally tracked and reported on throughout the year. The IPM process similarly requires formal assessment of individual budget management responsibilities. The accountability letters will be issued again before the start of the 2010/11 financial year and as in all years, developed further from the previous year.

Current financial position - the budget is a statement of financial intent, reflecting the council's vision, plans and priorities. It also sets the financial spending parameters for each financial year and as such, the CFO assessment of the

adequacy of reserves also includes the risk of services overspending and/or underspending their budgets and the impact of this on the financial health of the council and its level of reserves. The current financial position has been reported on throughout the year. The 2010/11 draft budget includes replenishment of reserves arising from the currently predicted net revenue overspend in 2009/10.

#### 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. Fees and charges have been reviewed and changes are reflected in the overall budget. The capital receipts to be used for the draft capital programme are based on professional estimates both of timing and value. The council has established performance monitoring arrangements for all key contracts (e.g.: Serco - education, Amey - street lighting PFI, New Horizons).

Financial risks - 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 2009/10 outturn and 2010/11 plus budget. Details are set out in this report and **Annex 10**. The prevailing level of general reserves is considered adequate to cover all but the most unusual and serious combination of events.

#### The budget in context

The budget includes the allocation of financial resources to different services and projects, proposed contingency funds, the council tax base, setting the council tax and decisions relating to the control of the council's 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 of the MTFS.

All efficiencies and savings have been appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. None of the efficiencies/savings are considered to be materially detrimental to performance outcomes. The council is working to improve performance outcomes on a range of activities which are monitored throughout the year. Service plans link budget provision with corporate and service priorities. Budget provision has been identified for the pledges outlined in the council's vision document.

#### **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 with 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.

James T Walsh, B Hum (Hons), ACMA  
Chief Finance Officer

**FORECAST OF PROVISIONS AND EARMARKED RESERVES**

	OPENING BALANCE @ 01.04.09 £	ANTICIPATED MOVEMENTS 2009/10 £	ANTICIPATED MOVEMENTS 2010/11 £	ESTIMATED CLOSING BALANCE @ 31.03.11 £
<b><u>EARMARKED RESERVES</u></b>				
1) Mediation <i>Reserve to cover outstanding mediation costs</i>	(750,000)	250,000	500,000	0
2) Condition surveys <i>Costs of surveys for which no works required</i>	(50,000)	50,000	0	0
3) Approved carry forward of underspends  <i>This is a best practice approach whereby council services which can demonstrate that underspends are as a result of sound budget management rather than 'windfalls' and/or where cashflows mean that costs will fall into a later year by default are allowed to carry a % of this forward to utilise in future years against targeted projects that improve service delivery or aid service development. A proportion of some overspends is also carried forward under this scheme in accordance with the carry forward protocol.</i>	(591,899)	386,239	Not available at this point in time	(205,660)
4) Finance direct <i>This reserve was created to fund further enhancements to the current financial systems.</i>	(261,672)	10,911	250,761	0
5) Asset management system <i>This was created to fund the costs of a new system</i>	(100,000)	100,000	0	0
6) Revenue and benefits restructure <i>This was created to cover the costs of service restructure</i>	(80,000)	80,000	0	0
7) Community engagement <i>This reserve was established to provide pump priming support to LNP's in implementing their Local Plan.</i>	(165,274)	165,274	0	0
8) SX3 upgrade <i>This reserve was to fund a business critical software upgrade</i>	(100,000)	100,000	0	0
9) Local Authority Business Growth Initiative (LABGI)  <i>This reserve is held to help cover the cost of one off projects to create the environment for further business and economic growth within the borough.</i>	(661,774)	372,514	289,260	0
10) School balances <i>Unspent balances of budgets delegated to individual schools.</i>	(13,923,774)	Not available at this point in time	Not available at this point in time	(13,923,774)
11) Commutation adjustment <i>The reserve is to provide support over the period that the commutation adjustment reduces to zero. The support will ensure that the reduction in the adjustment is smoothed over a period of time.</i>	(3,528,998)	299,324	0	(3,229,674)
12) New Waste Summer Work <i>Reserve set up to cover one off costs of introduction of new waste recycling scheme</i>	(64,204)	64,204	0	0
13) Building schools for the future <i>This reserve is to contribute to the project cost of implementation of the government initiative to rebuild / refurbish all secondary schools in the country.</i>	(142,760)	142,760	0	0
14) Shopmobility <i>To facilitate a complete review of the shopmobility programme, and the development of a continuation / exit strategy from council funding</i>	(45,000)	0	45,000	0
15) Pay and grading project costs <i>To fund project costs associated with the statutory single status process throughout the council and funding needed to ensure trade union representation during the job evaluation process</i>	(380,000)	(120,000)	500,000	0
16) Environmental warranties	(500,000)	(100,000)	(100,000)	(700,000)



To cover any liability claims on land

17) Street Lighting PFI	(7,632,159)	Not available at this point in time	Not available at this point in time	(7,632,159)
<i>PFI credits received to support future years costs</i>				
18) St Thomas Moore PFI	(1,314,161)	(153,905)	Not available at this point in time	(1,468,066)
<i>PFI credits received to support future years costs</i>				
19) Health and safety	(1,081,165)	0	0	(1,081,165)
20) Benefits subsidy	(350,000)	350,000	0	0
<i>Set up to cover potential clawback on subsidy claims</i>				
21) Insurance reserve	(779,130)	Not available at this point in time	Not available at this point in time	(779,130)
<i>To cover potential costs and risks of uninsured costs and claims over 6 years old</i>				
22) Building control fees	(23,763)	Not available at this point in time	Not available at this point in time	(23,763)
<i>To smooth any losses of the chargeable element of building control fees in accordance with the regulations</i>				
23) Criminal records bureaux checks	(95,000)	0	95,000	0
<i>To fund costs of CRB checks</i>				
24) Payroll server	(50,000)	50,000	0	0
<i>To fund costs to replace payroll server due to ICT infrastructure requirement</i>				
25) Walsall lifelong learning alliance	(137,460)	Not available at this point in time	Not available at this point in time	(137,460)
<i>LSC funding for the on-going support to the Walsall Lifelong Learning Alliance</i>				
26) Admitted body status	(1,000,000)	Not available at this point in time	Not available at this point in time	(1,000,000)
<i>To manage potential costs arising from future valuations of the pension fund amend the cap and collar arrangements with Serco</i>				
27) Voluntary retirement / redundancy	(2,530,174)	1,839,547	690,627	0
<i>To cover the estimated costs of the general voluntary redundancy and senior management restructure redundancy / retirement costs arising from savings approved as part of the 2009/10 budget setting process</i>				
28) Specialist service initiatives	(100,000)	100,000	0	0
<i>Roll forward of 2008/09 invest to save</i>				
29) Working Neighbourhood Fund	(2,149,075)	2,149,075	0	0
<i>Roll forward of balance to cover specific projects taking place in 2009./10</i>				
30) Stronger Safer Communities	(42,528)	42,528	0	0
<i>Roll forward of balance to cover specific projects taking place in 2009./10</i>				
31) Procurement support	(55,000)	55,000	0	0
<i>To enable business support to continue the support to the procurement team to develop the I-procurement system</i>				
32) Fire risk	(180,000)	180,000	0	0
<i>To fund cost of work required following fire risk assessment for specific council buildings</i>				
33) IFRS revaluation	(100,000)	15,000	30,000	(55,000)
<i>To fund cost of revaluation of assets for IFRS purposes</i>				
34) Feasability / options appraisals	(200,000)	100,000	100,000	0

*To take advantage of opportunities for undertaking strategic option appraisals / feasibility studies*

35) Town Hall / Council Chamber upgrades	(100,000)	100,000	0	0
<i>To fund refurbishment of the Council Chamber / Conference rooms and upgrade of the communications unit</i>				
36) Housing 21	(244,227)	0	244,227	0
<i>Roll forward of balances to fund future years predicted deficit in line with the affordability model</i>				
37) External funding review	(377,530)	14,658	0	(362,872)
<i>To cover any outstanding European Funding issues</i>				

38) Pensions reserve	268,105,016	Not available at this point in time	Not available at this point in time	268,105,016
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*This is a ringfenced reserve required in order to comply with accounting regulations concerning the local government pensions scheme (LGPS). It reflects the net liability Walsall would have to contribute to the LGPS if all employees in the scheme were to retire at the financial year end. It is not a reflection of monies actually owed to the pension scheme in real terms. Future years liabilities cannot be assessed as these are dependant upon future movements in financial markets.*

#### **SUB TOTAL OTHER EARMARKED RESERVES**

<b>228,218,289</b>	<b>6,643,129</b>	<b>2,644,875</b>	<b>237,506,293</b>
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#### **MISCELLANEOUS PROVISIONS**

1) Provision for part time employee pension costs	(236,656)	Not available at this point in time	Not available at this point in time	(236,656)
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*This provision was set up to cover the backdated contributions of part time employees pensions following a change in regulations which allowed part-time workers who were previously ineligible to now join the scheme.*

3) Section 117	(423,538)	153,305	Not available at this point in time	(270,233)
<i>Provision to provide for claims against the authority under mental health section 117. Dependent on individual claims being received, difficult to predict number and value of claims.</i>				

4) Severn Trent Employee Pensions	(9,223)	465	0	(8,758)
<i>To cover former severn trent employee pension costs following termination of agency agreement</i>				

5) Insurance fund	(1,922,551)	Not available at this point in time	Not available at this point in time	(1,922,551)
<i>Provision to cover costs of all possible outstanding insurance claims against the authority</i>				

8) Housing benefit subsidy grant	(320,213)	320,213	0	0
<i>Potential clawback from the 2006/7 subsidy claim</i>				

10) ASI Solutions for work in 2006/7 and 2007/8	(23,765)	23,765	0	0
<i>Contractual obligation for rhino patch work</i>				

#### **SUB TOTAL MISCELLANEOUS PROVISIONS**

<b>(2,935,946)</b>	<b>497,748</b>	<b>0</b>	<b>(2,438,198)</b>
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## 2010/11 Corporate Risk Assessment of the Budget by Portfolio

POTENTIAL RISK	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	EXPECTED EXPOSURE TO BE INCLUDED
	£'000		£'000		£'000
Contact & Support - additional costs	0	High	332	High	199
Placements - Looked After Children numbers	0	High	1,000	High	600
Education Contract - Performance bonus	0	Medium	200	Medium	80
Education schools redundancies required to be funded by education / LEA	0	High	200	High	120
Costs covered By Grant in 2009/10 - Spurgeons / Solomon / Jigsaw	0	Medium	340	Medium	0
Connexions Retender	0	Low	200	Low	40
Direct Payments	0	High	350	High	210
Catering - Schools leaving the catering service	0	Medium	2,000	Low	40
<b>TOTAL CHILDREN'S PORTFOLIO</b>	<b>0</b>		<b>4,622</b>		<b>1,289</b>
Influence Related Expenditure - Mental Health client numbers linked to demographic changes. Highest cost is offset by growth of £570k in 2010/11	250	High	800	High	250
Demand Related Expenditure - Disability Services client numbers	900	High	1,500	High	900
Prevention - Supporting People	0	Medium	1,000	Low	200
Housing 21 - Surplus made in 2009/10 not being carried forward may lead to unbudgeted pressures	441	Medium	441	Medium	176
Links to work	90	High	120	Medium	48
<b>TOTAL SOCIAL CARE &amp; INCLUSION</b>	<b>1,681</b>		<b>3,861</b>		<b>1,574</b>
Legal fees following court action being taken	0	High	100	Medium	40
Licensing income shortfall	20	medium	20	Medium	8
<b>TOTAL COMMUNITIES AND PARTNERSHIPS PORTFOLIO</b>	<b>20</b>		<b>120</b>		<b>48</b>
Communications - communications budget, including income targets council wide are being centralised, resulting in risk as income targets may be difficult to achieve	20	Low	90	Medium	36
Cross directorate ICT - Servers	450	High	900	High	540
ICT - Increases in telephone and network charges	70	Medium	98	High	59
ICT - Code of Connection compliance including additional security software on mobile devices, ensuring encryption of data and security for lap tops, blackberries etc	26	High	60	Medium	24
Lack of control over service demand on postage	0	Medium	40	Medium	16
<b>TOTAL BUSINESS SUPPORT PORTFOLIO</b>	<b>566</b>		<b>1,188</b>		<b>675</b>

POTENTIAL RISK	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	EXPECTED EXPOSURE TO BE INCLUDED
	£'000		£'000		£'000
Street Pride - depot relocation costs	0	Medium	200	Medium	80
Street Pride - Fleet - fluctuations in need for repairs and maintenance	10	Medium	17	Medium	7
<b>TOTAL ENVIRONMENT PORTFOLIO</b>	<b>10</b>		<b>217</b>		<b>87</b>
Property Services - possible penalties on contracted energy consumption: if go below the consumption floor council wide, may lead to penalties	0	Low	400	Low	80
Property Services - delay in release of leased accommodation	0	Medium	100	Medium	40
Strategic Regeneration - underachievement of markets income - remains a risk until the markets review is complete i.e. income targets to reflect stall occupancy at each market	0	Medium	50	Medium	20
<b>TOTAL REGENERATION PORTFOLIO</b>	<b>0</b>		<b>550</b>		<b>140</b>
Engineering & Transportation - Car Park Income			100	Medium	40
<b>TOTAL TRANSPORT PORTFOLIO</b>	<b>0</b>		<b>100</b>		<b>40</b>
Interest Rates decrease below current levels	0	Medium	653	Low	131
Interest Rates do not start to rise	0	Medium	326	High	196
HRD - Payroll server could fail leading to non payment of salaries of all council staff so bank charges may be claimed from the authority.	0	-	120	Low	72
HRD - Loss of income from schools due to Secondary schools becoming academies etc and from other schools in terms of falling staff numbers	0	-	50	Low	10
Revenues - Increased unemployment may impact on collection and increase recovery costs	0	High	20	Low	4
Revenues - increased court costs for committal work may inhibit the opportunity to pursue this recovery method and impact on collection	0	Medium	50	Low	10
Revenues - VAT returning to 17.5% will impact on disposable income, which in turn will impact on collection and increased recovery costs	0	Low	50	Low	10
Revenues - further increase in recovery action and admin costs. e.g. reminders issued, final notices issued, summons issued, liability orders issued, etc. The number of special arrangements are growing as is the need to made telephone debt calls to secure the unpaid taxes	50	High	100	Low	20
Benefits - increased free school meals application as the recession continues.	30	High	30	High	18
Legal - reduction in capital receipts/planning application income due to economic climate	0	Low	30	Low	6
<b>TOTAL FINANCE AND PERSONNEL PORTFOLIO</b>	<b>80</b>		<b>1,429</b>		<b>476</b>
Belwin - Major Emergency - equivalent to 0.2% of its calculated annual budget (NBR plus DSG)	846	Medium	1,000	Medium	846
BSF - Affordability	0	Medium	3,000	Medium	1,000
Pay and grading	0	Medium	1,500	Medium	500
<b>TOTAL COUNCIL WIDE</b>	<b>3,203</b>		<b>17,037</b>		<b>6,535</b>

**CAPITAL PROGRAMME 2010/11: Mainstream (council's own resources)**

PORTFOLIO	PROJECT	CAPITAL 2010/11 £	COMMENTS
<b>Supported Borrowing (Government allocation via Formula Grant)</b>			
Children's	Basic need	1,443,204	Further provision for new pupil places within existing Walsall schools
Children's	Modernisation - all schools	312,582	Supported borrowing - capital allocation. To resolve condition and/or suitability issues identified in the Education Asset Management Plan.
Children's	Schools access initiative	586,620	To fund alterations to enable pupils with disabilities to attend mainstream schools
Transport	Local Transport Plan	2,476,000	The Local Transport Block Grant from the Department for Transport to deliver the objectives set out in the Local Transport Plan.
<b>Sub-total Supported Borrowing</b>		<b>4,818,406</b>	
<b>Corporate Commitments</b>			
Finance and Personnel	Risk Management	100,000	The funding is utilised where risk assessments have been undertaken or where events dictate that immediate action be taken to manage risks e.g. insurer intervention, regulatory reform
Finance and Personnel	Uninsured property damage	200,000	The council self insures its assets and is responsible for the first £250k of each claim. Expenditure is only incurred where the council has suffered loss or damage to its property in accordance with the terms and conditions of the insurance policy.
Finance and Personnel	Contingency	365,000	To manage unforeseen expenditure following budget approval in February 2010
<b>Sub-total Corporate Commitments</b>		<b>665,000</b>	
<b>Prior Year Approvals</b>			
Community and Partnerships	Redhouse community centre	300,000	Development of a community facility on the former Redhouse school site to provide access to activities and facilities identified by the community: Approved in 2009/10 and agreed to be deferred
Environment	Streetly Crematorium - mercury abatement equipment/new cremators	125,801	It is a statutory requirement that 50% of the number of cremations should be mercury abated by 2012. Cabinet has agreed to install mercury abatement plant by 2012. Current assumptions are that the equipment will be leased and the capital costs will cover set up and implementation costs
Regeneration	Provision of alternative accommodation to release leased premises	1,000,000	To meet the council's pledge to release leased accommodation and reduce office accommodation by 20% by 2012. All leased accommodation to be released by 2015 with cumulative savings of £2.6m by 2016. Focus on maximising occupancy in the civic centre complex. Please also refer to reserve list.
Social Care and Health	Hollybank rehabilitation centre	300,000	A review of Hollybank has taken place with the preferred option of operating to provide a residential rehabilitation centre, respite care and short breaks, emergency placements and a promotion of independence and reablement.
Children's Services	Barcroft primary	150,000	A new primary school for Barcroft that will be located on the Elm Street site
Children's Services	Targeted capital fund	1,165,000	Councils contribution to finalise the project costs for Mary Elliott, Daw End (now Phoenix and Elmwood) Special Schools and Joseph Leckie Community Technology College.
Finance and Personnel	Finance Direct - Unsupported Borrowing	1,285,000	To implement the Cabinet approved target operating model for business support and finance. Modernisation of the delivery of financial processes generating a total saving of £3.5m over 5 years
Regeneration	Building Schools for the Future	900,000	To transform education service delivery by major rebuilding and remodelling of schools within the borough.
Leisure and Culture	Health Centre, Library and Children's Centre for Pelsall	200,000	In line with Government and local aspirations, plans have been developed to deliver a new, shared building to provide a health centre, children's centre and library facilities for the residents of Pelsall. This represents the Council's contribution.
<b>Sub-total Prior Year Approvals</b>		<b>5,425,801</b>	
<b>MUST DO SUB-TOTAL</b>		<b>10,909,207</b>	
<b>Capital Costs of Revenue Proposals for Investment</b>			
Environment	Cleaner, Greener - Additional Litter Bins	10,000	To fund 40 new bins. Bins will include a space on the side which can be used for advertising community events. This will remove the need for voluntary organisations to fly post. Bins would include a grill for cigarette butts. Some litter bins in the town centre could be sponsored and businesses who contribute to rubbish in the town centre would be approached to contribute funding towards a bin. This will also help to further encourage the recycling habit amongst our residents, a small number of additional recycling bins will be installed in Walsall town centre within existing budget. Subject to the success of this, further provision could be rolled out in other centres. A trial of gum boards in Walsall town centre will also be carried out within existing budgets to help reduce the problem of discarded chewing gum on pavements and roads in the area.

PORTFOLIO	PROJECT	CAPITAL 2010/11 £	COMMENTS
Environment	Cleaner, Greener: Re-organise community clean teams: purchase of hot jet pavement cleaning machine to clean pavement areas in district centres and shopping precincts	116,000	Reorganisation of the existing street cleaning teams around the proposed new areas for neighbourhood management, making the service more accountable to community structures and elected members. This bid funds a hot jet pavement cleaning machine to clean pavement areas in district centres and shopping precincts.
Social Care and Health	Refurbishment of Goscote Adult Training Centre	600,000	This is an invest to save bid which will improve day services for people with learning and physical disabilities and relies on capital investment of £600k for Goscote. The closure of Brewer Street, scheduled for 2009 will bring in a capital receipt. Refurbishment of Goscote will facilitate the transfer the transfer of services from Pinfold, enabling the closure of day services at Pinfold and a further capital receipt from that site.
Transport	Town centre on street parking	250,000	The town centre pay and display capital set up costs will be £250k and is needed to fund the purchase and installation of 50 pay and display machines, changes to tariff boards and new electricity supplies
<b>Sub-total- Capital Costs of Revenue Proposals for Investment</b>		<b>976,000</b>	
<b>Health and Safety Commitments</b>			
Regeneration	Asbestos removal	155,000	Programme of asbestos removal in council buildings. The council is required by legislation to manage asbestos in its properties and this requires the removal in some areas. Asbestos has to be identified and removed before construction works can commence
Regeneration	Legionella	275,000	The council has a duty to manage and control legionella within its buildings.
Regeneration	Statutory testing of building services and resulting work	300,000	Legislative requirement to undertake electrical testing and carry out resulting works
Regeneration	Freer Street structural works	350,000	Completion of options appraisal and implementation of resulting works required to address this building which has major structural issues. The options appraisal will conclude current thinking around available options i.e. demolition, refurbishment or re-location and the resulting costs associated with each.
Regeneration	Darlaston Bath roof	200,000	Complete replacement of the roof coverings and associated works required as a result of severe timber rot which is likely to spread to the main timber structure if not addressed in the near future.
Regeneration	EDC works to driveway to remove dangerous junction	25,000	Works to external circulation areas to address health and safety risks regarding separation of vehicles and pedestrians
Transport	Hatherton Road multi-story car park	200,000	This bid was originally intended for 2011/12 however this has now been brought forward to 2010/11 because it is extremely likely that initial structural / safety / aesthetic works will be needed. Small sections of the outside structure are beginning to fall away and damage vehicles below. The assessment as to the structural integrity and safety aspects is to commence as soon as possible and will assist estimating the value of any remedials. The lease with Network Rail requires that we keep the car park in good repair, but we are seeking to consider options available to the Council in this regard.
Environment	Memorial Safety	100,000	The Health and Safety Executive requires all burial authorities to control the risk associated with the operation of their cemeteries, including risks from unsafe memorials. This project provides funding for continual safety work on memorials.
<b>Sub-total Health and Safety Commitments</b>		<b>1,605,000</b>	
<b>Other Proposals</b>			
Environment	HSE works at depot	264,000	Works required following Health and Safety Executive inspection
Environment	Relocation of depot	1,000,000	Permanent move from existing to new depot facilities
Regeneration	Shop maintenance	120,000	Ongoing maintenance requirement and council obligation to tenants
Regeneration	Aids and Adaptations	1,500,000	To maintain independence for disabled clients in their own homes by providing relevant equipment and adaptations to property. In addition Private Sector Renovation Grant is received.
Regeneration	Civic building air condition replacement	100,000	The funding is to replace the gas in the system, upgrade coolers and replace the cooling tower with a dry system to reduce the risk of legionella
Regeneration	Planned property maintenance (Essential maintenance of non-education premises - back log of repairs)	500,000	Essential maintenance and repairs that have been identified in the rolling condition surveys. A programme of works has been produced

PORTFOLIO	PROJECT	CAPITAL 2010/11 £	COMMENTS
Regeneration	Willenhall Townscape Heritage Initiative	75,000	We are currently in advanced discussion with the Heritage Lottery Fund to consider options for the delivery of the Townscape Heritage Initiative including – an alternative delivery option to target key buildings / a reduced programme / an extended programme period / considering best practice from elsewhere given the changing economic picture.
Regeneration	Demolition of redundant buildings to save on rates	200,000	The authority has a number of vacant premises which all attract business rates. This proposal will remove the rates requirement and also associated site security issues
Transport	Highways Maintenance	950,000	This project is to safeguard progress already made in the condition of Walsall's classified highway network and maintain service levels.
Regeneration	Strategic acquisitions	1,000,000	The purchase of land strips to support and facilitate enhanced capital receipts.
Leisure and Culture	Sneyd reservoir overflow replacement	45,000	To replace outflow to allow the water level to be controlled and prevent flooding
Regeneration	Darlaston Scout Hut	55,000	Roof repairs, and to provide matchfunding to allow the organisation to apply for additional external funding to support their activities.
Transport	Lower Bridge Street swapping of taxi rank and disabled blue badge parking bays	70,000	Accommodation works for disabled users of the relocated blue badge parking bays.
Regeneration	Regenerating Walsall	370,000	This project uses funding to help pump-prime regeneration activity. This involves site investigations, demolition works, land assembly and preparation of planning applications to support projects that reflect strategic regeneration priorities. Most of the projects involve council owned land and their ultimate sale for development. The Gigaport project is supported by this funding.
<b>Sub-total Other Proposals</b>		<b>6,249,000</b>	
<b>OTHER SCHEMES SUB-TOTAL</b>		<b>8,830,000</b>	
<b>TOTAL SCHEMES</b>		<b>19,739,207</b>	

SUMMARY OF MAINSTREAM PROGRAMME BY PORTFOLIO	2010/11
Children's Services	3,657,406
Communities and Partnerships	300,000
Environment	1,615,801
Finance and Personnel	1,950,000
Leisure and Culture	245,000
Regeneration	7,125,000
Social Care, Health and Housing	900,000
Transport	3,946,000
<b>TOTAL BY DIRECTORATE</b>	<b>19,739,207</b>

**CAPITAL PROGRAMME 2010/11: Mainstream Reserve List**

PORTFOLIO	PROJECT	CAPITAL BIDS 2010/11	Priority High/Medium/Low	COMMENTS
<b>RESERVE LIST SCHEMES</b>				
Finance and Personnel	Investing in Working Smarter programme	1,000,000	High	The programme is intended to deliver a business case for the radical overhaul of the way the council operates, is structured and deals with its customers, investment in the council's critical business infrastructure to support modern business practices and a phased plan that implements the new ways of working and organisational structures and processes in a way that is controlled and governed by the Cabinet and Corporate Management Team. Areas of focus will be enabling customer contact points and staff to deliver more for customers, the information and technology infrastructure required to deliver this new model, a drive towards self-service for our customers, reducing red tape, form-filling and long winded processes, streamlining support functions, reducing central support charges and over heads for public services and establishing a new structure and model of operation for the Council.
Regeneration	Walsall Town Hall toilet refurbishment	40,000	High	Refurbishment of four toilets within Walsall town hall, including wall finishes and associated works
Regeneration	One stop shop	5,000	High	Replace existing floor coverings with anti-slip covering to prevent slips, trips and falls.
Regeneration	Former Moxley junior school	50,000	High	Work to secure the building and address health and safety issues
Social Care and Health	Personalisation - Refresh of ICT and PARIS	150,000	High	This will provide an 'end to end' ICT solution which will replace current, disparate and insufficient systems, resulting in a process which will link care management and financial spend in an efficient, reliable and robust way.
Regeneration	Accommodation Review	TBD	High	Linked to a borough wide accommodation review (including relevant partners and service providers) on the mainstream programme - for feasibility study / accommodation review. This will only proceed once funding and affordability has been approved.
Regeneration	Green Rivers	200,000	Medium	To re-provide a local community run facility to support the development of activities for local young people in response to identified needs in the locality.
Regeneration	Roof of link bridge to Civic Centre	75,000	Medium	Replace failed roof coverings and associated works to link bridge to prevent further deterioration of roof structure
Regeneration	Room 17a Council house air conditioning	90,000	Medium	Replacement of existing redundant air conditioning unit which is beyond economic repair
Regeneration	Civic Centre - supply/extract motors	60,000	Medium	Replace supply/extract motors with inverter control which are beyond economic repair and serve the heating and ventilation system
Regeneration	Leckie Sons of Rest - Arboretum (£230k)	230,000	Medium	Structural repairs to balcony and adjacent structures. These works are a pre-requisite of the Heritage Lottery Fund approving funding for a major improvement scheme in the Arboretum
Finance and Personnel	Contingency	45,000	Medium	To manage unforeseen expenditure following budget approval in February 2010.
Regeneration	Darlaston Town Hall replacement kitchen	100,000	Low	Demolition of the existing prefabricated kitchen which is inadequate to meet the modern requirements of a commercial kitchen.
<b>TOTAL RESERVE LIST</b>		<b>2,045,000</b>		



Portfolio	Project	2010/11 * £'000	Funding body
Children's Services	Devolved Formula Capital	4,772,102	Department for Children, Schools and Families
Children's Services	Modernisation	3,003,360	Department for Children, Schools and Families
Children's Services	Extended schools	277,901	Department for Children, Schools and Families
Children's Services	Harnessing Technology	1,101,784	Department for Children, Schools and Families
Children's Services	Childrens centres - phase 3	241,350	Department for Children, Schools and Families
Children's Services	Primary capital programme	6,735,729	Department for Children, Schools and Families
Children's Services	Early years capital grant	1,015,217	Department for Children, Schools and Families
Children's Services	14-19 diplomas, special educational needs and disabilities	6,000,000	Department for Children, Schools and Families
Children's Services	Childrens centres - maintenance	105,248	Department for Children, Schools and Families
Children's Services	Aiming High for Disabled Children	273,600	Department for Children, Schools and Families
Children's Services	Youth Capital fund	181,600	Department for Children, Schools and Families
<b>TOTAL CHILDREN'S SERVICES</b>		<b>23,707,891</b>	
Communities and Partnerships	Safer Stronger Community Fund	106,655	Home Office
<b>TOTAL COMMUNITIES AND PARTNERSHIPS</b>		<b>106,655</b>	
Environment	Waste Infrastructure Capital Fund	150,000	Department for Environment, Food and Rural Affairs
<b>TOTAL ENVIRONMENT</b>		<b>150,000</b>	
Leisure and Culture	Walsall Children's Play Portfolio	320,000	Big Lottery
Leisure and Culture	Walsall Arboretum Restoration Programme	762,000	Heritage Lottery and others
Leisure and Culture	Palfrey Park Restoration Programme	296,500	Cory Environmental Trust
Leisure and Culture	Pelsall Health Centre, Children's Centre and Library	2,450,000	Department for Children, Schools and Families and NHS
Leisure and Culture	Playbuilder	599,369	Department for Children, Schools and Families and NHS
<b>TOTAL LEISURE AND CULTURE</b>		<b>4,427,869</b>	
Regeneration	Disabled Facilities Grant	1,215,000	Regional Housing Executive
Regeneration	Aids and adaptations	2,662,400	Regional Housing Executive
Regeneration	AWM	95,000	Advantage West Midlands
Regeneration	HLF	120,319	Heritage Lottery Fund
Regeneration	Willenhall Townscape Heritage Initiative - HLF	150,000	Heritage Lottery Fund
Regeneration	VIEW	75,000	Visionary Investment Enhancing Walsall
Regeneration	Waterfront South Phase 2 - Growth Point	247,000	Homes and Communities Agency
<b>TOTAL REGENERATION</b>		<b>4,564,719</b>	
Social Care and Health	Social Care Single Capital Pot	129,000	Department of Health
Social Care and Health	Mental Health Single Capital Pot	137,000	Department of Health
Social Care and Health	Information for Social Care Grant	100,858	Department of Health
<b>TOTAL SOCIAL CARE AND HEALTH</b>		<b>366,858</b>	
Transport	Local Transport Plan Integrated Transport	3,047,000	Department for Transport
Transport	Development of Highway Asset Inventory	47,500	Department for Transport (LTP)
Transport	Road Safety Partnership	31,272	Department for Transport
Transport	Bus Showcase	2,000,000	Department for Transport
Transport	Darlaston Project Development	150,000	Department for Transport
Transport	Red Routes	2,400,000	Department for Transport
<b>TOTAL TRANSPORT</b>		<b>7,675,772</b>	
<b>TOTAL EXTERNALLY FUNDED</b>		<b>40,999,764</b>	

\* Final allocations are not always available - the above are based on latest available data and may change.

## LEASING PROGRAMME 2010/11

PORTFOLIO	2010/11 DRAFT LEASING PROGRAMME			
	NEW CAPITAL EXPENDITURE	REVENUE IMPLICATIONS		
		NEW STARTS	CURRENT LEASES	TOTAL
	£' 000s	£' 000s	£' 000s	£' 000s
<b><u>Environment</u></b>				
Catering - Vehicles	0	0	2	2
Street Pride - Equipment	0	0	42	42
Street Pride - Vehicles	251	11	323	334
Public Protection - Equipment	0	0	6	6
<b><u>Vehicles - Fleet Services Budget</u></b>				
Mayoral/Markets	49	5	25	30
CIPS	0	0	25	25
Print & Design	0	0	5	5
Public Protection	73	1	0	1
Street Cleansing	562	56	67	123
Leisure, Culture & Lifelong learning	8	1	209	210
ICT	0	0	6	6
Housing - WHG				
Waste	2030	58	758	816
Social Care & Inclusion	1179	102	224	326
Grounds Maintenance	171	17	304	321
Highways	0	0	5	5
Engineering & Town Planning	19	0	12	12
Fleet Services	198	20	7	27
Catering	128	2	17	19
<b>TOTAL - ENVIRONMENT</b>	<b>4,668</b>	<b>273</b>	<b>2,037</b>	<b>2,310</b>
<b><u>Social Care, Health &amp; Housing</u></b>				
Social Care & Inclusion - Equipment	0	0	92	92
Social Care & Inclusion - Vehicles	0	0	26	26
<b>TOTAL - SOCIAL CARE, HEALTH &amp; HOUSING</b>	<b>0</b>	<b>0</b>	<b>118</b>	<b>118</b>
<b><u>Business Support Services</u></b>				
Print Room - Equipment	0	0	67	67
Strategic Transformation - Equipment	0	0	1	1
<b>TOTAL - BUSINESS SUPPORT SERVICES</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>67</b>
<b>TOTAL LEASING PROGRAMME</b>	<b>4,668</b>	<b>273</b>	<b>2,222</b>	<b>2,495</b>

Note that the revenue implications have been calculated using an indicative rate per £'000 which will fluctuate with market conditions

## **TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2010/11 ONWARDS**

Walsall Council has a successful track record of effective treasury management, securing low cost borrowing to fund capital investment. Our aim is to continue to do so within the requirements of the prevailing policies and codes of practice.

In order to achieve our aim:

1. All borrowing and/or investment activity will be carried out in accordance with the approved treasury management strategy and treasury policy statements and within approved prudential indicators, having the highest regard for prudence, affordability and sustainability in the longer term. All officers involved in treasury management must follow approved treasury management policies.
2. Appropriate use will be made of the Code for capital investment within approved prudential indicators and subject to medium term affordability.

Specific objectives have been developed to measure and guide borrowing and investment activities. These being:

### **BORROWING OBJECTIVES**

Our 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.

### **Specific Borrowing Objectives**

- Full compliance with the Prudential Code
- Actual debt as a proportion of operational debt range is maintained at between 80%- 95%
- Average interest rate for internally managed debt will be less than 4.7%
- Average interest rate for total debt (including other local authority debt) will be less than 4.85%
- Average maturity date between 20 and 25 years
- Capital financing costs as a percentage of the government's assumed level of Walsall's capital financing costs < 90%
- The gearing effect on capital financing estimates of 1% increase in interest rates increase must not be greater than 5%.

## **KEY OBJECTIVES FOR INVESTMENT**

The general policy objective for this council is the prudent investment of its treasury balances

- The council's investment priorities are:
  - The security of capital and
  - 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.

### **Specific Investment Objectives**

- Average interest rate received on short term investment to be > 1 %
- Average interest rate received on STI Versus 7 day Libid rate – 0.1%
- Average rate on all investments >1.25%
- % daily bank balances within a target range of 98%
- A maximum of £25m is invested over a period over 365 days.

### **Counter Party Principles**

#### Approved Organisations for Investments

Only organisations that are eligible to receive investments from local authorities may be used.

The maximum limit for investment with any single organisation shall be no more than £15 million, with the exact amount in accordance with each individual institution's credibility and credit rating:

- Only invest in organisations we are familiar with
- Only invest in products we understand.

Only banks and institutions with a national credit rating of 1 will be used.

Unrated Building Societies may be used providing reference to and analysis of their size, profitability and proportion of free capital is undertaken and proves satisfactory.

Specified and non specified investments may be undertaken, specified investments being deposits for time periods less than 365 days and non specified being over 365 days.

### Specified and Non specified Investments

Specified investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the council has the right to be repaid within 12 months if it so wishes.

Subject to the above criteria this includes investments with:

1. The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A UK local authority, parish council or community council.
4. An investment scheme that has been awarded a high credit rating by a credit rating agency.
5. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society).

For category 4 this covers Money Market Funds rated **AAA** by Standard and Poor's, Moody's or Fitch rating agencies.

For category 5 this covers bodies which have been awarded a high credit rating by a credit rating agency (either Standard and Poor's, Moody's Investment Service Ltd or Fitch ratings Ltd).

Within these bodies the council has set additional criteria to set the time and amount of monies which will be invested in these bodies, which is formally reviewed by the treasury management panel on a quarterly basis.

### Non-Specified Investments

Non-specified investments are any other type of investment which are not classified as Specified Investments.

## **ANNUAL MRP STATEMENT 2009/10 revised and 2010/11**

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 2009/10 and 2010/11 the authority will be adopting the following policies in determining the MRP:

1. For any capital expenditure carried out prior to 31 March 2008 the authority will be adopting the regulatory method (Option 1). This is where the MRP will be 4% of the opening capital financing requirement (CFR) (which has been adjusted as per the 2003 regulations).
2. For any capital expenditure carried out after 1 April 2008 being financed by unsupported 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.
3. For any capital expenditure carried out after 1 April 2008 being financed by Government supported funding the authority will again be adopting the regulatory method (option 1). Where the authority considers the capital expenditure to have added significantly to the lifespan of the asset, it will set aside funds for repayment in line with the appropriate life span of the asset type.
4. 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 beginning to make MRP until the financial year following the one in which the asset becomes operational, there will be an annual adjustment for assets under construction.

The regulatory method is the calculation of MRP under the previous regulations. MRP was set at a uniform rate of 4% of the adjusted capital financing requirement (CFR) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach must continue for all capital expenditure incurred in years before the start of the capital financing regulations 2008.

### **Finance Leases**

In accordance with legislation the council will make a MRP for finance leases equivalent to the principal payment contained within the lease terms.

## PRUDENTIAL INDICATORS FOR 2010/11, 2010/11 &amp; 2011/12

National and local indicators that will be monitored are detailed below. Their aim is to ensure the three principles contained within the prudential code are complied with, i.e.: affordability, prudence and sustainability.

**National Prudential Indicators**

**Table 1** details the proposed national prudential indicators for Walsall council from 2010/11 to 2012/13. More details on prudential indicators 11 and 12 are shown in table 2.

<b>Table 1: National Prudential Indicators 2010/11 to 2012/13</b>				
<b>No.</b>	<b>Indicator</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>PCI 1</b>	<b>Total capital expenditure</b>	60,739	29,870	29,209
Reduces in later years due to uncertainty on the level of future grants and other resources.				
<b>PCI 2</b>	<b>Estimates of the ratio of financing costs to the net revenue stream</b>	10.61%	9.7%	9.4%
Compared to other councils Walsall's is very low, most financing costs will continue to be funded from central Government. The local indicator of comparison of the unsupported financing costs to revenue stream (L3) provides more appropriate information on the level of costs funded from council's own resources.				
<b>PCI 3</b>	<b>Estimates of the council tax that would result from the expenditure plans.</b>	£9.42	£1.99	£7.53
This is a notional amount indicating the amount of council tax band D that is affected by unsupported borrowing (USB).				
<b>PCI 4</b>	<b>Estimates of capital financing requirement.</b>	273,140	275,383	268,704
This represents the underlying level of borrowing needed to finance historic and future capital expenditure. To ensure that net borrowing will only fund capital, except in the short term, net external borrowing should not exceed the total capital financing requirement (CFR) in the preceding year plus estimated capital financing needs for the current and next two years.				
<b>PCI 5</b>	<b>Authorised limit for external debt.</b>	353,047	355,403	348,389
The council may not breach the limit it sets, so it is important to allow prudent room for uncertain cash flow movement, one-off statutory payments and borrowing in advance of future need.				
<b>PCI 6</b>	<b>Operational boundary for external debt.</b>	298,140	300,383	293,704
This has been set at the level of the capital financing requirement plus an estimation for adjustments arising from the introduction of international financial accounting regulations.				
<b>PCI 7</b>	<b>Net Borrowing exceeds Capital Financing Requirement</b>	<b>No</b>	<b>No</b>	<b>No</b>
The CFR represents the underlying level of borrowing needed to finance historic capital expenditure. Actual net borrowing should be lower than this because of strong positive cash flow and balances. It would be a cause for concern if net borrowing exceeded CFR.				

<b>PCI 8</b>	<b>Compliance with CIPFA Code of Practice for TM in the Public Services.</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
To ensure that treasury management activity is carried out within best professional practice.				
<b>PCI 9</b>	<b>Upper limits on fixed interest rate exposures.</b>	<b>95%</b>	<b>95%</b>	<b>95%</b>
The council cannot control interest rates, but a relatively high degree of interest cost stability can be achieved by limiting its exposure to variable rates and by managing the long-term debt maturity profile so that not too much fixed rate debt will mature in any year.				
<b>PCI 10</b>	<b>Upper limits on variable interest rate exposures. 3.</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>
See comment under PCI 9.				
<b>PCI 11</b>	<b>Lower limits for the maturity structure of borrowings: 4.</b>	<b>See Table 2</b>		
Stability can also be managed by the long-term debt maturity profile so that not too much fixed rate debt will mature in any year.				
<b>PCI 12</b>	<b>Upper limits for the maturity structure of borrowings:</b>	<b>See Table 2</b>		
See comment under PCI 9.				
<b>PCI 13</b>	<b>Upper limit for principal sums invested for periods longer than 364 days.</b>	<b>£25,000,000</b>	<b>£25,000,000</b>	<b>£25,000,000</b>
The council is at risk when lending temporarily surplus cash. The risk is limited by investing surplus cash in specified investments and by applying lending limits and high credit worthiness. These are kept under constant review.				

<b>Table 2 Prudential Indicators: Additional Information</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>PCI 11. Lower limits for the maturity structure of borrowings:</b>			
- 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	10%	10%	10%
- 10 years and above	40%	40%	40%
<b>PCI 12. Upper limits for the maturity structure of borrowings:</b>			
- Under 12 Months	15%	15%	15%
- 12 months and within 24 months	20%	20%	20%
- 24 months and within 5 years	25%	25%	25%
- 5 years and within 10 years	50%	50%	50%
- 10 years and above	85%	85%	85%



**Local Prudential Indicators:** Table 3 sets out local prudential indicators proposed for 2010/11 to 2012/13.

<b>Table 3: Local Prudential Indicators 2010/11 to 2012/13</b>				
<b>No.</b>	<b>Indicator</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
<b>L.1</b>	<b>Full compliance with Prudential Code</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>L.2</b>	<b>Average length of debt</b>	<b>20 to 25 years</b>	<b>20 to 25 years</b>	<b>20 to 25 years</b>
This is a maturity measure and ideally should relate to the average lifespan of assets.				
<b>L.3</b>	<b>Ratio of unsupported financing costs to revenue stream</b>	<b>2.4%</b>	<b>2.8%</b>	<b>2.2%</b>
Provides an indication of the significance of USB in relation to the total net budget. A low % means that the council is using low level of own resources to fund USB.				
<b>L.4</b>	<b>Actual debt versus operational debt</b>	<b>92.7%</b>	<b>93.2%</b>	<b>95.5%</b>
This assists the monitoring of the authority's debt position.				
<b>L.5</b>	<b>Average interest rate of debt excluding OLA</b>	<b>4.70%</b>	<b>4.70%</b>	<b>4.70%</b>
	<b>Average interest rate of debt including OLA</b>	<b>4.85%</b>	<b>4.85%</b>	<b>4.85%</b>
This is a recognised measure of debt management performance. The measure should be as low as possible. Other Local Authority debt (OLA) is managed on our behalf by Dudley council				
<b>L.6</b>	<b>Gearing effect on capital financing costs of 1% increase in interest rate</b>	<b>5.0%</b>	<b>6.3%</b>	<b>5.0%</b>
This relates risk management principles to the monitoring of the TM strategy. It measures the effect of a change in national interest rates and the effect it may have on the capital financing costs.				
<b>L.7</b>	<b>Average interest rate received on STI Versus 7 day LIBID rate</b>	<b>0.10%</b>	<b>0.10%</b>	<b>0.10%</b>
The council aims to be gain interest on surplus funds higher than the 7 day LIBID rate. This measures performance in a changing economic context. .				
<b>L.8</b>	<b>Average interest rate received on short term investments</b>	<b>1.00%</b>	<b>2.00%</b>	<b>2.50%</b>
A recognised PI for measuring the performance of return on investments.				
<b>L.9</b>	<b>Average rate on all investments</b>	<b>1.25%</b>	<b>2.25%</b>	<b>3.0%</b>
As L8 but includes investments longer than 364 days.				
<b>L.10</b>	<b>% daily bank balances within target range</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>
This measures how good our daily cash flow prediction is. A figure of 98% indicates high level of accuracy.				

The monitoring of the indicators supports budget monitoring and will be undertaken monthly and considered quarterly by the finance treasury management panel that reports to the finance service's senior management team including the Chief Finance Officer.

## TREASURY LIMITS AND BORROWING LIMITS

It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “affordable borrowing limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the act.

The council's long term borrowing position at 31.12.09 comprised:

<b>Table 1 – Summary of Borrowing Portfolio as 31.12.09</b>				
		£ m	£ m	Average rate %
Fixed rate funding	PWLB	115.282		4.66%
	Market	122.000	237.282	4.65%
Variable rate funding	PWLB	-		
	Market			
Other Long term Liabilities	Finance Leases	0.674		
	OLA	26.580	27.254	6.70%
Total Borrowing			264.536	4.85%
Debt reimbursed	Waste disposal		-8.650	
Net Borrowing			255.886	

The council must have regard to the Prudential Code when setting the authorised limit, which essentially requires it to ensure that total capital investment remains within sustainable and affordable limits and, in particular, that the impact upon its future council tax is ‘acceptable’. Whilst termed an “affordable borrowing limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set on a rolling basis for the forthcoming financial year and two indicative successive financial years. It includes the capital financing requirement, a contingency for unexpected cash flow movements and possible approved additional capitalisation. The council has set an operational limit - this is a level set under the authorised limit and is monitored against. The operational and authorised limits have also been adjusted for the introduction of international financial regulations which requires sums relating to PFIs and finance leases to be added. Councils are able to borrow in advance of future capital spend up to 3 years however latest guidance recommends that this should only be undertaken where there is a clear business case.

**Table 2** shows the estimate of mainstream borrowing from 2010/11 to 2012/13 to support the capital programme. It shows a borrowing requirement of £28.185m over the next 3 years. During this period the authority plans to set aside for £36.6m debt repayment so there is not currently expected to be any net increase in borrowing.

<b>Table 2 – Estimate of Borrowing 2010/11 to 2012/13 (£M)</b>			
<b>Capital Resources</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Supported borrowing	4.874	4.874	4.874
Unsupported borrowing	10.216	1.673	1.673
<b>Total borrowing</b>	<b>15.090</b>	<b>6.547</b>	<b>6.547</b>

In addition to the USB allocated to specific schemes, a further £1m will be earmarked for projects that may come along throughout the year that can demonstrate with thorough option appraisal that they are self funding.

## Economic Outlook and Interest Rate Forecast

Part of the council's treasury adviser service is to assist the council to formulate a view on interest rates. The table takes into account other City forecasts for short term (Bank Rate) and longer fixed interest rates.

Sector's interest rate forecast is as follows:

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	1.50%	2.25%	2.75%	3.25%	3.50%	3.75%	4.25%	4.25%	4.50%
5yr PWLB rate	2.85%	3.05%	3.20%	3.30%	3.40%	3.60%	3.85%	4.15%	4.55%	4.60%	4.80%	4.80%	4.85%	4.85%
10yr PWLB rate	3.90%	4.00%	4.05%	4.15%	4.30%	4.45%	4.60%	4.80%	4.90%	5.00%	5.10%	5.10%	5.15%	5.15%
25yr PWLB rate	4.40%	4.55%	4.65%	4.70%	4.80%	4.90%	5.00%	5.05%	5.10%	5.20%	5.30%	5.30%	5.35%	5.35%
50yr PWLB rate	4.45%	4.60%	4.70%	4.75%	4.90%	5.00%	5.10%	5.15%	5.20%	5.30%	5.40%	5.40%	5.45%	5.45%

### Sector's View

- Sector recognises that at the current time it is difficult to have confidence as to exactly how strong the UK economic recovery will prove to be. Both the above scenarios are founded on major assumptions and research which could or could not turn out to be correct.
- Sector has adopted a more moderate view between the two scenarios outlined below i.e. a moderate return to growth.
- However the risks that long term gilt yields and PWLB rates will rise markedly are high.
- There are huge uncertainties in all forecasts due to the major difficulties of forecasting the following areas: -
  - degree of speed and severity of fiscal contraction after the general election
  - timing and amounts of the reversal of Quantitative Easing,
  - speed of recovery of banks' profitability and balance sheet imbalances
  - changes in the consumer savings ratio
  - rebalancing of the UK economy towards exporting and substituting imports
- The overall balance of risks is weighted to the downside i.e. the pace of economic growth disappoints and Bank Rate increases are delayed and / or lower
- There is an identifiable risk of a double dip recession and deleveraging creating a downward spiral of falling demand, falling jobs and falling prices and wages leading to deflation but this is considered to be a small risk and an extreme view at the current time on the basis of current evidence.

## **Economic Background**

### **Introduction**

- The credit crunch storm of August 2007 eventually fed through to the near collapse of the world banking system in September 2008. This then pushed most of the major economies of the world into a very sharp recession in 2009 accompanied by a dearth of lending from banks anxious to rebuild their weakened balance sheets. Many governments were forced to recapitalise and rescue their major banks and central banks precipitately cut their central bank rates to 0.10 – 1.00% in order to counter the recession.
- The long awaited start of growth eventually came in quarter 3 2009 in the US and the EU. However, there was disappointment that the UK failed to emerge from recession in quarter 3.
- Inflation has plunged in most major economies and is currently not seen as being a problem for at least the next two years due to the large output gaps and high unemployment putting a lid on wage growth. In many countries there have been widespread pay freezes in 2009 and these are likely to be persistent for some time.
- Deflation could become a threat in some economies if they were to go into a significant double dip recession.
- Asian countries, especially China, are buoying world demand through their own stimulus measures.
- There still needs to be a radical world rebalancing of excess savings rates by cash rich Asian and oil based economies and excess consumption rates in Western economies if the world financial system is not to avoid a potential rerun of this major financial crisis in years to come.
- Most major economies have resorted to a huge expansion of fiscal stimulus packages in order to encourage a fast exit from recession. This, together with expenditure on direct support provided to ailing banks, has led to a drastic expansion in government debt levels which will take many years to eliminate and to restore the previous health of national finances.

### **Two growth scenarios**

The current big issue is 'how quickly will the major world economies recover?' There is a sharp division of opinion on this question

#### **Strong recovery:**

This is a normal cyclical recovery which will be strong in the major world economies. The US still has potential to add further fiscal stimulus in 2010 to ensure that strong recovery continues after the current round of stimulus measures end. Growth in the EU is likely to be strong in 2010 and not require such help.

#### **The UK:**

- GDP growth will almost get back to the long term average of about 2.5% in 2011 but is likely to peak in the first half of the year as inventory rebuilding and stimulus measures fade and fiscal contraction kicks in later in the year.
- The economy will rebalance with strong growth in exports and import substitution helped by strong recovery in the EU and the rest of the world.
- Sterling has depreciated by 25% since the peak in 2007 and is likely to stay weak.

- Consumer spending – only a mediocre recovery is expected due to a steady increase in the savings ratio from +5.6% in 2009 to about 8% in 2011 as consumers pay down debt or build cash balances. Consumer incomes will be held down by wage freezes and increases in taxation.
- House price recovery is expected to persist helped by a low Bank Rate for a prolonged period; the peak to trough fall in house prices is now expected to be no more than 20%. House prices to rise by about 6% in 2010, and 3% in 2011; mortgage approvals will rise back to the level of 75 - 80,000 per month needed to ensure a continuation of a trend of rising house prices.
- CPI inflation to peak @ 2.5% in early 2010 after the rise in VAT in January but then to fall to a trough near 1.5% in early 2011 and to stay below 2% for the rest of 2011.
- The current MPC attitude is one of hang on as long as possible before increasing Bank Rate. The aim of this would be to try to ensure that growth gets going at a decent rate and that Bank Rate gets back to 4 – 5% before the next recession and that all assets purchased through QE have been sold off by then. The first Bank Rate increase is expected in Q3 2009.
- If a Conservative Government comes to power in 2010 with a more aggressive fiscal approach then this could delay the timing of Bank Rate starting to go up.
- The fiscal deficit is 6.4% of GDP, about £90bn, which is expected to fall at £11bn p.a. over eight years at currently planned rates. This is similar to the peak deficit of 7% in 1990s which was remedied to a surplus of 1.6% in the space of 6 years helped by strong, steady economic growth of 3% p.a. supported by loose monetary policy that compensated for the fiscal squeeze.
- Gilt yields, especially longer term ones, are currently artificially low due to the Bank of England's Quantitative Easing operations. £200bn of gilts, commercial bonds and paper are being purchased under this scheme which has inflated prices and depressed yields. Once this campaign ends, yields will inevitably rise but will also rise due to the huge level of issuance of new gilts to finance the fiscal deficit. Long gilt yields are therefore forecast to reach 6% during 2011.
- Gilt yields could rise higher if there was a hung Parliament in 2010 or if the fiscal situation deteriorates further.
- The major risk to this scenario would be a lack of supply of bank credit. However, it is felt that the Bank of England is on alert to ensure that this does not happen and would continue various measures to assist the expansion of credit.

### **Weak recovery:**

- The current economic cycle is not a normal business cycle but a balance sheet driven cycle. Over borrowed banks, corporates and consumers are focused on shrinking their levels of borrowing to more viable and affordable levels and this balance sheet adjustment will take several years to be effected. Repayment of debt will therefore act as a major head wind to the required increase in demand in the economy. Consequently there will only be weak economic recovery over the next few years after the initial sharp inventory rebuilding rebound fades. GDP growth is forecast to reach only +1.5% in 2011.
- Fiscal contraction will further dampen economic recovery driven by a strong political agenda to accelerate cuts in expenditure and increases in taxation after the general election in 2010.
- The consumer savings ratio will rise so as to eliminate over borrowing and to insure against people losing their jobs during this downturn. This will depress consumer expenditure, the main driver of the UK economy.

- Growth will also be hampered by a reduced supply of credit from weakened banks compounded by weak demand for credit.
- The eventual reversal of Quantitative Easing will take cash out of the economy and reduce demand in the economy.
- Unemployment is likely to rise to near to 3m in 2010 and take years to subside due to weak growth. High unemployment will reduce tax income and increase expenditure on benefits and the costs of local authority services.
- Inflation will not be a threat for several years as the current 6% output gap will take until 2014 to be eliminated.
- However, deflation is a major danger for some years: the major falls in manufacturing prices over the last 12 -18 months have still to feed through to the economy and then to impact wage deflation.
- CPI inflation will blip up over 2% in early 2010 but will then be on a strong downward trend to about -1% in 2011.
- There is no need for the MPC to change Bank Rate from 0.5% in 2010 or 2011 and possibly for 5 years as they will need to counter the fiscal contraction which will dampen demand in the economy.
- Long PWLB rates will FALL from current levels to near 4% in 2010 due to weak economic recovery and minimal inflation so that the real rate of return (net of inflation) on long gilts is healthy at these low levels

## GLOSSARY OF TERMS

TERM	DEFINITION
Authorised Limit	Level of debt set by the council that must not be exceeded.
Base budget	The amount required for services to continue at their current level, only adjusted from the previous years budget for inflationary pressures, not changes in service levels provided.
Billing authority	Walsall council is the billing authority responsible for the collection of the council tax and non-domestic rates which includes amounts from the local precepting authorities – the West Midlands Fire and Civil Defence and Police Authorities.
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.
Central contingency	A small budget set aside each year to cover unforeseen items of expenditure.
Collection fund	A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of council tax, NNDR and residual community charge accounts.
Council tax	The tax levied on domestic properties, which depends on the 'band' of value for the property based on estimated property values at 1 April 1991.
Council tax base	The total number of band D equivalent properties upon which the council tax can be levied.
Counter party limits	Maximum amount that the council may lend to other institutions will vary according to size and credit rating of other intuitions.
Dampening	Formula Grant funding from Central Government is a finite resource and funds are distributed on the basis of formulae and demographic factors. Government ensures that all local authorities receive at least a guaranteed minimum increase in grant year-on-year. Authorities receiving grant in excess of the minimum must contribute funds to enable every council to be raised up to the minimum percentage increase. The contributor's grant is said to have been 'dampened' or lessened. Walsall is a contributor.
Dividends	Sum to be payable as interest on loan.
ECB	European Central Bank
Financial strategy	The policy whereby the council establishes the financial principles upon which it builds its revenue and capital budgets.
Formula Grant (FG)	A central Government mechanism of dividing up resources to local Government allocated from the Government comprehensive spending review.



General fund	The main revenue account of the council which brings together all income and expenditure other than that recorded in the collection fund or housing revenue account. (Following large scale voluntary transfer of it's housing stock in March 2003, Walsall no longer maintains a separate housing revenue account).
I-procurement	A system where goods and services are purchased electronically rather than through manual ordering systems which is intended to generate longer term savings through economies of scale and a paperless office environment.
Investment bids / strategic choices	The process by which the council establishes its changing needs and priorities for the coming year. It starts with managers submitting bids for additional funding above that included in the base budget. The submissions then go through a rigorous challenge process including director and councillor appraisal before successful bids are approved by members when the budget is set in February.
Investments	The employment of money with the aim of receiving a return.
Levies	Charges made upon the authority by organisations which serve various authorities.
LIBID	London Interbank Bid Rate (the rate that banks are willing to borrow from other banks)
LIBOR	London Interbank Offered Rate (the rate that banks offer to lend to other banks)
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.
Mainstream funding	Mainstream funding includes supported borrowing, unsupported borrowing and capital receipts which are all described elsewhere in the glossary.
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.
Medium term financial strategy	A document which sets out the principles the council adopts in strategically planning its finances and setting and managing its budget.
MPC	Monetary Policy Committee – group that sets the bank base rate for the Bank of England
National non-domestic rates (NNDR)	A tax levied on business properties, also referred to as business rates. NNDR poundage is set annually by the government. Rates based on properties' rateable values are collected by billing authorities and paid into a national pool. The proceeds are then redistributed by central government as a grant to local authorities on a population basis.
Net budget requirement	The amount of council spending needed to be financed following the receipt of specific grants and use of reserves, to be met from revenue support grant, national non-domestic rates and council tax.
Non specified investments	Investments with a maturity exceeding a year
Operational Boundary	An indicator of the level day the authority expects during day to day treasury management activities
Other Local Authority Debt	Debt that is owed by one local authority to another local authority.
PFI	Private Finance Initiative
Policy led budgeting	A system of budgeting where resources are linked to council priorities to ensure that projects with the highest priority receive the funding

	necessary to implement them.
Precepting authority	An authority e.g. police and fire which sets a 'precept' on billing authorities, who collect it on their behalf.
PWLB	Public Works Loan Board, a central government body providing loans to councils.
Prudential Code	A framework of policies and working practices to ensure that local authorities' capital investment plans are affordable, prudent and sustainable.
Recharges	A charge made between services within the council.
Regulator Method	Principle of calculating the amount of money to be set aside for the repayment of debt as defined by the government.
Reserves	The total level of funds the authority has accumulated over the years. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves (also known as balances general reserves) arise from an accumulation of previous years surpluses and deficits and are available to support revenue expenditure.
Revenue expenditure	Expenditure on the day-to-day running costs of services e.g. employees, premises, furniture and equipment.
Revenue support grant (RSG)	Part of Formula grant paid by central government. Significantly less now due to Education being funded by specific grant.
Short Term Borrowing	Borrowing of money for a term of up to 364 days.
Stock	Subscribed capital of trading company, or public debt of nation, municipal corporation etc regarded as transferable property
Subjective analysis	An analysis of expenditure by type of expenditure e.g. employees and premises.
Supported borrowing	Borrowing where interest and repayment costs are supported by government revenue grants.
Temporary borrowing	Borrowing of money for a term of up to 364 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.
Transfer payments	Payments to individuals for which no goods or services are received in return by the local authority e.g. care for the elderly.
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.