

General Fund Summary 2016/17

	Original Budget 2015/2016 £	Forecast Outturn 2015/2016 £	Original Budget 2016/2017 £	Per Band D Property 2016/2017 £
Service Targets				
Chief Executive				
Corporate Management	1,036,000	444,000	431,000	6.16
Improvement & Efficiency	21,461,000	0	0	0.00
Governance	3,204,000	0	0	0.00
Strategic Resources	7,831,000	0	0	0.00
Assistant Chief Executive	0	28,401,000	27,706,000	396.29
	33,532,000	28,845,000	28,137,000	402
People				
Adult Social Care, Health & Well Being	84,075,000	82,818,000	90,857,000	1,299.55
Childrens	59,100,000	64,413,000	63,765,000	912.05
Schools	3,414,000	0	0	0.00
Public Health	1,083,000	4,301,000	0	0.00
	147,672,000	151,532,000	154,622,000	2,212
Place				
Homes & Communities	4,764,000	0	0	0.00
Regeneration and the Economy	17,020,000	16,433,000	17,492,000	250.19
Waste & Transport	2,393,000	0	0	0.00
Neighbourhoods	18,370,000	22,634,000	20,539,000	293.78
	42,547,000	39,067,000	38,031,000	544
Total Service Targets	223,751,000	219,444,000	220,790,000	3,158
Central Items	34,879,000	31,661,000	34,999,880	500.61
Capital Charge Adjustment	-25,877,000	-28,207,000	-26,709,000	-382.03
Revenue Contribution Towards Capital	0	0	0	0.00
Contingency	2,391,818	2,450,818	968,756	13.86
Total Service Projections	235,144,818	225,348,818	230,049,636	3,290
External Interest Payments	20,008,000	20,188,000	18,351,856	262.49
Interest / Dividend Receipts	-1,710,000	-1,710,000	-1,241,000	-17.75
Total Expenditure	253,442,818	243,826,818	247,160,492	3,535
Changes in Balances - General	-1,600,000	-1,600,000	0	0.00
Changes in Balances - Services	-9,346,000	270,000	-12,095,000	-173.00
Changes in Balances - Schools	0	0	0	0.00
Changes in Balances - Earmarked Funds	0	0	0	0.00
Net Cost of Borough Services	242,496,818	242,496,818	235,065,492	3,362
West Midlands Integrated Transport Levy	14,837,000	14,837,000	14,078,000	201.36
West Midlands Magistrates Courts	40,000	40,000	40,000	0.57
Environment Agency (Flood Defence Levy)	92,000	92,000	80,000	1.14
Net Borough Expenditure	257,465,818	257,465,818	249,263,492	3,565
Less:				
Funding:				
Revenue Support Grant	81,661,000	81,661,000	67,424,828	964.40
Retained Business Rates	50,400,753	50,400,753	51,669,651	739.05
Business Rates Top Up	44,630,127	44,630,127	45,002,045	643.68
Collection Fund Surplus/(Deficit) Resulting from:				
Council Tax	1,128,927	1,128,927	1,324,142	18.94
National Non Domestic Rates	-426,141	-426,141	-1,636,932	-23.41
Amount Raised From Council Tax	80,071,152	80,071,152	85,479,758	1,222.64
	257,465,818	257,465,818	249,263,492	3,565 Check
Council Tax - Sandwell M.B.C Only				
Council Tax Base	68,103.35	68,103.35	69,913.98	Increase
Council Tax (Band A)	783.82	783.82	815.09	0.0399
Council Tax (Band B)	914.46	914.46	950.94	0.0399
Council Tax (Band C)	1,045.09	1,045.09	1,086.79	0.0399
Council Tax (Band D)	1,175.73	1,175.73	1,222.64	0.0399
Council Tax (Band E)	1,437.00	1,437.00	1,494.34	0.0399
Council Tax (Band F)	1,698.28	1,698.28	1,766.04	0.0399
Council Tax (Band G)	1,959.55	1,959.55	2,037.74	0.0399
Council Tax (Band H)	2,351.46	2,351.46	2,445.28	0.0399

SANDWELL METROPOLITAN BOROUGH COUNCIL
CENTRAL TARGET ITEMS

	2016/2017 Original Estimates £
<u>Assistant Chief Executive</u>	
Local Welfare Provision	501,000
Pension Allowances / Increases	1,535,000
VPR Pensions	3,366,000
College Residual Pensions	314,000
School Meal Pensions	21,000
Payment to Wolverhampton : Former WMCC & WMRE	45,000
District Audit Fee	300,000
Joint Committee Servicing - Payment to Birmingham	19,000
A.M.A Local Authority Subscriptions	123,000
New Homes Bonus Grant	-6,576,000
Business Rates Compensation Grant	-4,248,000
Superannuation - Past Service	10,725,000
Debit/Credit Cards	60,000
Bank Charges	108,000
Airport Income	-69,000
Discretionary Rate Relief	0
Corporate Projects - Facing The Future	-120,000
Members Allowances	1,325,000
Coroners	336,000
Special Events	50,000
Carbon Reduction Commitment	350,000
	8,165,000
<u>Individual Schools Budgets</u>	
Building Schools For The Future	400,000
	400,000
<u>Neighbourhoods</u>	
Waste & Cleansing Services	26,012,000
	26,012,000
<u>Regeneration and the Economy</u>	
Employment Guarantee Scheme	422,000
	422,000
TOTAL CENTRAL ITEMS	
	34,999,000
<u>Sandwell MBC : Levies</u>	
West Midlands ITA	14,078,000
Magistrates Courts	40,000
Environment Agency (Flood Defence Levy)	80,000
	14,198,000
TOTAL CENTRAL ITEMS + LEVIES	
	49,197,000

SANDWELL METROPOLITAN BOROUGH COUNCIL**General Fund Summary 2017/18 - 2019/20**

	Net	Net	Net
	Original Budget 2017/2018 £	Original Budget 2018/2019 £	Original Budget 2019/2020 £
Service Targets			
<u>Chief Executive</u>			
Corporate Management	391,000	387,000	386,000
Assistant Chief Executive	26,024,000	25,498,000	24,963,000
	26,415,000	25,885,000	25,349,000
<u>People</u>			
Adult Social Care, Health & Well being	87,881,000	90,198,000	92,642,000
Childrens	60,285,000	60,549,000	60,812,000
	148,166,000	150,747,000	153,454,000
<u>Place</u>			
Regeneration and the Economy	16,974,000	17,003,000	17,038,000
Neighbourhoods	19,366,000	19,522,000	19,386,000
	36,340,000	36,525,000	36,424,000
Total Service Targets	210,921,000	213,157,000	215,227,000
Central Items	28,339,000	32,606,000	34,296,000
Capital Charge Adjustment	-26,709,000	-26,709,000	-26,709,000
Revenue Contribution Towards Capital	0	0	0
Contingency	4,572,000	8,346,000	11,165,000
	217,123,000	227,400,000	233,979,000
External Interest Payments	19,013,000	19,189,000	18,846,000
Interest / Dividend Receipts	-1,370,000	-1,770,000	-2,170,000
	234,766,000	244,819,000	250,655,000
Changes in Balances - General	0	0	0
Changes in Balances - Services	0	0	0
Changes in Balances - Schools	0	0	0
Changes in Balances - Earmarked Funds	0	0	0
	234,766,000	244,819,000	250,655,000
West Midlands Passenger Transport Levy	13,901,000	13,762,000	13,762,000
West Midlands Magistrates Courts	41,000	41,000	41,000
Environment Agency (Flood Defence Levy)	82,000	82,000	82,000
Net Borough Expenditure	248,790,000	258,704,000	264,540,000

SANDWELL METROPOLITAN BOROUGH COUNCIL**COUNCIL TAX 2016/2017**

Band	Sandwell £	Fire £	Police £	Total £
A (up to £40,000)	815.09	37.35	74.37	926.81
B (£40,000 to £52,000)	950.94	43.58	86.76	1,081.28
C (£52,000 to £68,000)	1,086.79	49.80	99.16	1,235.75
D (£68,000 to £88,000)	1,222.64	56.03	111.55	1,390.22
E (£88,000 to £120,000)	1,494.34	68.48	136.34	1,699.16
F (£120,000 to £160,000)	1,766.04	80.93	161.13	2,008.10
G (£160,000 to £320,000)	2,037.74	93.38	185.92	2,317.04
H (over £320,000)	2,445.28	112.05	223.10	2,780.43

**NOTE : The Council Tax levels shown apply to properties with 2 or more adults.
Single person households will pay 25% less than this.**

2016/2017 Increase

2015/16 Band D (£68,000 to 88,000)	1,175.73	54.94	106.55	1,337.22
2016/2017 £ Increase	46.91	1.09	5.00	53.00
2016/2017 % Increase	3.99	1.98	4.69	3.96

	2015/16 Forecast £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Income					
Rent Income	(119,730)	(117,750)	(116,157)	(114,690)	(113,340)
Rent Income PFI	(4,519)	(4,476)	(4,430)	(4,381)	(4,336)
Charges to other council services	(5,423)	(4,428)	(4,494)	(4,562)	(4,607)
Service Charges (including leaseholders)	(2,508)	(2,537)	(2,515)	(2,493)	(2,471)
Shops	(510)	(518)	(520)	(530)	(530)
Garage rents	(683)	(690)	(697)	(711)	(725)
Other fees and charges	(450)	(475)	(471)	(466)	(461)
Other Income	(715)	(716)	(717)	(717)	(2,591)
	(134,538)	(131,590)	(130,001)	(128,550)	(129,061)
PFI Subsidy	(5,713)	(5,713)	(5,713)	(5,713)	(5,713)
Total Income	(140,251)	(137,303)	(135,714)	(134,263)	(134,774)
Expenses					
Repairs and Maintenance	28,974	30,280	30,582	31,047	31,352
Housing Management	14,963	17,628	17,869	18,180	18,425
Estate Services and Maintenance	6,899	7,277	7,349	7,456	7,530
Riverside PFI	8,833	8,971	9,115	9,261	9,409
Tenant Management Organisations	467	498	498	498	498
Total Management & Repair Costs	60,136	64,654	65,413	66,442	67,214
Movement in Bad Debts	1,228	1,700	1,717	1,751	1,728
Superannuation deficit	3,063	3,703	4,777	5,072	5,379
Council tax voids	250	250	250	250	250
Costs outside of SLA's	306	308	307	308	308
Tenants insurance,shops and recharged costs	631	691	692	690	691
Other Operating Costs and Contributions	4,250	4,952	6,026	6,320	6,628
Corporate Services - SLA's	6,385	6,473	6,537	6,664	6,726
Overhead Recharges	6,385	6,473	6,537	6,664	6,726
Depreciation	12,149	12,058	12,298	12,614	12,957
Capital Costs	12,149	12,058	12,298	12,614	12,957
Total Expenditure	84,148	89,837	91,991	93,791	95,253
Net Cost Of Services	(56,103)	(47,466)	(43,723)	(40,472)	(39,521)
Contribution to/(from) Balances	1,110	298	300	300	300
Contribution to/(from) Specific Reserves	(828)	0	0	0	0
Loan Interest	21,844	20,995	20,354	19,278	18,764
Contribution towards Capital Investment	23,281	16,144	11,413	8,547	18,562
Principal Repayments	10,696	10,029	11,656	12,347	1,895
HRA (Surplus)/Deficit in year	0	0	0	0	0

Housing Revenue Account Balances £000's

Movement in Balances	2014/15 Outturn	2015/16 Forecast	2016/17 Budget
Brought Forward	(32,967)	(34,678)	(27,760)
Add Deficit /(Surplus) in year	(1,711)	(1,110)	(298)
	(34,678)	(35,788)	(28,058)
Contribution to Capital (c/fwd from 2013-14)	0	7,200	0
Forecast contribution from balances to revenue	0	828	0
Balance Carried Forward	(34,678)	(27,760)	(28,058)

<u>Earmarked Balances at Year End</u>			
<u>General:</u>			
HRA Working Balance	6,700	7,100	7,400
Insurance	700	0	0
<u>Earmarked Balances :</u>			
Redundancy Cover	3,000	2,847	2,847
Digital Aerial and Door Maintenance	660	724	724
IT Upgrades and re-integration	2,500	3,000	3,000
Pensions	2,000	2,000	2,000
Voids	3,000	3,000	3,000
Leaseholders	1,000	1,000	1,000
Tipton Local Office	350	350	350
Discretionary Housing Payments	0	1,000	1,000
<u>Carry Forwards Commitments :</u>			
Transforming Tomorrow Programme	331	1,166	1,166
Rebuilding wall - Stacey Close	0	275	275
Conversion of 8 properties	20	20	20
PFI Insurance reimbursement	121	121	121
otal Earmarked Balances & Carry Forwards	20,382	22,603	22,903
HRA Balance available to for earmarking	(14,296)	(5,157)	(5,155)

Appendix C (ii)

2017/18 Budget	2018/19 Budget	2019/20 Budget
(28,058)	(28,358)	(28,658)
(300)	(300)	(300)
(28,358)	(28,658)	(28,958)
0	0	0
0	0	0
(28,358)	(28,658)	(28,958)

7,700	8,000	8,300
0	0	0
2,847	2,847	2,847
724	724	724
3,000	3,000	3,000
2,000	2,000	2,000
3,000	3,000	3,000
1,000	1,000	1,000
350	350	350
1,000	1,000	1,000
1,166	1,166	
275	275	
20	20	
121	121	
23,203	23,503	22,221
(5,155)	(5,155)	(6,737)

**Treasury Management Strategy
Statement and Annual Investment
Strategy 2016/17**

1. Introduction

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet council risk or cost objectives.

CIPFA defines treasury management as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

1.2 Reporting requirements

The council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the council. This role is undertaken by the Budget and Corporate Services Scrutiny Board.

Prudential and Treasury Indicators and Treasury Strategy (This report) -

The first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.3 Treasury Management Strategy for 2016/17

The strategy for 2016/17 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the MRP policy.

Treasury Management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, CIPFA Prudential Code, CLG MRP Guidance, CIPFA Treasury Management Code and the CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided in 2014 and additional training will be arranged over the forthcoming year. The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

The council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the

methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. The Capital Prudential Indicators 2016/17 – 2018/19

The council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist member's overview and confirm capital expenditure plans.

2.1 Capital Expenditure

This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. The table below also demonstrates how these plans are being financed by capital and revenue resources. Any shortfall in resources results in a requirement for this to be financed by additional borrowing.

Members are asked to approve the capital expenditure forecasts:

	2014/15 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
Capital Expenditure						
General Fund	63.560	54.703	59.781	14.089	9.314	9.314
HRA	48.598	53.312	65.646	53.135	74.819	45.975
Total	112.158	108.015	125.427	67.224	84.133	55.289
Resourced by:						
Capital Receipts	10.795	10.043	9.490	9.526	8.331	7.077
Capital Grants & Contributions	26.542	33.810	41.766	9.201	6.494	6.494
Revenue	41.803	44.933	33.532	24.326	28.792	44.822
Capital Expenditure Financed from Borrowing	33.018	19.229	40.639	24.171	40.516	-3.104

The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities such as PFI schemes and finance leases. Whilst this increases the CFR, and therefore the council's borrowing requirement, these types of scheme include a borrowing facility and so the council is not required to separately borrow for these schemes. The council currently has £97.118m of such schemes within the CFR as at 31 March 2015.

The council is asked to approve the CFR projections below:

	2014/15 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
Capital Financing Requirement (CFR)						
General Fund	372.570	359.124	347.879	328.422	308.366	288.085
HRA	421.098	422.880	446.804	460.157	491.249	478.444
Total CFR @ 31 March	793.668	782.004	794.683	788.579	799.615	766.529
Movement in CFR		-11.664	12.679	-6.104	11.036	-33.086
Movement Represented by:						
Capital expenditure to be financed from borrowing		19.229	40.639	24.171	40.516	-3.104
Less MRP/VRP and other financing movements *		-30.893	-27.960	-30.275	-29.480	-29.982
Movement in CFR		-11.664	12.679	-6.104	11.036	-33.086

* Includes PFI annual principal repayments

2.3 Minimum Revenue Provision (MRP) Policy Statement

The council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the full council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The council is recommended to approve the following MRP Statement;

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Average Asset Life method** - MRP will be based on the total average estimated life of assets held by the authority . This replaces the previous methodology that provided for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Individual Asset Life Method** - MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation

Direction). This provides for a reduction in the borrowing need over the assets' life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Annual principal repayments included in PFI schemes or finance leases are applied as MRP.

West Midlands Combined Authority: Collective Investment Fund

The agreed Combined Authority Devolution Deal proposes the establishment of a Collective Investment Fund to support investment in the region. It is possible that some of this investment may be delivered by individual districts, and funded from prudential borrowing.

MRP on capitalised loan advances to other organisations or individuals will not be required. Instead, the capital receipts arising from the capitalised loan repayments will be used as provision to repay debt. However, revenue MRP contributions would still be required equal to the amount of any impairment of the loan advanced.

MRP on investments in Equities will be made on an annuity profile over 20 years, as recommended by Government guidance.

2.4 Use of Resources and the Investment Position

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure, or other budget decisions to support the revenue budget, will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

	2014/15 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
Balances	117.514	93.345	89.185	87.083	86.747	86.443
Specific reserves	21.474	15.000	15.000	15.000	15.000	15.000
Capital receipts	10.795	10.043	9.490	9.526	8.331	7.077
Provisions	11.115	10.000	10.000	10.000	10.000	10.000
Capital grants receipts in advance	9.684	10.000	10.000	10.000	10.000	10.000
Total Core Funds	170.582	138.388	133.675	131.609	130.078	128.520
Working capital *	29.906	25.000	25.000	25.000	25.000	25.000
Expected investments	22.164	47.000	23.000	23.000	23.000	23.000

*Working capital balances shown are estimated year end; these may be higher mid year

2.5 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the council's overall finances. The council is asked to approve the following indicator:

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
General Fund	6.40%	7.40%	6.70%	6.90%	6.80%	6.70%
HRA	25.30%	25.10%	24.60%	25.70%	25.80%	16.80%

The estimates of financing costs include current commitments and the proposals in this budget report.

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current Portfolio Position

The council's actual treasury portfolio position at 31 March 2015, along with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2014/15 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
External Debt as at 1 April	507.396	493.930	493.930	506.609	506.609	517.645
Expected change in Debt	0.000	0.000	12.679	0.000	11.036	0.000
Other Long Term Liabilities (OLTL)*	101.084	97.118	92.446	87.635	82.649	78.458
Expected change in OLTL	-3.966	-4.672	-4.811	-4.986	-4.191	-4.693
External Debt as at 31 March	604.514	586.376	594.244	589.258	596.103	591.410
Capital Financing Requirement	793.668	782.004	794.683	788.579	799.615	766.529
Under / (Over) Borrowing	189.154	195.628	200.439	199.321	203.512	175.119

Within the prudential indicators, there are a number of key indicators to ensure that the council operates its activities within well-defined limits. One of these is that the council needs to ensure that its gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Section 151 Officer reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary is the limit beyond which external debt would not normally be expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

	2014/15 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
External Debt	507.396	493.930	506.609	506.609	517.645	517.645
Other Long Term Liabilities*	97.118	92.446	87.635	82.649	78.458	73.765
Operational Boundary	604.514	586.376	594.244	589.258	596.103	591.410

The Authorised Limit for external debt is a further key prudential indicator, which represents control over the maximum level of debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full council. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The council is asked to approve the following Authorised Limit:

	2014/15 Actual £'m	2015/16 Estimate £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m
External Debt	696.550	689.558	707.048	705.930	721.157	692.764
Other Long Term Liabilities*	97.118	92.446	87.635	82.649	78.458	73.765
Authorised Limit	793.668	782.004	794.683	788.579	799.615	766.529

Separately, the council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently £507.297m.

3.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services (CAS) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view on borrowing rates over the few years.

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec-15	0.50	2.30	3.60	3.50
Mar-16	0.50	2.00	3.40	3.20
Jun-16	0.50	2.10	3.40	3.20
Sep-16	0.50	2.20	3.50	3.30
Dec-16	0.75	2.30	3.60	3.40
Mar-17	0.75	2.40	3.70	3.50
Jun-17	1.00	2.50	3.70	3.60
Sep-17	1.00	2.60	3.80	3.70
Dec-17	1.25	2.70	3.90	3.80
Mar-18	1.25	2.80	4.00	3.90
Jun-18	1.50	2.90	4.00	3.90
Sep-18	1.50	3.00	4.10	4.00
Dec-18	1.75	3.10	4.10	4.00
Mar-19	1.75	3.20	4.10	4.00

A more comprehensive list of these rates is detailed in Appendix 1.

CAS have also provided a detailed analysis of the economic background for the UK and the rest of the world which is given as Appendix 2 to this report. However, their general comments are as follows:

- Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances has, served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

3.4 Borrowing Strategy

The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The council is asked to approve the following treasury indicators and limits:

	2016/17 £'m	2017/18 £'m	2018/19 £'m
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	794.683	788.579	799.615
Limits on variable interest rates based on net debt	238.405	236.574	239.885
Maturity Structure of fixed interest rate borrowing 2015/16			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	20%	
2 years to 5 years	0%	25%	
5 years to 10 years	0%	50%	
10 years and above	10%	90%	

3.5 Policy on Borrowing in Advance of Need

The council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three year planning period

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to council at the earliest meeting following its action.

4. Annual Investment Strategy

4.1 Investment Policy

The council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Further, the council's officers recognise that ratings should not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 3 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the council's Treasury Management Practices.

4.2 Creditworthiness policy

The primary principle governing the council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the

council's prudential indicators covering the maximum principal sums invested.

The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either Specified or Non-Specified as it provides an overall pool of counterparties considered high quality which the council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to our consultants processes, name the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed. The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands

the changes that have taken place, it will continue to specify a minimum sovereign rating of AA. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have influence on the ratings of a financial institution.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly low ratings than they had through much of the “support” phase of the financial crisis.

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- Banks 1 - good credit quality – the council will only use banks which have, as a minimum, the following Fitch, Moody’s and Standard and Poors credit ratings (where rated):
 - i. Short term - F1, P-1, A-1 respectively
 - ii. Long term – A-, A1 and A- respectively
- Banks 2 – Part nationalised UK banks – These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The council’s own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Building societies - The council will use all societies which meet the above criteria.
- Money Market Funds – AAA rated money market funds
- UK Government (including gilts and the DMADF)
- Local authorities, parish councils etc
- Supranational institutions
- Building Schools for the Future Local Education Partnership
- Sandwell Inspired Partnership Services

A limit will be applied to the use of Non-Specified investments, further details can be found at appendix 3.

Use of additional information other than credit ratings

Additional requirements under the Code require the council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be used to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments

The time and monetary limits for institutions on the council's counterparty list are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 category high quality	AA-	£30m	3yrs
Banks 1 category medium quality	A-	£10m	364 days
Limit 3 category – council's banker (not meeting Banks 1)	-	£15m	1 day
Other institutions limit	-	£10m	364 days
DMADF	AAA	unlimited	6 months
Money market Funds	AAA	£10m	liquid

The proposed criteria for Specified and Non-Specified investments are shown in appendix 3 for approval.

4.3 Investment Strategy

In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2016/ 2017 1.00%
- 2017/2018 1.75%
- 2018/2019 2.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

- 2016/17 0.90%
- 2017/18 1.50%
- 2018/19 2.00%
- 2019/20 2.25%
- 2020/21 2.50%
- 2021/22 3.00%
- 2022/23 3.00%
- Later years 3.00%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk.

WM Combined Authority

The Council will be prepared to lend to the Combined Authority. Such lending may be as part of arrangements agreed with the Combined Authority and other constituent authorities.

Investment treasury indicator and limit

These are the total principal funds invested for greater than 364 days. These limits are set with regard to the council’s liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The council is asked to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days			
	2016/17	2017/18	2018/19
Principal sums invested > 364 days	£30m	£30m	£30m

For its cash flow generated balances, the council will seek to utilise its business reserve instant access accounts, 15 and 30 day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

4.4 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

Security - The council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.03% historic risk of default when compared to the whole portfolio

Liquidity – the council seeks to maintain:

- Bank overdraft - £2m
- Liquid short term deposits of at least £20m available with a week's notice.
- Weighted Average Life benchmark is expected to be 0.25 years, with a maximum of 1 year.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.03%	0.12%	0.1%	0.08%	0.06%

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

4.5 End of year investment report

At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

APPENDIX 1: Interest Rate Forecasts 2016 – 2019

Capita Asset Services Interest Rate View													
	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate View	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%
6 Month LIBID	0.70%	0.70%	0.80%	0.90%	1.00%	1.20%	1.30%	1.50%	1.60%	1.70%	1.80%	2.00%	2.20%
12 Month LIBID	1.00%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.80%	1.90%	2.00%	2.10%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB Rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB Rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
Capital Economics	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	-	-	-	-	-
5yr PWLB Rate													
Capita Asset Services	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
Capital Economics	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
10yr PWLB Rate													
Capita Asset Services	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
25yr PWLB Rate													
Capita Asset Services	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
Capital Economics	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
50yr PWLB Rate													
Capita Asset Services	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%
Capital Economics	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

APPENDIX 2 Economic Background

1.1 APPENDIX: Economic Background

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 2015 was weak at +0.4% (+2.9 y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%.

Since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*
- *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
- *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted and further economic growth will fuel inflationary pressures.*

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a

second, subsequent round of falls in fuel and commodity prices which will delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase.

However, with the price of oil having fallen further in January 2016, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have a downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments could well lead the Bank of England to lower the pace of increases in inflation in its February 2016 Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted.

Confidence is another big issue to factor into forecasting. Recent volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact in a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries, so this could well feed through into an increase in consumer expenditure and demand in the UK economy, (a silver lining!). Another silver lining is that the UK will not be affected as much as some other western countries by a slowdown in demand from emerging countries, as the EU and US are our major trading partners.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that rates ought to rise sooner and quicker, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would aggressively raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively over the last year from Q4 2015 to Q4 2016. Increases after that are also likely to be at a much slower pace and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008. There has also been an increase in momentum towards holding a referendum on membership of the EU in 2016, rather than 2017, with Q3 2016 being the current front runner in terms of timing; this could impact on the MPC considerations to hold off from a first increase until the uncertainty caused by it has passed.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November budget.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before dipping back to +2.0% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong (and December was outstanding); this, therefore, opened up the way for the Fed. To embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. A left wing / communist anti-austerity coalition has won a majority of seats in Portugal. The general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries with has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Abe government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 and the start of 2016, in implementing several stimulus measures to try to ensure the economy hits the growth target of about 7% for 2015. It has also sought to bring some stability after the major fall in the onshore Chinese stock market during the summer and then a second bout in January 2016. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, there are growing concerns about whether the Chinese economy could be heading for a hard landing and weak progress rebalancing the economy from an over dependency on manufacturing and investment to consumer demand led services. There are also concerns over the volatility of the Chinese stock market, which has the precursor to falls in world financial markets in August and September and again in January 2016, which could lead to a flight to quality to bond markets. In addition, the international value of the Chinese currency has been on a steady trend of weakening and this will put further downward pressure on the currencies of emerging countries dependent for earnings on exports of their commodities.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries), there is now a strong flow back to those western economies with strong growth and a path of rising interest rates and bond yields.

The currencies of emerging countries have therefore been depressed by both this change in investors' strategy, and the consequent massive reverse cash flow, and also by the expectations of a series of central interest rate increases in the US which has caused the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed by a simultaneous downturn in demand for their exports and a deterioration in the value of their currencies. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Capita Asset Services undertook its last review of interest rate forecasts on 19 January 2016. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 4 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. At some future point in time, an increase in investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in January 2016, (based on short sterling), for the first Bank Rate increase are currently around quarter 1 2017.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / Fed. rate increases, causing a flight to safe havens.

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Appendix 3 - Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the council's policy below. These guidelines do not apply to either trust funds or pension funds that operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. In accordance with the Code, the Section 151 Officer has produced its Treasury Management Practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the council will use. These are high security (i.e. high credit rating, although this is defined by the council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These 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 wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, 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 local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers

pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

5. A body that is considered of a high credit quality such as a bank or building society. This covers bodies with a minimum short term rating of A (or equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is as per the Investment Counter Party and Liquidity Framework.

Non-Specified Investments – Are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	30%
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	30%
c.	<p>The council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	£15m
d.	<p>Any bank or building society that has a minimum long term credit rating of AA-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	3 Years and £30m
e.	<p>Building Schools for the Future Local Education Partnership. Whilst this is not a usual investment counter party, the council is likely to invest a small amount as part of the wider Building Schools for the Future project. As this</p>	£1m

	institution is not credit rated it falls under the Non-specified criteria.	
f.	Sandwell Inspired Partnership Services. Whilst this is not a usual investment counter party, the council is likely to invest a small amount for the organisation to be use as working capital in its infancy. As this institution is not credit rated it falls under the Non-specified criteria.	£1.2m

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Section 151 Officer and if required new counterparties which meet the criteria will be added to the list.

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**SERVICE SUMMARY****Revised Profile**

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
<u>PERFORMANCE</u>					
<u>Corporate Management / Earmarked Funds</u>					
Main Programme	167	1,322	0	0	0
Grant / Self Financing	0	0	0	0	0
<i>Sub Total</i>	<i>167</i>	<i>1,322</i>	<i>0</i>	<i>0</i>	<i>0</i>
<u>ACE</u>					
Main Programme	5,325	3,328	1,943	300	300
Grant / Self Financing	92	148	0	0	0
<i>Sub Total</i>	<i>5,417</i>	<i>3,476</i>	<i>1,943</i>	<i>300</i>	<i>300</i>
CS Total	5,584	4,798	1,943	300	300

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**SERVICE SUMMARY****Revised Profile**

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
<u>PEOPLE</u>					
<u>Childrens</u>					
Main Programme	1,297	198	0	0	0
Grant / Self Financing	17,644	23,102	150	0	0
<i>Sub Total</i>	<i>18,941</i>	<i>23,300</i>	<i>150</i>	<i>0</i>	<i>0</i>
<u>Adult Social Care</u>					
Main Programme	37	3,316	1,000	1,000	1,000
Grant / Self Financing	1,103	3,601	2,071	1,400	1,400
<i>Sub Total</i>	<i>1,140</i>	<i>6,917</i>	<i>3,071</i>	<i>2,400</i>	<i>2,400</i>
<u>Public Health</u>					
Main Programme	2,243	0	0	0	0
Grant / Self Financing	1,857	0	0	0	0
<i>Sub Total</i>	<i>4,100</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
C & YP Total	24,181	30,217	3,221	2,400	2,400

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**SERVICE SUMMARY****Revised Profile**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<u>PLACE</u>					
<u>Regeneration and the Economy</u>					
Main Programme	1,488	4,178	360	20	20
Grant / Self Financing	11,605	12,230	6,777	5,094	5,094
<i>Sub Total</i>	<i>13,093</i>	<i>16,408</i>	<i>7,137</i>	<i>5,114</i>	<i>5,114</i>
<u>Neighbourhoods</u>					
Main Programme	10,386	5,673	1,585	1,500	1,500
Grant / Self Financing	1,459	2,685	203	0	0
<i>Sub Total</i>	<i>11,845</i>	<i>8,358</i>	<i>1,788</i>	<i>1,500</i>	<i>1,500</i>
Total Urban Regen	24,938	24,766	8,925	6,614	6,614

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**SERVICE SUMMARY****Revised Profile**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<u>HOUSING REVENUE ACCOUNT</u>					
Main Programme	53,262	65,646	53,135	74,819	45,975
Grant / Self Financing	50	0	0	0	0
<i>Sub Total</i>	<i>53,312</i>	<i>65,646</i>	<i>53,135</i>	<i>74,819</i>	<i>45,975</i>
TOTAL EXPENDITURE	102,598	121,951	65,281	83,833	54,989
Check	102,598	121,951	65,281	83,833	54,989

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**SERVICE SUMMARY****Revised Profile**

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000

COUNCIL SUMMARY

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
<u>SANDWELL MBC</u>					
Main Programme	74,205	83,661	58,023	77,639	48,795
Grant / Self Financing	33,810	41,766	9,201	6,494	6,494
TOTAL EXPENDITURE	108,015	125,427	67,224	84,133	55,289

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**CORPORATE MANAGEMENT - AWAITING FURTHER REPORTS / SPECIFIC INFORMATION**

	2015/16 Total £'000	2016/17 Total £'000	2017/18 Total £'000	2018/19 Total £'000	2019/20 Total £'000
<u>Main Programme :</u>					
<u>RCCO</u>					
Rolling Capital Fund	0	1,322	0	0	0
<u>Prudential Borrowing:</u>					
None	0	0	0	0	0
<u>Thematic Pot - Unallocated</u>					
People	0	0	0	0	0
Place	127	0	0	0	0
Performance	40	0	0	0	0
<i>Sub Total</i>	<u>167</u>	<u>1,322</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Grant / Self Financing :</u>					
None	0	0	0	0	0
<i>Sub Total</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURE	<u>167</u>	<u>1,322</u>	<u>0</u>	<u>0</u>	<u>0</u>

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**Assistant Chief Executive**

	2015/16	2016/17	2017/18	2018/19	2019/20
	Total	Total	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000
<u>Main Programme :</u>					
<u>General:</u>					
Sandwell Council House - Office Accommodation Plan (Additional)	9	0	0	0	0
BSF - Schools For The Future	273	700	0	0	0
Access Fund	281	340	300	300	300
Sandwell Business Services: Development	50	0	0	0	0
<u>Prudential Borrowing:</u>					
Rowley Regis Crematorium - Prudential	932	25	0	0	0
Local Authority Mortgage Scheme	250	250	1,363	0	0
Public Realm - Match Funding - Living Landscapes _ Dartmouth	28	0	0	0	0
<u>RCCO:</u>					
ICT Infrastructure	254	0	0	0	0
ICT Strategy	3,200	920	280	0	0
ICT Strategy - Additional	0	1,007	0	0	0
WB Town Hall - Salix Boiler Replacement (Theme PMA)	0	26	0	0	0
Sandwell Valley Crematorium - Catering Facility	48	10	0	0	0
<u>Thematic Pot Allocations:</u>					
Wednesbury Town Hall	0	50	0	0	0
<i>Sub Total</i>	<u>5,325</u>	<u>3,328</u>	<u>1,943</u>	<u>300</u>	<u>300</u>
<u>Grant / Self Financing :</u>					
<u>Other:</u>					
Mobile Working	0	41	0	0	0
BSF - Schools For The Future	0	74	0	0	0
Public Realm	0	33	0	0	0
<u>Section 106:</u>					
Public Realm - Tesco	10	0	0	0	0
Public Realm - Sandwell College	82	0	0	0	0
<i>Sub Total</i>	<u>92</u>	<u>148</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURE	<u>5,417</u>	<u>3,476</u>	<u>1,943</u>	<u>300</u>	<u>300</u>

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**CHILDRENS**

	2015/16 Total	2016/17 Total	2017/18 Total	2018/19 Total	2019/20 Total
	£'000	£'000	£'000	£'000	£'000
<u>Main Programme :</u>					
<u>General:</u>					
Langley Site - Demolition	1,000	0	0	0	0
<u>Supported Borrowing:</u>					
BSF - ICT Element	80	0	0	0	0
<u>Prudential Borrowing:</u>					
None	0	0	0	0	0
<u>RCCO:</u>					
None	0	0	0	0	0
<u>Thematic Allocations:</u>					
Unity Walk - VPN/Laptops	0	7	0	0	0
Other	0	5	0	0	0
Youth Delapidation Costs	24	139	0	0	0
ECAF upgrade for Troubled families	0	10	0	0	0
ECAF development of substance misuse space	0	12	0	0	0
TYS Duty desk H&S	0	2	0	0	0
Install Childview YOS case management system	20	0	0	0	0
Re-wire ICT unity walk	0	3	0	0	0
Edmond Cottage Extension	2	20	0	0	0
FCC Pods	98	0	0	0	0
PLAS Refurbishment of Bathrooms	20	0	0	0	0
PLAS Extra Lodge Bedroom	3	0	0	0	0
PLAS Extend Drying Room	50	0	0	0	0
Sub Total	1,297	198	0	0	0
<u>Self Financing:</u>					
<u>Other:</u>					
PLAY Pathfinder	6	0	0	0	0
<u>Insurance:</u>					
None	0	0	0	0	0
<u>Primary Capital Programme Schemes:</u>					
Yew Tree	50	200	0	0	0
Warley High	1	0	0	0	0
Blackheath	1	0	0	0	0
Shireland Hall	48	0	0	0	0
Moat Rd	23	0	0	0	0
Uplands	0	46	0	0	0
LifeCycle	1,000	0	0	0	0
Christ Church Primary	1	282	0	0	0
Crocketts Community Primary	1	50	0	0	0
Rowley Hall Primary	1	210	0	0	0
Brandhall Primary	18	99	0	0	0
Summerhill	0	84	0	0	0
Grace Mary	30	127	0	0	0
Annie Lennard Infant	16	164	0	0	0
Moat Farm Infants	19	528	0	0	0
All Saints CE Primary	3	479	0	0	0
Burnt Tree Primary	7	222	0	0	0
Hargate Primary	15	236	0	0	0
Temporary Expansion	300	0	0	0	0
Perryfields/PCP - Additional Basic Need	1,618	0	0	0	0
Ferndale Primary - Additional Basic Need	2,379	0	0	0	0
St Huberts	2,150	2,150	0	0	0
Old Park Primary	3	0	0	0	0
Holy Trinity CE Primary	1,674	0	0	0	0
Pennyhill Primary	95	0	0	0	0
Great Bridge Primary	0	275	0	0	0
Sacred Heart	1,000	3,500	0	0	0
St James CE Primary	50	600	0	0	0
New Oldbury Primary	0	200	0	0	0
Victoria Park	160	2,840	0	0	0
Old Park / Albert Pritchard / Wood Green	200	2,350	0	0	0
Harvills Hawthorn	106	0	0	0	0
Schools Capital Feasibility Works	5	0	0	0	0
Albert Pritchard	100	0	0	0	0
School Kitchens	50	318	0	0	0
Q3 Langley Feasibility	4,700	6,100	150	0	0
Shireland Hall PCP	4	0	0	0	0
Joseph Turner Extension	250	0	0	0	0
Perryfields	1	0	0	0	0
Priory Primary Expansion	100	1,500	0	0	0
Reddall Hill	90	0	0	0	0
<u>Standards Fund Grant:</u>					
Devolved Formula Capital	800	412	0	0	0
Devolved Formula Capital - PRU's	77	0	0	0	0
BSF Oldbury	160	0	0	0	0
Two Years Old Entitlement	273	130	0	0	0
Orchard Building Work	59	0	0	0	0
Sub Total	17,644	23,102	150	0	0
TOTAL EXPENDITURE	18,941	23,300	150	0	0

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**ADULT SOCIAL CARE**

	2015/16 Total £'000	2016/17 Total £'000	2017/18 Total £'000	2018/19 Total £'000	2019/20 Total £'000
<u>Main Programme :</u>					
<u>General:</u>					
Accommodation for Elderly Mentally Ill (EMI)	1	714	0	0	0
HMRA Ringfenced Receipts - Vulnerable Home Owners	0	474	0	0	0
Landfill Gas	0	40	0	0	0
Empty Properties	0	772	0	0	0
Housing Stock Condition Survey	0	29	0	0	0
Grants : Private Sector (Main Prog) - DFG (Mandatory)	0	1,000	1,000	1,000	1,000
	0				
<u>RCCO:</u>					
None	0	0	0	0	0
<u>Prudential Borrowing:</u>					
None	0	0	0	0	0
<u>Thematic Allocation:</u>					
Unallocated	35	0	0	0	0
10 St Michaels Court	1	0	0	0	0
Swift Impress System	0	287	0	0	0
Sub Total	37	3,316	1,000	1,000	1,000
<u>Grant / Self Financing :</u>					
<u>Other:</u>					
AIS Implementation	89	0	0	0	0
New residential Assessments (NRCS)	48	0	0	0	0
Webroster Replacement	51	0	0	0	0
Mobile & Agile Working	285	0	0	0	0
NHS Number Integration	6	0	0	0	0
Lone Worker Alert & Monitoring	90	0	0	0	0
Information Point	70	0	0	0	0
ASC System Development	18	263	0	0	0
Mental Health Integration	30	0	0	0	0
ILC Alterations	150	0	0	0	0
Campus Closure	1	109	0	0	0
Swift Impress System	265	634	671	0	0
ASC Community Capacity Grant	0	175	0	0	0
ASC Capital Grant 2015/16	0	626	0	0	0
Grants : Private Sector (Grant) - DFG (Mandatory)	0	1,400	1,400	1,400	1,400
Contaminated Land Grant	0	9	0	0	0
Warm Homes Healthy People	0	0	0	0	0
Vulnerable Homeowners Improvements - Kick Start	0	385	0	0	0
Sub Total	1,103	3,601	2,071	1,400	1,400
TOTAL EXPENDITURE	1,140	6,917	3,071	2,400	2,400

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**PUBLIC HEALTH**

	2015/16 Total £'000	2016/17 Total £'000	2017/18 Total £'000	2018/19 Total £'000	2019/20 Total £'000
<u>Main Programme :</u>					
<u>General:</u>					
HMRA Ringfenced Receipts - Vulnerable Home Owners	0	0	0	0	0
Landfill Gas	12	0	0	0	0
Empty Properties	210	0	0	0	0
Housing Stock Condition Survey	0	0	0	0	0
Grants : Private Sector (Main Prog) - DFG (Mandatory)	1,869	0	0	0	0
Tackling Cold Homes	152	0	0	0	0
<u>RCCO:</u>					
None	0	0	0	0	0
<u>Prudential Borrowing:</u>					
None	0	0	0	0	0
<i>Sub Total</i>	2,243	0	0	0	0
<u>Self Financing:</u>					
<u>Other:</u>					
Alberto Building - Refurbishment	25	0	0	0	0
Grants : Private Sector (Grant) - DFG (Mandatory)	1,400	0	0	0	0
Contaminated Land Grant	9	0	0	0	0
Warm Homes Healthy People	64	0	0	0	0
Vulnerable Homeowners Improvements - Kick Start	1	0	0	0	0
<u>Regional Housing Board Allocations:</u>					
Tackling Cold Homes	358	0	0	0	0
<i>Sub Total</i>	1,857	0	0	0	0
TOTAL EXPENDITURE	4,100	0	0	0	0

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**REGENERATION & ECONOMY**

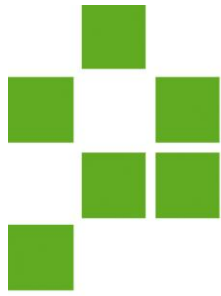
	2015/16 Total	2016/17 Total	2017/18 Total	2018/19 Total	2019/20 Total
	£'000	£'000	£'000	£'000	£'000
<u>Main Programme :</u>					
<u>General:</u>					
West Bromwich - Car Parking	50	727	0	0	0
Section 106 Monies - Lyng Lane	39	100	0	0	0
Reservoirs Act	61	40	20	20	20
West Bomwich Town Centre - Queens Square	24	100	0	0	0
College Relocation of Car Parking Costs	0	14	0	0	0
West Bromwich Town Square Development	1	10	0	0	0
SOHO Foundry	0	21	0	0	0
Living Landscapes - Green Bridge P1	0	16	0	0	0
Living Landscapes - Green Bridge P2	0	15	0	0	0
Challenge Fund	72	300	300	0	0
<u>RCCO - Rolling Capital Fund:</u>					
Land Aquisition - Burnt Tree, Tipton	208	0	0	0	0
<u>RCCO:</u>					
Brindley II	5	54	40	0	0
Black Country City Deal	0	1,500	0	0	0
Birchley Island	108	400	0	0	0
Bearwood Public Realm & Junction	206	0	0	0	0
Street Lighting - LED Replacement (Corporate RCCO)	22	0	0	0	0
Street Lighting - LED Replacement (Theme RCCO)	350	0	0	0	0
Cape Hill / Bearwood Rd Corridors	100	551	0	0	0
<u>Prudential Borrowing:</u>					
Hill Top Demolition	0	3	0	0	0
Purchase of Providence Place	0	2	0	0	0
Eastern Gateway	36	300	0	0	0
<u>Thematic Pot Allocations:</u>					
Idox Public Access & Consultee Access Modules	3	17	0	0	0
H&S Compliance with Construction	0	8	0	0	0
Site Acquisition - Hill Lane, Geat Barr (Former Clinic)	3	0	0	0	0
Market Hall Improvements	100	0	0	0	0
Challenge Fund - TCP Element	100	0	0	0	0
Sub Total	1,488	4,178	360	20	20
<u>Grant / Self Financing :</u>					
Structural Maintenance Roads	1,859	1,862	1,773	2,211	2,211
Structural Maintenance Bridges	300	880	880	967	967
Street Lighting - Maintenance Block	1,050	200	200	222	222
A4100 Reddal Hill Road	84	0	0	0	0
Major Route Signing	60	0	0	0	0
Local Safety Schemes	150	0	0	0	0
Local Area Safety Schemes	165	0	0	0	0
Traffic Initiated Schemes (Traffic Calming)	100	0	0	0	0
Measures to encourage cycling	100	0	0	0	0
Measures to encourage walking	100	0	0	0	0
Child Safety - Safe Routes to School	125	0	0	0	0
Traffic & Demand Management Measures	100	0	0	0	0
Major Schemes Contributions	1,127	0	0	0	0
Estimated & Provisional	0	1,480	1,480	1,694	1,694
Cradley Heath Town Centre Strategy	50	0	0	0	0
Flood & Coastal Erosion Risk Management	87	380	0	0	0
Woods Lane Re-development	1,737	3,403	0	0	0
Challenge Fund - DFT Allocation	2,432	2,433	2,433	0	0
<u>Growth Points:</u>					
None	0	0	0	0	0
<u>Section 106</u>					
Hateley Heath School	0	22	11	0	0
Construction Of Homes & Sports Facilities - Churchfields School	97	0	0	0	0
Affordable Homes - Alexandra Rd, Tipton	193	0	0	0	0
Affordable Housing	179	0	0	0	0
<u>Regional Housing Board Allocations:</u>					
Unallocated	1,128	0	0	0	0
School Carrington Road	35	0	0	0	0
Queslade Bungalows Demolition	80	0	0	0	0
New Build / Supported Housing	50	0	0	0	0
Masterplans - Programme Support	117	0	0	0	0
Roway Lane	0	48	0	0	0
Lyng Lane	0	28	0	0	0
A41 Expressway / A4031 All Saints Way Junction Imp - Tesco	100	1,494	0	0	0
Sub Total	11,605	12,230	6,777	5,094	5,094
TOTAL EXPENDITURE	13,093	16,408	7,137	5,114	5,114

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)**NEIGHBOURHOODS**

	2015/16 Total £'000	2016/17 Total £'000	2017/18 Total £'000	2018/19 Total £'000	2019/20 Total £'000
<u>Main Programme :</u>					
<u>General:</u>					
Environmental Improvements To Neighbourhoods	616	0	0	0	0
Charlemont Com Centre Wigmore	0	37	0	0	0
Blackheath Library	30	200	0	0	0
Library Management System	0	54	0	0	0
Oakhouse Barns Restoration Project	102	0	0	0	0
Manor House - Phase 2	13	0	0	0	0
Integrated Leisure & Social Care Facility (Oldbury LC)	4	0	0	0	0
Water Safety	14	0	0	0	0
<u>RCCO:</u>					
Tipton Swimming Centre Replacement- RCCO	130	142	0	0	0
Wednesbury LC	3,614	0	0	0	0
Self Service Customer Portal	240	800	0	0	0
<u>Prudential Borrowing:</u>					
West Bromwich Swimming Centre Replacement	2	44	0	0	0
Wednesbury LC	1,860	0	0	0	0
Wednesbury LC - Sports Hall Fire	270	0	0	0	0
The Public	700	1,200	0	0	0
Lightwoods Park - Prudential	293	799	85	0	0
Hadley Stadium - Sports Pitch	243	6	0	0	0
Acquisition of Vehicles (Prudential)	2,100	2,000	1,500	1,500	1,500
Waste Management Strategy - Prudential	1	349	0	0	0
<u>Thematic Allocations:</u>					
Development of West Bromwich Cultural Quarter	9	0	0	0	0
Town Hall Venue Improvements (SCP)	5	0	0	0	0
Forge Mill Farm	15	0	0	0	0
Lightwoods Park	35	0	0	0	0
Dartmouth Park Restoration	30	42	0	0	0
Self Service Customer Portal	60	0	0	0	0
Sub Total	10,386	5,673	1,585	1,500	1,500
<u>Self Financing:</u>					
Manor House Conservation Plan	2	248	0	0	0
Library Management System	0	4	0	0	0
Lightwoods House - Phase 2 (HLF Match Funding)	807	1,830	203	0	0
Dartmouth Park : HLF	150	103	0	0	0
<u>Section 106 Monies:</u>					
Section 106 : Other	500	500	0	0	0
Sub Total	1,459	2,685	203	0	0
TOTAL EXPENDITURE	11,845	8,358	1,788	1,500	1,500

SANDWELL M.B.C. - CAPITAL PROGRAMME - 2015/16 - 2019/20 (As At December 2015)HOUSING REVENUE ACCOUNT

	2015/16 Total £'000	2016/17 Total £'000	2017/18 Total £'000	2018/19 Total £'000	2019/20 Total £'000
<u>Main Programme :</u>					
<u>Supported Borrowing:</u>					
None	0	0	0	0	0
<u>Prudential Borrowing:</u>					
New Stock	1,000	23,117	26,500	44,736	0
Mortgage Rescue Scheme	298	0	0	0	0
Atlas Metals - Mar City	477	3,500	0	0	0
RTB Buy Back	1,869	0	0	0	0
Windmill Maisonettes	344	800	0	0	0
Bolton Court - Kier Housing	2,900	130	0	0	0
High Rise	0	6,855	418	0	944
High Rise - The Crofts	4,334	0	0	0	0
Charlemont Farm	899	0	0	0	0
Kynaston House	1,519	183	0	0	0
Lion Farm	76	0	0	0	0
Beacon View	50	0	0	0	0
Nelson House	94	0	0	0	0
Heronville/Paget/Whyley	163	0	0	0	0
Internal Improvements	0	0	0	0	0
High Rise - General	25	0	0	0	0
Contingency - Investment Programme to Be Approved	0	934	0	0	0
Replacement Of CO2 & Smoke Detectors	267	267	0	0	0
<u>RTB Receipts</u>					
Aids & Adaptations - General	2,499	0	0	0	0
Housing Improvement - Investment Programme - Low Rise	0	3,060	2,211	1,291	209
<u>RCCO: MRA / Ringfenced Approvals:</u>					
High Rise	0	4,030	5,042	6,435	3,356
Housing Improvement - Investment Programme - Low Rise	0	9,004	8,578	7,750	10,070
Internal Refurbishment	12,149	0	0	0	0
<u>RCCO: Other</u>					
Refurbishment of Tipton Neighbourhood Office	300	0	0	0	0
High Rise - The Crofts	1,754	0	0	0	0
Housing Improvement - Investment Programme - Low Rise	0	3,465	1,868	5,959	2,721
Internal Refurbishment	10,727	0	0	0	0
Estate Improvements	400	599	0	0	0
Property Conversions	269	0	0	0	0
Affordable Warmth	0	5,000	5,000	5,000	5,000
Boiler Replacement	3,139	0	0	0	0
Single to Double Glazing	3,005	0	0	0	0
ECO projects	3,705	0	0	0	0
Fire Precautions	200	1,658	550	550	600
Aids & Adaptations - General	0	2,814	2,898	2,985	3,075
New Stock	0	0	0	113	20,000
ICT - Upgrades	800	230	70	0	0
Sub Total	53,262	65,646	53,135	74,819	45,975
<u>Grant / Self Financing :</u>					
<u>Other:</u>					
Refurbishment of Tipton Neighbourhood Office	50	0	0	0	0
Sub Total	50	0	0	0	0
TOTAL EXPENDITURE	53,312	65,646	53,135	74,819	45,975



Sandwell
Metropolitan Borough Council

CAPITAL STRATEGY

2016/17 – 2019/20

1.0 Introduction

- 1.1 Whilst the overall level of capital expenditure incurred by Local Authorities has decreased markedly in the last two years, the resources available for capital investment are still significant. In the period 2016/17 – 2019/20 total resources including; borrowing approvals, receipts from the sale of assets, government grants, lottery / European funds and private sector contributions are expected to be around £349m. The effective use of these resources is intrinsic to the fulfilment of the strategic vision of both the council and its partners. It is recognised that a strategic approach is required to ensure that funds are invested in capital projects that support the longer term objectives of the council, its partners and to ensure value for money.
- 1.2 The overarching vision is for Great People, Great Place, Great Prospects and Great Performance. The vision is translated into actions which make up the council's Scorecard and these actions are revised and updated at regular intervals.
- 1.3 Major new investment within Sandwell includes:
- Investment in Educational facilities.
 - All public sector housing with modern energy efficient facilities, being warm and weatherproof.
 - A network of health centres and a new specialist hospital.
 - West Bromwich Town Centre being transformed.
 - Other centres are vibrant.
 - More affordable homes.
 - New job opportunities.
 - New leisure facilities
 - Highways Challenge Fund
 - ICT Strategy
- 1.4 Every year we hold policy summits with the council's Cabinet and Senior Management Board to set the strategic direction and identify priorities in response to available resources, identified need, statistical evidence and citizen feedback.
- 1.5 In the coming year the council expects to work closely with its partners in the proposed West Midlands Combined Authority to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of mechanisms appropriate to each investment programme. It is possible that some of the capital investment will be delivered by the West Midlands Districts. The council may need to use prudential borrowing to fulfil its agreed part of this.

2.0 Key Objectives

- 2.1 Capital investment decisions will only be taken by the council after having first considered how those capital investments will contribute to the fulfilment of the Sandwell Scorecard, neighbourhood renewal strategic priorities and the council priorities for improvement and transformation. Service level objectives that underpin the Sandwell Scorecard priorities are:

2.2 Housing

Since the introduction of Self Financing for the Housing Revenue Account in 2012, significant work has been put in to shape an investment programme that continues to meet tenants changing needs and improve our existing stock over the next 10 years.

The internal improvements programme started in 2014 and so far some 3,000 properties have received a range of internal improvement works. In addition a programme of work is being undertaken to make external improvements and revamp accommodation to high rise blocks, in 2015 4 blocks on the Charlemont Farm estate were completed and 3 blocks in Smethwick known as the Crofts are nearing completion. There is also a number of energy efficiency upgrades including insulation and modern boilers being installed in council properties in order to help reduce fuel poverty across Sandwell.

The ongoing investment programme approved in November 2013 will continue to deliver improvements to over 3,000 homes over the next 3 years. There is a significant budget available of £50m to replace and add to the existing HRA housing stock with the purchase of new properties, property purchases and new development build.

2.3 Childrens Services

Since 2007 the council has had to focus the majority of its available resources from its basic need and school condition allocations on the provision of new school places to ensure it meets its statutory responsibility. The Pupil Place Planning Strategy continues to build on the Councils commitment of ensuring every Sandwell child has access to a place at a good school by expanding successful and popular schools. Between 2010 and 2015 an additional 4410 primary places have been provided with a further 480 needed by 2016 in order to keep pace with demand. The impact on secondary provision will be seen from 2017 with around 4800 new secondary places needed across the borough by 2024.

In addition, the schools capital programme continues to maintain investment in the existing school estates through a contribution to the school repair account planned maintenance programme

2.4 Adult Social Care

The capital resources available to Adult Social care will be utilised in two main areas:

- To support the replacement of the social care business system which will increase the integration of finance and care management information and assist the service to comply with new responsibilities arising from the Care Act 2014.
- To fund activities to support the Better Care Fund objectives; predominantly those relating to prevention, neighbourhood working and the continued development of alternatives to residential provision.

From April 2015 the main source of additional capital funding for the service is the Social Care Capital Grant which forms part of the Better Care Fund; a pooled resource with the NHS which is managed through the Health & Wellbeing Board.

2.5 Transport

The West Midlands Strategic Transport Plan “Movement for Growth” was approved by Integrated Transport Authority in December 2015 and sets out the overall approach to deliver a new vision for transport; guiding improvements to be made year in, year out, over the long term. These improvements will match the scale of the challenges faced to support growth, and regeneration, and to foster environmental and social improvements by:

- Tackling Congestion / provide alternatives to the private car
- Maximising use of existing assets / Smarter Management
- Ensuring delivery with limited resources to support a low carbon economy and regeneration
- Integration /alignment of land use and transport
- Quality of life / Social inclusion
- Public and Child Safety on Roads - Accident reduction schemes, safe routes to schools, safety education, school crossing patrols, accident analysis, road safety plan, bikeability
- Regeneration and Jobs - Major road schemes, route improvement schemes, alleviating congestion, sustainable transport, highway improvements for new development
- Local Economy - Traffic Regulation Orders, provision and control of parking on street and off street
- Asset management – Capital maintenance of highway infrastructure including roads, footways, bridges, and street lighting. Transport Asset Management is required to ensure that the transport network is fit for purpose to support long term sustainable economic growth. Transport Asset Management will therefore be undertaken in alignment with the council’s Highways Asset Management Plan (HAMP), which establishes the condition of the transport assets and the consequent funding requirements to maintain them. This will enable appropriate proactive and planned maintenance that can deliver significant benefits, including maximising value for money.

2.6 Leisure and Cultural Services

The asset management plan focuses on the development of fewer but higher quality community spaces, buildings and activities. There is continued investment in the council’s primary green space and parks and in particular Lightwoods Park and House will be significantly renovated with the benefit of successful Heritage Lottery Fund grant and £4 million investment is included in the council’s capital programme over the next three years.

The Council also continues to develop modern leisure facilities within the borough. New leisure facilities have opened within the last 18 months at Portway Lifestyle Centre and Tipton and West Bromwich leisure centres. Work is also now complete on the new build leisure centre in Wednesbury which opened in November 2015.

Following the successful capital renovation of Oak House barns with Heritage Lottery Fund grant support, the authority is planning a further bid to HLF to improve the Manor House museum as a visitor attraction and local community asset.

3.0 **Capital Investment Decisions**

3.1 **Revenue Implications of Capital Investment**

The council takes into consideration the ongoing revenue implications of capital investment and has a consolidated revenue budget and capital programme setting process. The Cabinet receives all reports and information pertaining to the council's revenue and capital strategies and expenditure plans. The merging of the two processes allows the council to fully consider the implications on revenue of any capital schemes (whether savings or increased costs) and also places it in a position to consider the impact of the Prudential Framework in the future.

The appraisal forms submitted when requesting a scheme to be included within the capital programme highlights both the financing of borrowing costs that the council may need to incur in pursuing the scheme together with the ongoing revenue costs of 'running' the asset once it is operational. The inclusion of these costs allows decisions to be taken with full consideration of the impact on the revenue position of the council.

3.2 **Approach to PFI**

The council has actively pursued the use of Public Private Partnerships and Private Finance Initiatives as a means of funding the investment identified through the Capital Strategy and Capital Programme. The council will continue to consider future opportunities as they arise, however all investment identified by services must fit policy priorities and be appropriate for PPP/PFI.

The Framework for Allocating Resources to Capital Projects, Managing and Monitoring the capital programme

Prioritising Capital Project Bids

3.3 The council has for some time adopted a project appraisal process as its method for allocating resources for capital investment. Project appraisal requires proposed capital projects to be considered against the background of the council's and its partner's scorecard and priorities and allows for projects to be submitted in a uniform manner allowing officers and members of the council to allocate resources on an informed basis. The current information requirements for each project seeking capital resources are detailed in Appendix A.

3.4 The capital project appraisal process commences with the project officer submitting a capital appraisal form to Strategic Finance for independent appraisal and evaluation. The evaluation criteria uses a scoring matrix to assess each individual capital project in order that limited resources can be allocated to capital schemes, which best meet the scorecard priorities of the council.

3.5 The appraisal form also allows an assessment to be made of the suitability of capital schemes to draw down funding from external sources (e.g. PFI, ERDF, Lottery, HCA, regional grants etc) If the scheme is such that it is unlikely to attract external funding directly, consideration is given to its inclusion within the council's 5 year capital programme (i.e. funded from general resources of borrowing and capital receipts).

[ILO: UNCLASSIFIED]

- 3.6 Officers from within Strategic Finance will discuss the outcome of the appraisal with the project officer and following on from this, where the appraisal score would recommend approval, projects will proceed to Cabinet for formal approval
- 3.7 A report to the Cabinet will need to be provided by the project officer together with the final appraisal and evaluation outcome undertaken by SF as an appendix. The action points identified in the appraisal report must be included in the recommendations of the cabinet report. Approval for the project is sought from the Cabinet. The project will need to commence within 1 year of Cabinet approval. If it does not, then a report back to the Cabinet will be required specifying why the project has not started and there is a risk that the project may be aborted. Where projects involve proposals with regard to the disposal, acquisition and transfer or re-use of land and buildings that are currently held in Directorate stewardship, in the first instance Corporate Landlord should be contacted, who will provide advice on the process to be followed and best use of resources.
- 3.8 A report is presented to Cabinet on an annual basis outlining the availability of resources within the 5-year programme.

Project Monitoring & Evaluating Progress

- 3.11 Quarterly progress / monitoring meetings will be undertaken between Strategic Finance and project officers to aid the collation of monitoring information required. The information required is categorised as follows;
- Ensure projects are achieving outputs, milestones and outcomes in a timely and cost effective manner.
 - Ensure projects are operating within the limits of the appraisal and grant regime (if applicable)
 - Monitor that expenditure equates with the stated performance of the project.
 - Reinforces the relationship between milestones, output and finance targets.
 - Evaluate whether the project achieved value for money once completed.
 - Suggested corrective measures, if necessary.
 - Commentary on the period.
- 3.12 The information from the individual monitoring meeting returns is aggregated and summarised to form the basis for regular reports submitted to Members regarding the progress of the capital programme. Where slippage is identified, the opportunity may be taken to commence additional schemes from prioritised appraisals.
- 3.13 The responsibilities of the Officers, Members and the various groups involved with this process are detailed in the Council's Financial Regulations within the section entitled 'Capital Programme'.

4.0 Links to Other Strategies and Plans

As outlined earlier, the council's overall strategy will be driven by the council's vision, objectives and scorecard. Within that overall framework, there will be a clear hierarchy of strategies and plans to ensure that the key priorities are progressed, together with individual service objectives. These are brought together within the council's Scorecard.

Project application for capital schemes

Name of Project				
Total Grant Funding (£)				
Total SMBC Funding (£)				
Total Project Cost (£)				
Project Start Date				
Project End Date				
Directorate				
Service Area				
Project Lead Officer				
	Name		Yes (Date)	No
Director		Have they been consulted?		
Finance Officer		Have they been consulted?		
Form Completed by & Contact Tel. No.				

[ILO: UNCLASSIFIED]

Introduction to the Capital Project Application Form and Appraisal Process

The Council has adopted project appraisal as a means of assessing the merits and identifying the risks of individual capital schemes and the evaluation and comparison of such schemes for selection in times of limited resources.

Project appraisal forms the basis for formal monitoring and reporting on any capital schemes which are approved.

All capital application forms should be submitted, at the outset, to Strategic Finance (SF) for independent appraisal and evaluation. SF will produce an appraisal report of their findings back to the project officer. It is the responsibility of the Project Lead Officer to allow sufficient time for the capital approvals process when considering applying for capital resources. For reporting deadlines, please refer to the [External Funding Appraisals Team webpage](#) on the Intranet.

Once the appraisal has achieved a score which would enable it to be recommended for approval it is the responsibility of the project lead to submit a report to the Cabinet to obtain formal budget approval.

Guidance for the completion of this document is shown in italics under the relevant headings. Please type over the guidance when completing the required information.

1 STRATEGIC CASE

(a) Location of your project

- i. Address/Site including postal code**
- ii. Area/Wards /Neighbourhoods Served**
(Attach plan/site map where available)

(b) Detailed description of project (30 marks)

Please provide clearly stated aims and objectives of the project and its primary activities. This should demonstrate that the project is SMART (Specific, Measurable, Achievable, Realistic and Time bound).

(c) Need for project (30 marks)

Please explain what problem this project will be addressing.

Please explain the problems with the current situation.

Please supply supporting evidence of the need that the project is to address.

Demand for project (20 marks)

Please identify the demand for the project (with supporting evidence, along with details of any public/stakeholder consultation which has been undertaken).

(d) Sandwell Scorecard Priorities (30 marks)

Please identify which following priority(s) the proposal will address:

- *Great People*
- *Great Place*
- *Great Prospects*
- *Great Performance*

Please include the sub heading(s) contained within the Sandwell Scorecard and explain how this will be achieved.

Services should also consider any cross cutting issues/provision of joined up services, which will result from undertaking the scheme.

2. ECONOMIC CASE

a) Option Analysis (30 marks)

Please outline the alternative methods that have been considered to achieve the objectives outlined in 1b) above and the reasons for choosing the option now submitted (services should supply working papers to support their choice).

*Services should have undertaken their own internal option appraisal where both qualitative and quantitative alternatives were considered and the preferred option chosen. A minimum of **three options** should be considered, including the 'do nothing' option.*

A whole life costing exercise should be undertaken as part of the option appraisal (see Tables 4a and 4b). For projects which will incur costs and/or generate income over a period longer than 5 years, the whole life costs should be discounted back to the net present value.

Your relevant Finance Team will be able to assist with these calculations.

Services should also attempt to outline the funding options considered and the preferred method of funding together with the reason for the selection of this funding option.

b) Sensitivity analysis (20 marks)

Please provide an appropriate level of sensitivity analysis on projected costs and benefits, including a 'worst case scenario'.

Sensitivity analysis should be considered in relation to the growth of wage cost, projected income, demand, prices and the level of risk.

NB. The 'appropriate level' of sensitivity analysis will be dependent on the size and scale of the project. Further clarification can be obtained from the Strategic Finance team.

c) Identification & assessment of risk (30 marks)

Please complete and include a project risk register for the project that complies with the Council's [Corporate Risk Management Strategy](#).

A [programme/project risk management template](#) for completion can be found on the Council's Intranet. Risks during the design, build and operational phases of the project should be identified, along with appropriate mitigating actions. Further advice and information should be sought from Risk Management if required:

Narinder Phagura– Risk Management Adviser

Tel: 0121 569 3654

Email: narinda_phagural@sandwell.gov.uk

d) Value for money (30 marks)

Please detail how the scheme proposed presents the best value for money for the Council.

Value for money calculations should be undertaken and evidence of the process provided as part of the supporting information. It is anticipated that the development of more modern, efficient and better suited facilities will result in ongoing revenue savings. These anticipated savings should be highlighted in this section.

e) 'Added value' offered by project (20 marks)

Outline the positive impacts of carrying out the project and how the proposed project will provide additional benefits to the Authority in return for the investment made e.g. Revenue savings, service efficiencies, improved public perception or other non-financial benefits such as benefit to residents, fit with existing project and so on.

In order to identify 'added value', the following should be used as guidance:

Quantifiable Benefits

- *Benefits that reduce the costs and/or increase the income of the organisation, i.e. staff or assets.*

Qualitative Benefits

- *Non-quantifiable benefits – benefits that cannot be quantified, i.e. value to the public, staff morale etc.*

f) Future sustainability of project (10 marks)

Outline how the project will sustain itself after completion or/and any costs required to close the project.

g) Strategic asset implications (10 marks)

State who owns any existing assets to be utilised in the project, for example, land to be built on, building to be refurbished and whether there are any restrictions which may affect the project proposal, e.g., covenants, access rights and previous grant conditions such as ERDF 20 year rule and so on.

Outline how the proposed project links to the Corporate Landlord (for example: identified as a requirement, aids a requirement, contributes to rationalisation, improves service provision and so on) and cross reference to relevant parts of the Corporate Landlord Strategy.

For further information, contact Lee Constable, Asset Team Manager, 0121 569 3993.

3. COMMERCIAL CASE

a) Procurement (20 marks)

Please explain how the procurement requirements of the Council and any external funding body are being met, e.g. approved frameworks etc.

b) Delivery arrangements (20 marks)

(i) Please provide details of other bodies involved and the current level of involvement e.g. fully committed, funding negotiated, have expressed an interest, have not been contacted.

(ii) Where the project is to be delivered externally or in partnership, please detail the considerations given to the following:

- Contract duration
- Draft contractual agreement, including key contractual clauses
- Charging mechanism
- Performance indicators and penalty default clause
- Personnel implications, including TUPE
- Risk transfer to contractor
- Accountancy treatment on balance sheet

If partners are involved in the project, a written agreement should be obtained clearly stating roles and responsibilities of each partner.

c) State Aid (10 marks)

[ILO: UNCLASSIFIED]

Please identify any potential State Aid implications and detail any advice provided by Legal Services.

Information regarding State Aid can be obtained from the [Department for Business Innovation and Skills website](#). Legal advice should be sought for all State Aid issues.

4. FINANCIAL CASE

a) Source of funding (30 marks)

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total Costs £'000	Secured *
Council Capital						<input type="checkbox"/>
Main Programme						<input type="checkbox"/>
Prudential Borrowing						<input type="checkbox"/>
Revenue (cost centre)						<input type="checkbox"/>
External Grants (detail)						<input type="checkbox"/>
Partnership Funding (detail)						<input type="checkbox"/>
Other (detail)						<input type="checkbox"/>
Total Project Cost						

Please add further columns and lines as necessary.

All sources of potential funding should be identified within this table.

** If funding has been secured, evidence is required of either a Cabinet Member Decision (in the form of a Council Minute) or Finance Officer approval, as appropriate.*

If external grant or partnership funding is being sought, please supply evidence of funding being secured or details of when a decision is expected.

If revenue contribution from SMBC budgets is to be used, please detail the relevant cost centre where funding will come from.

b) Project costs (60 marks)

Please provide a budget breakdown of your project costs:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total Costs £'000	Funding Source, i.e. grant, SMBC (cost centre), PMA etc.	Secured *
CAPITAL COSTS							
Land/Building (purchase costs)						N/A	<input type="checkbox"/>
Contractor Payments						N/A	<input type="checkbox"/>
Utility Costs						N/A	<input type="checkbox"/>
Site Supervision						N/A	<input type="checkbox"/>
Engineers Fees						N/A	<input type="checkbox"/>
Architects Fees						N/A	<input type="checkbox"/>
Furniture & Equipment						N/A	<input type="checkbox"/>
Grants						N/A	<input type="checkbox"/>
Consultants Fees						N/A	<input type="checkbox"/>
Land Compensation						N/A	<input type="checkbox"/>
Contingency**							
Other Costs (please explain)						N/A	<input type="checkbox"/>

**TOTAL
CAPITAL
EXPENDITURE**

--	--	--	--	--	--	--

REVENUE COSTS

Employees (inc. salaries, redundancy & other costs)

Premises

Transport

Supplies & Services

Capital Charges (Cost of Borrowing / Leasing Charges)

Maintenance Implications

Other (detail)

**TOTAL
REVENUE
EXPENDITURE**

**TOTAL
PROJECT COST**

Income

Savings

NET COSTS

					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>
					N/A	<input type="checkbox"/>

Please add further columns and lines as necessary

The above should be completed and profiled as accurately as possible.

*All estimated costs should be realistic and fully justified and **supporting evidence must be provided** in the form of detailed costing spreadsheets, feasibility studies or quotes from potential contractors or stakeholders.*

The capital funding requirement specified will form the basis of a cash limited capital approval should the scheme be approved and will subsequently be the expenditure figure on which the schemes progress is monitored.

Please note the Strategic Finance monitoring officer will request a quarterly

expenditure profile at the initial monitoring meeting.

Ongoing revenue costs need to be included, given the overall constraints on local authority funding. Services should bear in mind any additional revenue costs and how they will be met from their existing target budgets since it is unlikely that additional revenue resources will be made available.

If Prudential borrowing is being considered as a source of funding, estimated costs of borrowing should be calculated, included as a revenue cost and budgets identified. Assistance in calculating costs of borrowing can be obtained from Carl Burke, Corporate Finance, 0121 569 3509.

** If funding has been secured, evidence is required of either a Cabinet Member Decision (in the form of a Council Minute) or Finance Officer approval, as appropriate.*

*** The level of contingency included within the estimated cost breakdown will be reviewed for reasonableness in relation to the total cost of the project.*

Please ensure that the totals shown within the Source of Funding (4a) and Project Costs (4b) tables agree.

c) VAT implications (10 marks)

Please identify any potential VAT implications.

Advice and guidance on VAT/tax implications can be sought (if required) from:

Grant Hitchman – Tax Accountant

Tel No. 0121 569 3520

Email: grant_hitchman@sandwell.gov.uk

d) Cashflow management (10 marks)

Please detail how the cashflow of the project will be managed, i.e. is the cash for the project readily available, borrowing required, dependent on income generation etc.

e) Finance Team review (20 marks)

Please confirm the name of the relevant officer within the Finance Team that has assisted/ reviewed the financial data contained in the application.

Financial support and approval must be sought from the relevant out posted finance team with confirmation that any funding from SMBC budgets is secured.

Strategic Finance will contact the appropriate Finance Officer to confirm the level of involvement and to verify the reasonableness of the financial information contained within the application.

5. MANAGEMENT CASE

a) Project management and monitoring (20 marks)

Please provide a project management structure, including roles and responsibilities for undertaking the management and monitoring of the project. Confirm how the management and monitoring roles will be resourced, i.e. additional cost to be incurred (how funded), existing resources etc.

b) Project Delivery Plan (20 marks)

Please complete the following with estimated project timescales:

	Month	Year
Detailed Design Work to Start		
Estimated Contract Start Date		
Estimated Length of Contract		
Estimated Physical Completion Date		
Estimated Financial Completion Date		
Date of Land Purchase (If Applicable)		

Please also provide a comprehensive project plan/Gantt chart to support the delivery of the project, ensuring that realistic and deliverable key project milestones are identified.

c) Post Implementation Evaluation (20 marks)

- (i) Please identify a responsible officer who will undertake the post implementation evaluation of the project.
- (ii) Please detail how this will be undertaken and an expected date for completion.

6. MANAGING OTHER RESOURCES

a) Implications of not undertaking the project

Please detail the risks and implications to the Council and the Council's Scorecard should the proposals not be supported.

An attempt should be made to address the possible risks and implications of partial support e.g. reduction in funding: part of the scheme could still be completed but not all objectives will be achieved. Failure to meet statutory responsibilities should also be highlighted in this section.

b) Contribution to Sustainable Development
Please detail how the project will contribute to sustainable development or reduction of carbon dioxide emissions.

Assistance in identifying these issues can be obtained from Phil Kingston, Senior Energy Officer, 0121 569 4507.

7. Project Outputs/Outcomes/Impacts

Please detail the proposed projects outputs and outcomes, which should be quantifiable and measurable.

Outputs – direct, measurable consequences of product activities, i.e. no. of houses built.

Outcomes – consequences of wider community benefits of product activities, i.e. health benefits.

Where outputs and outcomes will be achieved over a period of time, a profile should also be provided. All quantitative and qualitative outputs should be stated. It is important to state when the outputs can be achieved and to indicate how they will be monitored and who will be responsible.

Outputs, outcomes and impacts should be realistic and evidence should be provided to justify how they have been estimated.

Please add further columns and lines as necessary.

	Means of Monitoring And Officer Responsible	Profile of Achievement				
		2016/17	2017/18	2018/19	2019/20	Total
<u>Outputs</u>						
<u>Outcomes</u>						

[ILO: UNCLASSIFIED]

Check List

Please include any additional information you consider appropriate to support the proposed project.

Please include the following documents if they are available:

Document	Please tick box if included with application for appraisal
Project Risk Register	
Planning Documents	
Detailed Budget Spreadsheet	
Gantt Chart	
Prudential Borrowing Costs Spreadsheet	
Management Structure Diagram	

Democratic Services are required to publish 28 days notice of **all** key decisions. The Project Lead Officer is responsible for notifying Democratic Services of key decisions in accordance with their timetable. Please refer to the External Funding Team's Intranet website for [2016/17 timetable](#).

Further guidance on what constitutes a key decision and the required timescales can be obtained from Democratic Services Unit on 0121 569 3736.

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 Chief Finance Officer constitutes the formal declaration required under the Act that these conditions have been fully met. This statement is also signed.

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 a member of Senior Management Board (SMB);
- Writing and leading on the annual refresh of the Medium Term Financial Strategy (MTFS) and the production and refresh of the corporate integrated budget, planning and performance framework;
- Challenging the budget at various stages of construction, including the reasonableness of the key budget assumptions, such as estimates of inflationary and corporate 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;
- An in-depth 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;

- 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 Member for Strategic Resources.

A risk assessment approach is used to determine the required level of general reserves and provisions. The matter of reserves and contingencies is addressed within the MTFs, demonstrating our acknowledgement of the importance of sound governance and the priority this issue is given. Our longstanding and continuous aim is to have a prudent level of general reserves, which 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 3% and 5% of the total net general fund revenue budget, the precise level within this range to be determined by risk assessment. The level of 'free' reserves at 31 March 2016 is forecast to be £11.8m which represents 4.7% of the 2016-17 net operating budget.

The MTFs also sets out the authority's financial framework including calls on reserves and contingencies. This includes that reserves should not be considered to be or used as a budget and any in-year calls on general balances should be replenished. Services should also not approve unbudgeted expenditure on the assumption that it will be met from general balances. A level of contingency has been set aside within the 2016/17 budget. A review of reserves will be undertaken when updated estimates are known which may result in an increased call on general balances or a reduction in the levels of contingency and earmarked reserves required. Based on known circumstances and financial risk assessment it is felt that adequate earmarked reserves and provisions have been created to meet legal and expected liabilities. A list of existing reserves as at 31 March 2015 is included in Appendix 1. These will be revised as part of the 2015-16 closure of accounts process.

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 unbudgeted costs.

The current level of reserves 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. The level of school balances and planned use of these is reported to Schools Forum at the end of each financial year.

Termly updates on projected balances will be reported to the Quality and Standards Performance Executive officer group through 2016/17. The adequacy of balances was reviewed by the CFO at the end of 2014/15 and will be reviewed again as part of the 2015/16 closure of accounts process. The overall level of reserves is considered adequate.

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. No general reserves below the minimum threshold are being used to support the 2016-17 budget and no reserves are being used to fund recurring expenditure.

The risk assessment has informed the established level of general and earmarked reserves.

The CFO has been involved throughout the entire budget process, including revising 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 cabinet and scrutiny, advising colleagues, the council Scorecard Actions, the public consultation process, challenge and evaluation activities, the Facing the Future Management Board and the scrutiny and approval of various reports.

The budget planning process commenced in April 2015 and the draft budget was completed in December 2015, in advance of the provisional Government financial settlement. This enabled policy planning / budget seminars to take place with Cabinet and the Senior Management Board in July and December, with specific focus on the progress being achieved through the Facing the

Future programme. The Budget and Corporate Services Budget Scrutiny Board continue to review the quarterly budget monitoring and considered the directorate three year business plans on 11 February 2016. The final budget is due to be set at council on 8 March 2016, within the statutory deadline.

Consultation - internally and externally, has been comprehensive as outlined in the Medium Term Financial Strategy. A budget consultation was undertaken with non-domestic ratepayers and the business community during February 2016.

Budget monitoring reports are submitted to the Cabinet, Budget & Corporate Services Scrutiny Board, Senior Management Board, and directorate management teams across the council throughout the year. In compiling the budget monitoring reports for Cabinet, budget holders are challenged by Financial Management Teams on the accuracy and robustness of the projections and assumptions included within the financial monitoring.

The Government has confirmed that for those Local Authorities that deliver Adult Social Care Services an increase in Council Tax of 4% in 2016-17 will trigger the need for the council to hold a formal referendum on its budget proposals. Based on the council tax levels outlined in this report (an increase of 3.99%) there is no requirement for the council to undertake a referendum seeking approval for an increase from its electorate.

Each year "accountability letters" are sent to every manager 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 CFO has received appropriately authorised accountability letters from all Directors prior to the Budget Report being presented to Cabinet on 24 February 2016.

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 consistently throughout the year to Cabinet.

Key assumptions

The pay and prices used in the budget are derived from current intelligence, are considered appropriate and compare with those used by other councils. However, given the present economic climate these will need to be constantly reviewed. Demand changes have been identified and are reflected in budgets. 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.

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 2015-16 outturn and 2016-17 budget. The prevailing level of general reserves is considered adequate to cover all but the most unusual and serious combination of events, there is also a contingency of £0.9m included within the recommended 2016-17 budget.

The budget in Context

The budget is a reflection of the vision, aims, objectives and policies of the council, and has been constructed with that in mind. The budget has been constructed in accordance with the principles and direction of the MTFs. Efficiency savings and reductions totalling c£61m have been included in the four years budgets to 2019-20. The prudential code has been used to an appropriate degree to finance investment in leisure and housing to support investment in front line services. It is also used towards a strategic approach to office accommodation to enable more effective asset management and realise receipts.

All efficiencies and savings have been appraised to ensure accuracy of costings and deliverability. Individual officers are identified as accountable for their implementation. The council is working to improve performance outcomes on a range of activities, which are monitored through the council Scorecard, performance management system and within services across the council. Service business plans are an integral part of the budget setting process and were formally received by Cabinet on 3 February 2016.

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.

Darren Carter, CPFA
Section 151 Officer

<u>Specific Reserves as at 31 March 2015</u>		
General Fund Reserves	£m	
Insurance	8.061	
NDR Reserve	1.942	
BSF FM Sinking Fund Reserve	1.805	
Revenue Grants	1.047	
Grants Irregularities	1.006	
Early Help Reserve	0.830	
West Midlands Regional Reserve	0.659	
Adoption Support Reserve	0.400	
Social Fund Reserve	1.056	
Regeneration & Economy	0.372	
Children's Workforce Development	0.303	
Teaching for Public Health Network	0.337	
Safeguarding Children's Board	0.039	
Welfare Reform	0.200	
Green Deal Developments	0.145	
Other Earmarked Reserves	0.366	
Total General Fund Reserves	18.568	
School Balances (Held under delegation)	31.744	
Housing Revenue Account		
HRA Balances	34.677	
Other HRA Reserves	2.906	
Total HRA Reserves	37.583	
Total Specific Reserves	87.895	

Specific Reserves as at 31 March 2015

General Balances as at 31 March 2015

"Free" Resources as at 31 March 2015

	£m
Total General Fund Revenue Balance	67.944
less Committed Items:	
Revenue Contributions to Capital Expenditure	20.050
Earmarked Reserves (See Below)	35.581
Total "Free" Resources as at 31 March 2015	12.313

Breakdown of Earmarked Reserves as at 31 March 2015

Earmarked Reserves from Balances	£m
Directorate Carry Forwards	16.852
Redundancies	5.128
Equal Pay	3.371
SIPS Redundancy Reserve	1.400
MMI	0.650
Jobs Promise	2.000
Dilapidations	1.000
Impress	1.000
Local Council Tax Reduction Scheme	1.600
Other	2.580
Earmarked Reserves as at 31 March 2015	35.581

Use of Earmarked Reserves	
Carry Forwards from 2014/15	-16.852
Redundancies	-1.700
Other	-6.740
Contribution to Earmarked Reserves	
Carry Forwards into 2016/17	15.025
Redundancies	2.572
Other	0.884
ASC Medium Term Budget Pressures	4.000
NHS Rates Relief	1.700
<u>Net Movement in 2015/16</u>	-1.111
Forecast Earmarked Reserves as at 31st March 2016	34.470
	£m
Estimated General Fund Revenue Balance	64.320
less Committed Items:	
Future Revenue Contributions to Capital Expenditure	18.037
Earmarked Reserves as at 31st March 2016	34.470
Total Estimated "Free" Resources as at 31 March 2016	11.813

MEDIUM TERM FINANCIAL STRATEGY 2016/17 to 2019/20



MEDIUM TERM FINANCIAL STRATEGY 2016-17 TO 2019-20

1	INTRODUCTION	3
	<i>Funding Settlement.....</i>	<i>5</i>
	Spending Power	5
	Settlement Funding Assessment.....	7
	<i>Retail Price Index (RPI).....</i>	<i>7</i>
3	LOCAL CONTEXT AND PROJECTIONS.....	8
	<i>Reserves.....</i>	<i>8</i>
	<i>Forecast Revenue Funding Levels</i>	<i>8</i>
	Revenue Support Grant (RSG)	9
	Retained Business Rates	9
	Business Rates Top Up.....	10
	Council Tax	10
	<i>Other Funding Streams.....</i>	<i>11</i>
	New Homes Bonus.....	11
	Better Care Fund.....	11
	Dedicated Schools Grant (DSG)	11
	Education Services Grant (ESG).....	12
	<i>Forecast Revenue Expenditure & Funding Shortfall</i>	<i>12</i>
	Pensions Deficit.....	13
	National Insurance Costs	13
	Waste Contract.....	13
	Care Act 2014	13
	Levy.....	14
	Savings.....	14
4	SIMALTO Exercise	16
	<i>Methodology</i>	<i>16</i>
	<i>Satisfaction with Council Services</i>	<i>17</i>
	<i>Residents' Priorities</i>	<i>17</i>
	<i>Paying More Council Tax.....</i>	<i>18</i>

5 THE 'FACING THE FUTURE' PROGRAMME..... 19
What is "Facing the Future"?..... 19
Facing the Future Savings 19
Target Operating Model 20

1 INTRODUCTION

- 1.1 Sandwell MBC continues to face an extremely challenging financial position with funding cuts to Local Government set to continue for the remainder of this Parliament.
- 1.2 The Medium Term Financial Strategy (MTFS) sets out how the council will structure and manage its finances now and in the future. The strategy provides a robust and consistent approach that places the council's finances on a sound and stable footing, whilst supporting our transformational 'Facing the Future' programme.
- 1.3 The 3 key objectives of the council's MTFS are to: -
 1. Ensure the council remains financially stable in the face of Central Government funding reductions.
 2. Protect front-line services to the people of Sandwell by transforming the way we deliver services and growing the funding we generate locally.
 3. Deliver a policy-led multi-year budget planning process that fully integrates revenue and capital resources.
- 1.4 On 25 November 2015 the Chancellor announced a four-year plan to cut public spending by £20bn. Sandwell MBC is facing a cut in Revenue Support Grant funding of £48m by the end of the current Parliament. When combined with the need to fund increasing costs, the council will have to find savings of £61m across the next 4 years. The Medium Term Financial Strategy (MTFS) will provide further details about how this figure has been calculated and how the 'Facing the Future' programme will address the shortfall while continuing to provide high quality services to the people of Sandwell.
- 1.5 The council operates a multi-year budget planning process that gives services the ability to manage budgets across financial years. Those services have delivered savings of £23m in 2015/16 and will deliver a further £24m of savings in 2016-17.
- 1.6 Key to this process is the decision to allow services to retain any budget surpluses that arise. This means that a service that is required to deliver savings across three financial years is able to restructure once, delivering savings earlier than required secure in the knowledge that any surpluses generated are retained by the service.
- 1.7 This approach encourages sensible financial planning; avoids the traditional rush to spend money before the end of the financial year; provides greater security for staff; and helps to ensure that challenging savings targets are achieved.
- 1.8 Many services have delivered their 2016/17 savings early and, as a consequence, have generated surpluses in 2015/16 that will be retained and reinvested in front-line services.

Medium Term Financial Strategy 2016-17 to 2019-20

- 1.9 Risk will be managed using our established best practice principles....
- 1.10 In determining actions required to ensure balanced budgets are prepared, Directors have undertaken an Equality Impact Assessment on all identified service changes and policy amendments.

2 NATIONAL POLICY & 2016-17 TO 2019-20 SETTLEMENT

Funding Settlement

2.1 This section sets out the details of the Local Government Finance Settlement which was announced by the Secretary of State for Communities and Local Government on 8 February 2016. The key headlines include:

- By the end of the Parliament local government will retain 100% of business rate revenues to fund local services. The government plan to consult on this proposal in Summer 2016.
- The system of top ups and tariffs which redistributes revenues between local authorities will be retained.
- The Uniform Business Rate will be abolished and there is no limit on the amount a local area can cut business rates in order to create new jobs and generate wealth.
- Elected city-region mayors will be able to add a premium to business rates to pay for new infrastructure provided they have the support of the local business community through a majority of business members of their Local Enterprise Partnership.
- The main local government revenue support grant will be phased out and additional responsibilities devolved to local authorities.
- Local authorities with responsibility for adult social care will be given an additional 2% flexibility on their current council tax referendum threshold, to be used entirely for adult social care, thereby shifting much of the burden for funding social care to local taxpayers.
- In addition, the Spending Review made available social care funds of £1.5 billion by 2019-20 for local government, to be included in an improved Better Care Fund.
- The Government is also publishing a consultation on reforms to the New Homes Bonus, including means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from six to four years.

Spending Power

2.2 Spending power or revenue spending power is an estimate of the amount of funding available to each authority to spend on their core services. It is made up of

Medium Term Financial Strategy 2016-17 to 2019-20

estimated council tax and business rate income, Revenue Support Grant and New Homes Bonus plus a number of government grants excluding those for education and policing.

- 2.3 The government has announced national figures for Core Spending Power for the next 4 years. These figures, in which the size of the overall funding cut is reduced by an assumption that Council Tax will increase by CPI in each year, are shown in table 1:

Table 1: Core Spending Power – England					
	15-16	16-17	17-18	18-19	19-20
	£m	£m	£m	£m	£m
Settlement Funding Assessment	21,249.9	18,601.5	16,623.9	15,558.9	14,499.7
Council Tax	22,035.9	22,769.8	23,638.4	24,563.6	25,549.4
Council Tax for Adult Social Care	0.0	392.8	820.9	1,289.8	1,804.0
Better Care Fund	0.0	0.0	105.0	825.0	1,500.0
New Homes Bonus	1,200.0	1,485.0	1,493.0	938.0	900.0
Rural Services Grant	15.5	20.0	35.0	50.0	65.0
Transition Grant	0.0	150.0	150.0	0.0	0.0
Core Spending Power	44,501.3	43,479.5	42,896.2	43,225.3	44,318.1

- 2.4 Nationally total funding across the spending review period will reduce by 0.4%, with an assumption that all Councils will agree to implement the full Council Tax increase to fund cost pressures in Adult Social Care.

- 2.5 The government also announced figures showing the Core Spending Power for Sandwell, shown in Table 2: -

Table 2: Core Spending Power - Sandwell					
	15-16	16-17	17-18	18-19	19-20
	£m	£m	£m	£m	£m
Settlement Funding Assessment	177.3	160.6	148.2	141.3	134.5
Council Tax	80.1	82.7	85.9	89.3	92.9
Council Tax for Adult Social Care	0.0	1.6	3.4	5.4	7.5
Better Care Fund	0.0	0.0	2.4	10.8	17.9
New Homes Bonus	5.4	6.8	6.8	4.3	4.1
Rural Services Grant	0.0	0.0	0.0	0.0	0.0
Core Spending Power	262.7	251.7	246.8	251.0	256.9

- 2.6 This shows Sandwell's total funding across the spending review period reducing by 2.2%, assuming the Council agrees to implement the full Council Tax increase to

Medium Term Financial Strategy 2016-17 to 2019-20

fund cost pressures in Adult social Care. If the additional funding for Social Care is excluded then Sandwell's funding will reduce by 11.8% (£31.2m).

Settlement Funding Assessment

- 2.7 The Settlement Funding Assessment consists of the local share of business rates, and Revenue Support Grant. As the local share of business rates has been fixed until 2020 to provide a strong incentive for local authorities to promote growth, any changes to the Settlement Funding Assessment can only be applied to the element of funding that is provided through Revenue Support Grant.
- 2.8 The Settlement Funding Assessment for Sandwell is broken down in Table 3:

	16-17	17-18	18-19	19-20
	£m	£m	£m	£m
Revenue Support Grant	67.42	53.28	43.52	33.66
NDR Baseline	48.13	49.07	50.53	52.14
Business Rates Top-up	45.00	45.89	47.24	48.75
Total	160.55	148.24	141.29	134.54

- 2.9 The NDR (Non Domestic Rates) Baseline is the level of business rates that the authority is assumed to be able to collect; this combined with the Business Rates Top Up represents the Baseline Need. Whilst the RSG element is fixed, the Baseline Need will fluctuate dependent upon actual business rates collected.

Retail Price Index (RPI)

- 2.10 The Office for Budget Responsibility (OBR) published estimated RPI rates in November 2015: -

2016-17	2.20%
2017-18	3.00%
2018-19	3.10%
2019-20	3.10%

- 2.11 These are the percentages that have been used where reference is made in the MTFS to budget increases in line with RPI.
- 2.12 Section 3 sets out how the council's local funding projections differ from those announced by the DCLG above. It also details the estimated expenditure levels for the council over the period.

3 LOCAL CONTEXT AND PROJECTIONS

Reserves

The Sandwell MBC reserves policy is:

- 1) To maintain opening general reserves of between 3% and 5% of the total net general fund revenue budget, the precise level within this range to be informed by risk assessment;
- 2) Additional reserves will be appropriately and prudently earmarked in-year or at year-end by the Chief Financial Officer (CFO), in consultation with the cabinet member with responsibility for finance, to meet anticipated one-off expenditure;
- 3) Net surpluses on target budgets may be carried forward and re-invested in front-line services in accordance with the multi-year budget planning process, subject to approval by Cabinet of a report presented jointly by the chief officer and the chief financial officer regarding the source of the surplus or additional income and the proposed application of those resources;
- 4) General reserves above that required to fund the above will be earmarked as being available to fund invest to save projects that will deliver ongoing revenue budget savings;
- 5) Services are required in the first instance to accommodate unforeseen expenditure and/or income shortfalls from within their cash limited budgets in any particular year, only seeking allocations from general reserves and contingencies where this is proven to be impossible;
- 6) If general reserves are committed during a financial year, alternative savings will be identified and implemented in order to both mitigate the impact and replenish the general reserves in-year as much as possible;
- 7) Any use of general reserves in a particular year by an individual service that is not replenished in that year of account will be paid back in the following financial year, by the identification and implementation of savings and efficiencies. It is recognised that on occasion this will be achieved over more than one financial year; this will be permitted only on the prior agreement of the CFO and be referred to as a “licensed deficit”.

Forecast Revenue Funding Levels

- 3.1 Table 5 shows the current funding levels forecast for the council over the next 4 years.

Table 5: Forecast of Council Funding over the next 4 years				
	16-17	17-18	18-19	19-20
	£m	£m	£m	£m
Revenue Support Grant	67.425	53.276	43.523	33.656
Business Rates	51.669	54.250	56.211	58.243
Business Rates Top-up	45.002	45.887	47.241	48.751
Council Tax	83.836	86.359	88.958	91.636

Medium Term Financial Strategy 2016-17 to 2019-20

Adult Social Care CT	1.644	3.420	5.337	7.402
Collection Fund Deficit	(0.313)	0	0	0
Total	249.263	243.192	241.270	239.688

3.2 These figures are based on the following: -

Revenue Support Grant (RSG)

3.3 Revenue Support Grant is the primary source of funding from central government in relation to non-schools revenue expenditure.

3.4 The Revenue Support Grant figures for all years are based on the final settlement announced on 8 February 2016.

3.5 The council will receive £67.425m in Revenue Support Grant for 2016-17 which is a reduction of £14.236m from 2015-16 levels. By 2019-20 the RSG will have reduced to £33.655m – a reduction of £48m which is equivalent to 60%.

Retained Business Rates

3.6 The business rate retention scheme was introduced in April 2013 and has reformed the way in which local government is funded. It provides a direct link between business rates growth and the amount of money local authorities have available to spend on local people and services. Under the business rates retention scheme, authorities keep up to half of the local business rates revenue as well as growth on the revenue that is generated in their area.

3.7 Cabinet on 9 December 2015 considered officers' estimates of the NDR Baseline for 2016/17. The latest position as set out in Table 6 below show an estimated NDR Baseline for SMBC of £51.7m, £3.6m above the national funding assumptions. This figure has been used in the projected funding for 2016-17.

	£m
Business Rates 2016/17	105.6
Central Government share (50%)	52.8
WM Fire & Rescue Authority share (1%)	1.1
Retained by Sandwell MBC (49%)	51.7

3.8 The Autumn Statement confirmed the extension of the doubling up of small business rate relief for 12 months to April 2017. This initiative will be cost neutral to the council as it will receive compensation via a non-ring fenced section 31 grant. Following 2016/17 retained Business Rates are increased by RPI with an assumed growth in rateable value of 0.5% pa.

3.9 The council has recently been made aware of a significant risk associated with the projected Business Rates income. Three NHS trusts have submitted backdated applications for Business Rates relief due to charitable status. This would equate

Medium Term Financial Strategy 2016-17 to 2019-20

to a reduction in NDR of £1.7m relating to the backdated claim and £0.4m ongoing. The figures for Business Rates contained in this report do not factor in this potential loss of funding but one-off balances have been earmarked for 2016-17 to mitigate the risk in that year.

- 3.10 The figure for 2017-18 assumes growth of £1m plus RPI in line with the Strategic Regeneration Facing the Future project. Thereafter growth is assumed at 0.5% plus RPI.

Business Rates Top Up

- 3.11 Some local authorities collect a lot more business rates than others. In order to be equitable and to encourage enterprise in local authorities the rates retention scheme includes a system of top ups and tariffs.
- 3.12 Whether a local authority is a tariff or a top-up authority is determined by comparing each individual local authority's baseline funding level against its business rate baseline. A local authority must pay a tariff each year if its business rate baseline is greater than its baseline funding level. Conversely, a local authority will receive a top-up each year if its business rate baseline is less than its baseline funding level.
- 3.13 The Business Rates Top Up figures in Table 5 for each year are as per the final DCLG settlement.

Council Tax

- 3.14 The amount of revenue a local authority needs to raise through council tax (its council tax requirement) is calculated by deducting any funding from reserves, income it expects to raise, and funding it will receive from the Government from its planned spending.
- 3.15 Each local authority then sets its basic amount of council tax (band D) at the level necessary to raise this amount, taking into account its likely collection rate.
- 3.16 The Council Tax figures in table 5 are based on the Council Tax base that was reported to Cabinet in December 2015 with an assumed growth in Council Tax base of 1% per annum thereafter.
- 3.17 Sandwell's Council Tax is proposed to increase by a total of 3.99%. This is within the referendum threshold and includes the 2% Adult Social Care precept.
- 3.18 Sandwell has frozen Council Tax for the last five years in return for a freeze grant provided by Central Government and would have frozen Council Tax again in 2016-17 if the central government funding was still available. However, the Government has now announced the end of the freeze grant and so general Council Tax will be increased by 1.99% in 2016-17.

Medium Term Financial Strategy 2016-17 to 2019-20

- 3.19 Council Tax will also be increased by a further 2% in relation to funding of Adult Social Services. The Government has responded to rising costs in Adult Social Care by giving Local Authorities the option to increase Council Tax by an additional 2% and by introducing a different version of the Better Care Fund from 2017-18. The Better Care Fund has been calculated on an assessment of need, less the amount assumed to be raised through the additional 2% Council Tax threshold. The clear implication of this is that Local Authorities who do not implement the additional 2% increase will have insufficient funds to deliver their adult social care responsibilities. It also represents a clear shift towards local Council Tax payers being responsible for funding Adult Social Care services.
- 3.20 The calculation of the Council Tax Base for a given year includes an assumption of the percentage of sums due that are actually collected. Based on current performance the Council Tax Collection Rate is estimated to be 99%.

Other Funding Streams

New Homes Bonus

- 3.21 The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas.
- 3.22 The New Homes Bonus is currently paid each year for 6 years. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.
- 3.23 Final 2016-17 allocations of the New Homes Bonus were announced as part of the final settlement on 8 February 2016. Sandwell will receive £6.8m in 2016-17.

Better Care Fund

- 3.24 The Better Care Fund (BCF) will provide financial support for councils and NHS organisations to jointly plan and deliver local services.
- 3.25 The BCF will mainly fund the impact of the National Living Wage on the cost of Adult Services. However, the profiling of the funding does not match the cost of the budget pressure arising from the National Living Wage.
- 3.26 In 2016-17 and 2017-18 the BCF will not cover the additional costs of the National Living Wage but by 2018-19 the funding will be more than sufficient. The budget pressures arising in 2016-17 and 2017-18 will therefore be funded from balances in order for the council to set a balanced budget in these years.

Dedicated Schools Grant (DSG)

Medium Term Financial Strategy 2016-17 to 2019-20

3.27 Sandwell's DSG allocation for 2016/17 is estimated at £289.907m before academies recoupment. This is made up of the following: -

- Schools Block – The cash flat level is £4,803.38, including an adjustment for non-recoupment academies (NRA)
- Early Years Block = 3 and 4 year olds rate = £3,524.62, 2 year old rate = £4,645.50 and indicative early years premium is £0.463m
- High Needs Block = £36.318m after deductions.
- Funding for induction for newly qualified teachers £0.071m

Education Services Grant (ESG)

3.28 This grant was introduced in 2013-14 to meet the costs of a range of central education functions provided on behalf of maintained schools. The 2015-16 ESG was £3.944m and the indicative allocation for 2016-17 is £3.699m, a reduction of £0.245m. The Spending Review and Autumn Statement published in November 2015 announced an intention to phase out the additional funding schools receive through the ESG.

3.29 The government is also intending to reduce the local authority role in running schools and remove a number of statutory duties, and will consult on policy and funding proposals in 2016. The impact of this change will need to be reflected in the MTFs once more details are announced.

Forecast Revenue Expenditure & Funding Shortfall

3.30 Table 7 compares the projected net revenue expenditure to the forecast Council funding.

Table 7 - Comparison of forecast revenue expenditure compared to the forecast funding				
	16-17	17-18	18-19	19-20
	£m	£m	£m	£m
Forecast Expenditure	249.263	248.790	258.704	264.540
Forecast Funding	249.263	243.193	241.270	239.688
Cumulative Surplus/(Shortfall)	0	(5.597)	(17.434)	(24.852)
Annual Shortfall	0	(5.597)	(11.837)	(7.418)

3.31 The basis for the forecast expenditure for 2016-17 and future years is the council's 2015-16 approved budget and the following corporate budgetary parameters: -

Table 8: Corporate Budgetary Parameters					
	16-17	16-17	17-18	18-19	19-20
	%	£m	%	%	%

Medium Term Financial Strategy 2016-17 to 2019-20

Pay Award	1.0	1.788	1.0	1.0	1.0
General Inflation	1.0	2.002	1.0	1.0	1.0
Fuel – Gas	6.0		6.0	6.0	6.0
Fuel – Electricity	7.0		7.0	7.0	7.0
Income – Fees & Charges	1.5		2.0	2.0	2.0
Income - Other	1.5		2.0	2.0	2.0

3.32 The forecast expenditure has also been **increased** for the following budget pressures: -

Table 9: Forecast Expenditure – Funded Budget Pressures				
	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m
Pensions Deficit	2.178	2.505	0.490	0.490
National Insurance Costs	1.572			
Waste Contract	1.028	1.248	1.277	1.000
Care Act 2014	1.600	1.980	2.350	2.710

Pensions Deficit

3.33 The budget for Sandwell’s contribution towards the pensions deficit increases from £8.547m in 2015-16 to £14.210m in 2019-20. The next revaluation of the pension fund will take place in 2016-17 and may impact on the contributions required from 2017-18 onwards.

National Insurance Costs

3.34 From April 2016 the employer National Insurance rates will increase from 10.4% to 13.8%. This is due to the introduction of the Single Tier State Pension and the ending of contracting out from defined benefit pension schemes. An estimate of the cost of this for Sandwell in 2016-17 is £1.572m.

Waste Contract

3.35 The budget for the central Waste Contract has been increased in line with the latest model.

Care Act 2014

3.36 The Care Act 2014 includes a number of elements that will impact on future care provision within Adult Social Care:

Phase 1 – from April 2015

- Expansion of deferred payments to people entering residential care
- Additional responsibilities to assess and meet the eligible needs of carers
- Changes to the assessment process and to eligibility criteria

4 SIMALTO Exercise

- 4.1 As part of Sandwell Council's budget planning approach and the further development of the Facing the Future programme, the council sought to gather resident's views on the financial challenges that it faces and identify their priorities for services that should be improved, continued as is, or reduced.
- 4.2 This report sets out the methodology used in seeking residents' priorities, and gives a summary of the results of the exercise. The results will be incorporated into the council's plans to deliver the Medium Term Financial Strategy.

Methodology

- 4.3 As part of Sandwell Council's budget planning approach and the further development of the Facing the Future programme, the council sought to gather resident's views on the financial challenges that it faces and identify their priorities for services that should be improved, continued as is, or reduced.
- 4.4 As in previous years, the council commissioned Research for Today Ltd. to conduct a budget consultation exercise. The SIMALTO (Simultaneous Multi Attribute Level Trade Off) method asks respondents to make their priorities from a choice of defined alternative levels of each service, allocating a budget of 'points' to their choices. Choices are 'realistic' since the relative savings/extra costs of each different service level are shown to residents, and they only have fixed, constrained budgets to allocate across the competing service levels. This recognises some changes save/cost more than others, and that the same money cannot be spent twice.
- 4.5 The SIMALTO exercise identified the current service levels that could be reduced and cause least 'distress' among residents, as well as the improvements in services, if any, that should take priority. The exercise also determined whether respondents felt that the budget allocations on these services are 'worth the money' they cost.
- 4.6 Research for Today carried out 252 interviews in residents' homes across Sandwell, making sure that the sample was representative of the borough's population. Some 124 staff and 93 residents completed the survey online, and a further 77 residents, staff and councillors completed the survey in workshop sessions.
- 4.7 A copy of the full report is attached as an Appendix to this document (Appendix H (A1)).

Satisfaction with Council Services

4.8 At the beginning of the exercise, respondents were asked how pleased they were with the current level of council services that they currently received. The table below sets out the results over the past three surveys:

Year	% of respondents pleased with council services	% of respondents uncertain	% of respondents unhappy with council services
2015	71%	16%	13%
2012	66%	19%	15%
2009	57%	20%	24%

4.9 This table shows that satisfaction with council services have increased since 2009, during the period that the council's spend has reduced by around £132m.

Residents' Priorities

4.10 The SIMALTO exercise asks respondents to allocate points to different options to prioritise the levels of services provided. The exercise seeks to identify, out of all the possible budget scenarios, which scenario would give as many residents as possible their highest priorities within the overall cost constraint.

4.11 In summary, respondents:

- Prioritised, above all else, retaining the current service level on winter gritting and maintaining education standards in primary schools across Sandwell.
- Would accept a slightly reduced level of service for day services for adults with disabilities, and a reduced service for single homeless people or people who are the subject of domestic violence
- Supported increasing or introducing charges for large events (e.g. Sandwell Show), community meals, day care transport, adult social care enhanced assessment beds and pest control
- Rather than close leisure facilities, would be prepared to pay more for more modern facilities
- Would accept reducing the number of libraries in the borough by closing the least used facilities
- Ranked arts events and galleries as their lowest priority

Paying More Council Tax

- 4.12 At the end of the survey, interviewers asked respondents whether they would be prepared to pay 2% more council tax to reduce the amount of budget cuts to services. The response was a very close split between those who would be prepared to pay more council tax (45%) and those who would accept a cut in the level of services (49%). Only a small percentage (5%) did not answer these questions. Of residents who responded to the web survey, 75% would be prepared to pay 2% more council tax.

5 THE ‘FACING THE FUTURE’ PROGRAMME

What is “Facing the Future”?

- 5.1 The council launched the ‘Facing the Future’ (FtF) programme in 2014 in response to the unprecedented reductions in funding for local government.
- 5.2 The aim of the programme is to identify transformational council-wide projects that could make savings instead of the traditional approach of ‘salami-slicing’ individual service budgets. The programme represents a strategic change from focusing solely on cost reduction and service redesign to a more commercial approach.
- 5.3 The FtF Programme Board consists of the Chief Executive, Assistant Chief Executive and all Directors, supported by the FtF Delivery Team. The Board meets on a monthly basis with an agenda that alternates between programme governance and focused sessions on specific projects/themes. Progress updates are reported to Cabinet on a regular basis.
- 5.4 The savings targets to be met by FtF are initially held as a central item and once projects have been sufficiently developed the associated savings are allocated out against the relevant directorate(s).

Facing the Future Savings

- 5.5 The total savings identified by the FtF programme for 2016-17 are £12.197m. Details of these and where they have been allocated are shown in the table below:

-

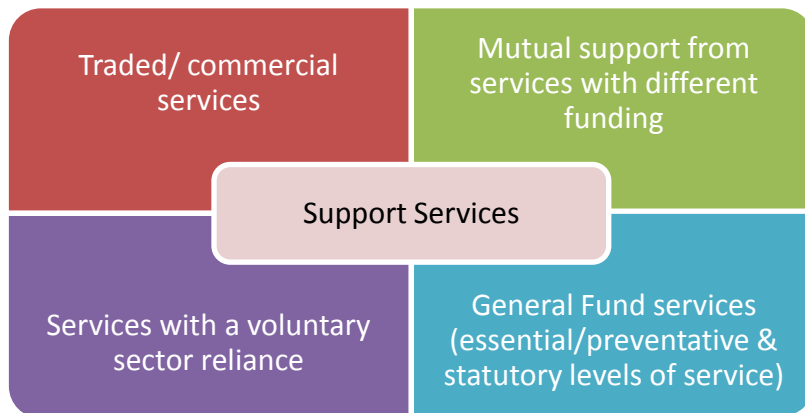
Area	£m	Project	Description
Debt Charges	2.400	Minimum Revenue Provision	Changing the way the outstanding debt charged against the council’s revenue budget is managed.
Public Health	0.700	Public Health	Identifying public health activity taking place in other directorates.
Central Item	0.120	Standby Payments	Auditing current arrangements to increase efficiency through better co-ordination and rationalisation.
Contingency	1.000	Strategic Commissioning & Procurement	Freezing inflation on directorate budgets.
ACE	1.536	Core Service Transition	Savings achieved as part of the transfer of services back from

Table 12: Facing the Future Savings 2016-17

Area	£m	Project	Description
			BT to the council.
Adults	1.000	Transforming Adult Social Care	The use of the Better Care Fund to deliver a range of services.
Regeneration	0.145	Marketing & Sponsorship	Maximising advertising opportunities via our Highways assets e.g. roundabouts, verges
Neighbourhoods	0.100	Management Re-structure	The realignment of responsibilities across service managers with shared HRA and General Fund portfolios.
Governance	0.150	Governance Savings	Savings against Member Allowances.
Neighbourhoods	0.134	Customer Experience	Cutting avoidable/repeat contacts and moving to digital contact (channel shift) promoting self -serve
I&E	0.116	Customer Experience	
Contingency	1.500	Procurement Savings - Savings Found Via Inflation Savings	
Contingency	0.500	Pay Award Savings	
Contingency	1.000	Employee Savings	
Contingency	0.096	Unallocated	
Contingency	1.700	Funding Adjustments	
Total	12.197		

5.6 For 2017-18 the funding shortfalls in Table 7 assume the delivery of the savings agreed at Cabinet in August 2015.

Target Operating Model



Medium Term Financial Strategy 2016-17 to 2019-20

5.7 The Target Operating Model (TOM) sets out the services that the council is aiming to providing by 2019-20. This is developed by prioritising services and deciding whether they should: -

- Definitely continue to be General Fund services;
- Continue but on a traded/commercial basis;
- Continue but be operated by the voluntary sector;
- Cease completely.

5.8 The Support Services required to provide this level of service are then assessed and agreed.

5.9 The process for developing the TOM involves: -

- Considering the current and future financial position for each service, including savings targets;
- Assessing the performance of statutory services and the risk of not providing non-statutory services;
- Identifying areas of duplication across service areas;
- Undertaking a peer challenge review process.



Sandwell Council

2016 Budget Input Consultation Using SIMALTO Modelling

November 2015

Contents

	Page Number
Background	3
Objectives	3
Method	4
Sample	7
Recommendations	8
SIMALTO data	11
Satisfaction and Willingness to Pay for Alternative Scenarios	12
Willingness to pay 2% more council tax	14
Modelling introduction	15
Optimum Best Value Total Budgets	16
Value Hierarchy of Individual Improvements	20
Appendix 1 Detailed Summary of Service Priorities	29
Appendix 2 Questionnaire	40
Appendix 3 Respondent comments report	49
Appendix 4 SIMALTO MATRIX	61

Background

- ❑ Sandwell Council desired resident input to their 2016 Budget Allocation decision making process
- ❑ In order that this should be as relevant and accurate possible, the SIMALTO Modelling approach was adopted
- ❑ This method asks respondents to make their priorities from a choice of defined alternative levels of each service
- ❑ In effect they are informing the council where services should expand/contract to better meet their needs
- ❑ Their choices are 'realistic' since the relative savings/extra costs of each different service level are shown to residents, and they only have fixed, constrained budgets to allocate across the competing service levels
- ❑ This recognises some changes save/cost more than others, and residents (councils) cannot spend the same money twice

Main Objectives

Sandwell Council wanted to know resident feelings about the allocation of portions of their budget between various services in 2016 and beyond.

- ❑ Which current service levels could be reduced and cause least 'distress' among residents?
- ❑ Which improvements, if any, on other services should take priority?
- ❑ Do residents think the budget allocations on these services are 'worth the money' they cost?

Method

Sandwell Council had prepared a matrix with 20 attributes showing different services on which the council might change its service level from 2015 to 2016 (See SIMALTO Grid in Appendix 2). Individual alternative levels of service are described, each with the relative cost of their change from other levels of the same attribute, e.g. closing the 4 least used libraries (5 units, (15 - 10) on attribute 5 saves five times as much as closing 1 community centre, (3 - 2 units) on attribute 1).

Very approximately, 1 point on the grid represents £30,000 of council budget, and the current service 'costs' 166 units on the grid. Respondents were invited to carefully read the whole sheet, and then carry out some or all of the following tasks. (The full questionnaire is given in the appendix.)

Task 1

Cross out any options they thought were unacceptable, i.e. would cause them to complain or seriously consider doing so if this level of service was provided.

Task 2

Indicate the 5 or 6 services they thought were most important.

Task 3

Read the options in the first option box on each row, and indicate how 'pleased' they would be if that level of service were to be provided by the council.

Task 4

Allocate between 33 and 37 points on improving the overall service from this basic first option box position (first priorities)

Task 5

Allocate a further 25 points – second priority improvements





Task 6

Allocate a further 25 points – third priority improvements

Task 7

Allocate a final 25 points of improvements – fourth priorities

An illustration of a completed part grid is shown below.

	Service	Options				
1	 Community Centres	Close 3 Community Centres 0	Close 2 Community Centres 1	Close 1 Community Centre 2	As now – all community centres transferred to community control 3	Open a new Community Facility 4
2	 Contacting the Council	Reduce the number of ways to pay Council bills with direct debit being the default payment method 0	All basic transactions including reporting a repair and paying rent & council tax will be on-line 2	Stop Saturday opening & reduce opening hours for direct face to face contact 4	As now – Keep Saturday and existing opening hours in place 6	Extend opening hours to evenings 7
3	Public events across Sandwell	Only run low key community events 0		Charge for events such as Sandwell Show and the Bonfire event 3	As now - Free to attend large scale events e.g. Bonfire events and Sandwell Show 4	
4	Sell off low quality / parks and open spaces	Reduce number of parks and green spaces by 15% by selling off low quality areas 0	Reduce number of parks and green spaces by 10% by selling off low quality areas 5	Reduce number of parks and green spaces by 5% by selling off low quality areas. 10	As now – keep existing parks and green spaces 15	
5	Library Service	Close the 9 least used libraries 0	Close the 7 least used libraries 5	Close the 4 least used libraries 10	As now - Maintain delivery of library service through existing network of 19 libraries 15	Increase the opening hours of all main libraries to six days a week 20
6	Museums & Art Galleries	Close one gallery and stop all funding for local arts organisations 0	Provide arts and museum events to 8,000 less people per year. 4	Provide arts and museum events to 4,000 less people per year. 5	As now – Provide arts and museum events to 80,000 people per year 7	Provide arts and museum events to an additional 4,000 people per year 9
7	 Leisure & sports facilities	Close low demand facilities & increase charges by 10% 0	Provide more modern facilities but less of them and increase charges by 5% 4	Reduce opening hours of all leisure centres 8	As now – Retain current opening hours for all leisure centres 13	Extend opening hours of current leisure facilities 18
8	Grass cutting in parks, roadside verges & open spaces,	Reduce grass cutting to 6 times per year & stop treating weeds on hard surfaces 0	Reduce grass cutting to 8 times per year & treat weeds on hard surfaces once a year 6	Reduce grass cutting to 10 times per year & treat weeds on hard surfaces 2 times a year 10	As now – grass is cut 12 times per year & treat weeds on hard surfaces 3 times a year 13	Increase grass cutting to 15 times per year 18
9	Community Meals - Provision of hot meals to people in their own homes	Increase the charge to £4.90 (+£1.60) 0		Increase the charge to £4.37 (+£1.07) 1	As now – The charge per meal is £3.30 which is less than the cost of production & delivery 2	
10	 Transport to Day Care Services	Introduce a charge of £6 per day 0	Introduce a charge of £4 per day 4	Introduce a charge of £2 per day 4	As now – There is no charge for transport 5	
11	Restrict the use of day services for adults with disabilities to a maximum of 3 days per week	40 fewer persons with disabilities can access day services more than 3 days a week (225 in total). 0	28 fewer persons with disabilities can access day services more than 3 days a week (238 in total). 2	13 fewer persons with disabilities can access day services more than 3 days a week (225 in total). 4	As now – 265 people access day services more than 3 times each week 6	

After each of Tasks 4 to 7, respondents indicated how ‘pleased’ they would be if this improved level of service were to be provided (with no associated change in council tax being implied).

Task 8

Finally respondents were told the approximate relative costs of their prioritised services compared to their first priority position.

+35 point priorities	Base position
+60 point priorities	£750k cost, equivalent to £10 / home
+85 point priorities	£1.5m cost, equivalent to £20 / home
+110 point priorities	£2.3m cost, equivalent to £30 / home

Respondents were asked which of their alternative improvement scenarios, with these associated costs they would choose.

Sample

Sandwell Council provided detailed ward maps and their populations. Interviews were conducted in every ward, and the number of interviews conducted was proportional to that wards population. This number was approximately equally spread across each of the following six categories.

Male	Under 40	Female	Under 40
Male	41 - 60	Female	41 - 60
Male	61+	Female	61+

Once an interview has been completed (in respondents' homes) the next attempt at interview was made, missing out the next three homes, to ensure a random representative sample was drawn. Interviews were face to face and generally lasted 40-50 minutes.

A target of 250 interviews was set and 252 were completed.

Gender	Male	50%	Female	50%
---------------	-------------	------------	---------------	------------

Age	Under 40	34%	40 - 60	34%	Over 60	32%
------------	-----------------	------------	----------------	------------	----------------	------------

Ethnicity	White	73%	Other	27%
------------------	--------------	------------	--------------	------------

In addition to the in-home face-to-face interviews, a further 18 invited residents completed the same questionnaire in a seminar set up for the purpose. Also 44 staff and 15 councillors completed the exercise in workshop sessions.

The questionnaire was installed on a website and staff and residents encouraged to complete it. 124 council staff took this web opportunity together with 93 residents.

Web residents:-

Sex	Male	43%	Female	57%
------------	-------------	------------	---------------	------------

Age	Under 40	30%	40 - 60	43%	Over 60	27%
------------	-----------------	------------	----------------	------------	----------------	------------

Web staff:-

Sex	Male	44%	Female	56%
------------	-------------	------------	---------------	------------

Age	Under 40	33%	40 - 60	61%	Over 60	6%
------------	-----------------	------------	----------------	------------	----------------	-----------

Unless otherwise stated, the key results in this report are from the demographically balanced in-home sample. But summaries of the response from all other samples are also included.

Service Level Recommendations

On balance, the research suggests the optimal consensus council spend, from resident's perspective, should be around a £2.5m saving from the current investment on these services.

Possible Service Level Changes:-

1. Saving £2 million

- Close 1 community centre
- All basic council payments on-line
- Only low-key public events
- 5% reduction in parks / open spaces
- Close 4 least used libraries
- Cease museum / gallery funding
- 5% increase in leisure / sports facility charges
- 8 grass cutting / year
- £2 day care transport charge
- £40 /week assessment beds charge
- 107 elderly get no direct payments - move to residential
- 235 single homeless people beds
- Car parking charges outside West Brom at half W B rate

2. Further savings for £3 million

- Close 2 community centres
- Close 7 least used libraries
- 13 fewer allowed over 3 days services access
- Community meals charge of £4.37 each
- £90 /week assessment beds charge
- 17 persons move to residential care from home care
- 230 single homeless people beds
- £20 pest control service charge
- Car parking charges – all pay West Brom rates
- Only retain 14 school crossing patrols

3. Further savings for £4 million

Close 3 community centres

Direct debit council payments

10% reduction in parks / open spaces

10% increase in leisure / sports facility charges

6 grass cutting / year

28 fewer allowed over 3 days services access

Community meals charge of £4.90 each

£130 /week assessment beds charge

34 persons move to residential care from home care

160 elderly get no direct payments - move to residential

4. Services which should not be reduced if possible

School advisors

Winter gritting

Satisfaction with the current council service

Before respondents designed their own personal budget allocation for each of the bonus priority scenarios, they were asked how pleased they were with the current service provided by the council.

Chart 1

Scenario	Very Unhappy	Slightly Unhappy	Un-Certain	Quite Pleased	Very Pleased	Extremely Pleased
Total	4%	9%	16%	37%	32%	2%
Under 40	2%	11%	18%	33%	33%	2%
40 – 59	7%	7%	19%	44%	22%	1%
60 +	4%	9%	10%	35%	40%	2%
White	4%	10%	13%	39%	32%	3%
Non white	6%	6%	22%	34%	31%	0%
Invite Group	28%	28%	33%	11%	0%	0%
Staff Group	0%	5%	5%	75%	16%	0%
Councillors	0%	0%	13%	20%	53%	13%
Web residents	4%	11%	17%	39%	26%	3%
Web staff	3%	6%	20%	41%	28%	1%

As might be expected a higher % of staff and councillors are more pleased with the current service than residents, and the ‘invited’ group were more critical.

SIMALTO Grid Summary Information

A summary of the service option priorities given by respondents is shown below, illustrated by the ‘community meals’ attribute. This data for all service attributes is given in Appendix 1.

9. Community meals			
	Charge £4.90	Charge £4.37	As now – Charge £3.30
	0	1	2
Priority 110	20	10	70
Priority 85	36	10	54
Priority 60	53	10	37
Priority 35	73	5	22
Unacceptable	43	6	0

The interpretation of this data is as follows.

Faced with the three service options, 43% of respondents thought the first option of £4.90 per meal charge was ‘unacceptable’, i.e. they would complain.

When they were given 35 points to allocate 22% chose to spend 2 of them to get to the current situation and 5% chose to allocate 1 of their 35 points to prioritise a £4.37 charge.

When they were given another 25 points (60 in total), 15% more respondents (37%-22%) decided to achieve service option 3, either by investing an extra 1 point to improve from option 2, or by investing 2 points to improve from option 1. (Obviously the 22% already at option 3 did not have to ‘spend’ any more budget).

The relative priorities to achieve better services on the different service attributes can be deduced by comparing such tabulations in appendix 1.

Satisfaction with Alternative Scenarios

After respondents had designed their own personal budget allocation for each of the bonus priority scenarios, they were asked how pleased they would be if the council delivered this specification. Chart 2 shows 53% to be ‘unhappy’ with their priority allocation after spending only 35 points. This percentage reduces to 6% after respondents had received the services they prioritised after “spending” an 85 points budget.

Note: residents were more pleased with their OWN PERSONAL priority allocation of 110 points than with the current overall 166 points council service.

Note also the increase in residents ‘pleased’ with their current service perception since 2009 and 2012 when the same question was asked in similar circumstances.

Chart 2

Scenario	Very Unhappy	Slightly Unhappy	Un-Certain	Quite Pleased	Very Pleased	Extremely Pleased
+35 Points	11%	42%	27%	16%	3%	0%
+60 Points	2%	16%	32%	41%	8%	1%
+85 Points	1%	5%	18%	54%	20%	3%
+ 110 Points	0%	3%	10%	33%	43%	10%
Current	4%	9%	16%	37%	32%	2%
Current 2012	5%	10%	19%	44%	21%	1%
Current 2009	10%	14%	20%	43%	13%	1%

Value perceptions of the alternative scenarios

After all four stages of prioritisation had taken place, respondents were reminded of what they had chosen by reviewing the SIMALTO grid, and then told the impact on council costs, in terms of both thousands of pounds, and cost equivalent per home, that each scenario would cause, (Task 8). See Chart 3. 44% chose the spend equivalent of £30 or more per home.

Chart 3: *Scenarios Chosen When Informed of Council Costs*

Scenario:	+35 Points	+60 Points	+85 Points	+110 Points
Budget Equivalent	Base	+£750k	+£1.5m	+£2.25mil
Approx. per home equivalent	Base	£10	£20	£30
Total	24%	17%	15%	44%
Under 40	17%	21%	20%	42%
40 – 59	22%	18%	14%	46%
60 +	33%	12%	10%	45%
White	23%	18%	15%	43%
Non white	25%	15%	13%	46%
Invite Group	11%	22%	50%	17%
Staff Group	7%	25%	36%	32%
Councillors	13%	27%	40%	20%
Web residents	27%	11%	14%	48%
Web staff	20%	23%	16%	41%

Preparedness to pay 2% more council tax to reduce the amount of budget cuts

After all four stages of prioritisation had been completed, respondents were asked if they would be prepared to pay 2% more council tax to reduce the amount of budget cuts the council would have to make.

Chart 5: Prepared to pay 2% more council tax

Pay 2% extra?	Yes	No
Total	45%	49%
Under 40	49%	45%
40 – 59	45%	51%
60 +	43%	52%
White	48%	46%
Non white	39%	58%
Invite Group	50%	39%
Staff Group	-	-
Councillors	-	-
Web residents	75%	25%
Web staff	78%	22%

Those not included in the %s shown above did not answer this question or were unsure of their feelings. The two ‘internal’ workshops were not asked this question. The ‘self-selecting’ web respondents tend to be more ‘concerned’ about council issues and therefore are more prepared to pay extra for council services.

Modelling SIMALTO data

The SIMALTO data summarised above and in the Appendix 1 is useful in its own right, and gives some fairly clear messages about most popular (e.g. anti-social behaviour) and least popular (grass cutting) services. However, it is not easy to assimilate this information for all the levels of the 20 services attributes, e.g. is 5% reduction in parks and open spaces worth the same as closing the 4 least used libraries - (both save 5 grid points on these attributes)?

An influencer on this “importance” is the willingness to pay for an improvement, and what other items each respondent also wants improved. Fortunately, mathematical models can be built with this data to predict which changes to any given overall service specification would be preferred to other changes of similar cost.

These models can also predict the optimum “best value” specification at any given budget level, and how ‘pleased’ citizens would be with any given specification. These models use all the data from the SIMALTO grid. In essence the models assume that each individual resident would choose the budget allocation that offered him/her the best bargain, or best value. I.e. including as many of the options he/she valued highly, and excluding as many of the options he/she did not value highly, within any given fixed budget constraint. All the models work at the individual respondent level – there is no averaging of desires/priorities across respondents.

Optimum Best Value Total Budgets – 252 In-home residents sample

SIMALTO Modelling can be used to predict the optimum ‘consensus’ budget allocation from the residents’ point of view, for **any** given total budget cost ‘constraint’

The intensity of pink shading indicates the degree of saving required

Total budget change SIMALTO Points	-£3.9m 36	-£3.3m 56	- £2.7m 76	-£2.1m 96	-£1.5m 116
1 Community centres	Close 3	Close 2	Close 1	Close 1	As now
2 Contacting the council	Reduce ways	Reduce ways	Pay on-line	Pay on-line	Reduce hours
3 Public events	Low key	Low key	Low key	Low key	Charge
4 Selling parks, open spaces	Reduce 10%	Reduce 10%	Reduce 10%	Reduce 5%	Reduce 5%
5 Libraries	Close 7	Close 7	Close 7	Close 4	Close 4
6 Museums, galleries	Cease funding	Cease funding	Cease funding	Cease funding	Cease funding
7 Leisure, sports	+10% charges	+5% charges	+5% charges	+5% charges	Reduce hours
8 Grass cutting	6 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year	10 cuts / year
9 Community meals	£4.90	£4.90	£4.37	£4.37	As now £3.30
10 Day care transport	£2 / day	£2 / day	£2 / day	£2 / day	As now
11 Adult day services	28 fewer	28 fewer	13 fewer	As now	As now
12 Assessment beds	£90 / week	£90 / week	£40 / week	£40 / week	As now
13 Home support for elderly	34 move	17 move	As now	As now	As now
14 Direct payment for elderly	160 move	107 move	107 move	107 move	107 move
15 Vulnerable people	230 beds	230 beds	235 beds	235 beds	235 beds
16 School advisors	As now	As now	As now	As now	As now
17 Pest control	Charge £20	Charge £20	Charge £20	Charge £20	As now
18 Car parking charges	All pay full	All pay full	All pay full	Other pay half	Other pay half
19 School crossing patrol	Retain 14	Retain 14	As now	As now	As now
20 Winter gritting	As now	As now	As now	As now	As now

Optimum Best Value Total Budgets – 44 Staff Group

Total budget change SIMALTO Points	-£3.9m 36	-£3.3m 56	- £2.7m 76	-£2.1m 96	-£1.5m 116
1 Community centres	Close 2	Close 1	As now	As now	As now
2 Contacting the council	Pay on-line	Pay on-line	Reduce hours	Reduce hours	Reduce hours
3 Public events	Low key	Charge	Charge	Charge	Charge
4 Selling parks, open spaces	Reduce 15%	Reduce 10%	Reduce 10%	Reduce 10%	Reduce 5%
5 Libraries	Close 7	Close 7	Close 7	Close 4	Close 4
6 Museums, galleries	Cease funding	Cease funding	8000 fewer	4000 fewer	8000 fewer
7 Leisure, sports	+5% charges	+5% charges	+5% charges	+5% charges	Reduce hours
8 Grass cutting	6 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year
9 Community meals	£4.37	£4.37	£4.37	As now £3.30	As now £3.30
10 Day care transport	£4 / day	£2 / day	£2 / day	£2 / day	£2 / day
11 Adult day services	28 fewer	28 fewer	As now	As now	As now
12 Assessment beds	£90 / week	£90 / week	£40 / week	£40 / week	£40 / week
13 Home support for elderly	17 move	17 move	17 move	17 move	As now
14 Direct payment for elderly	160 move	160 move	107 move	107 move	107 move
15 Vulnerable people	230 beds	230 beds	230 beds	235 beds	As now
16 School advisors	Less for 10	As now	As now	As now	As now
17 Pest control	Charge £20	Charge £20	Charge £20	Charge £20	Charge £20
18 Car parking charges	All pay full	All pay full	All pay full	Other pay half	Other pay half
19 School crossing patrol	Retain 14	Retain 14	Retain 14	Retain 14	As now
20 Winter gritting	4.5 hours	As now	As now	As now	As now

Optimum Best Value Total Budgets – 93 Web Residents

Total budget change SIMALTO Points	-£3.9m 36	-£3.3m 56	- £2.7m 76	-£2.1m 96	-£1.5m 116
1 Community centres	Close 2	Close 1	Close 1	As now	As now
2 Contacting the council	Reduce ways	Reduce ways	Pay on-line	Reduce hours	Reduce hours
3 Public events	Charge	Charge	Charge	Charge	Charge
4 Selling parks, open spaces	Reduce 10%	Reduce 10%	Reduce 10%	Reduce 5%	Reduce 5%
5 Libraries	Close 7	Close 7	Close 4	Close 4	Close 4
6 Museums, galleries	Cease funding	8000 fewer	8000 fewer	4000 fewer	4000 fewer
7 Leisure, sports	+5% charges	+5% charges	+5% charges	+5% charges	Reduce hours
8 Grass cutting	6 cuts / year	6 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year
9 Community meals	£4.37	£4.37	£4.37	As now £3.30	As now £3.30
10 Day care transport	£4 / day	£2 / day	£2 / day	As now	As now
11 Adult day services	13 fewer	13 fewer	13 fewer	As now	As now
12 Assessment beds	£90 / week	£40 / week	£40 / week	£40 / week	As now
13 Home support for elderly	34 move	17 move	17 move	As now	As now
14 Direct payment for elderly	160 move	160 move	107 move	107 move	53 move
15 Vulnerable people	220 beds	230 beds	230 beds	235 beds	As now
16 School advisors	Less for 5	As now	As now	As now	As now
17 Pest control	Cease	Charge £20	Charge £20	Charge £20	As now
18 Car parking charges	All pay full	All pay full	All pay full	All pay full	All pay full
19 School crossing patrol	Retain 14	Retain 14	Retain 14	Retain 14	Retain 14
20 Winter gritting	4.5 hours	As now	As now	As now	As now

Optimum Best Value Total Budgets – 124 Web Staff

Total budget change SIMALTO Points	-£3.9m 36	-£3.3m 56	- £2.7m 76	-£2.1m 96	-£1.5m 116
1 Community centres	Close 2	Close 2	Close 1	As now	As now
2 Contacting the council	Reduce ways	Reduce ways	Pay on-line	Reduce hours	Reduce hours
3 Public events	Charge	Charge	Charge	Charge	Charge
4 Selling parks, open spaces	Reduce 15%	Reduce 10%	Reduce 10%	Reduce 10%	Reduce 5%
5 Libraries	Close 7	Close 7	Close 7	Close 4	Close 4
6 Museums, galleries	Cease funding	Cease funding	8000 fewer	8000 fewer	4000 fewer
7 Leisure, sports	+5% charges	+5% charges	+5% charges	+5% charges	Reduce hours
8 Grass cutting	6 cuts / year	6 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year
9 Community meals	£4.37	£4.37	£4.37	As now £3.30	As now £3.30
10 Day care transport	£4 / day	£4 / day	£2 / day	£2 / day	£2 / day
11 Adult day services	13 fewer	13 fewer	13 fewer	As now	As now
12 Assessment beds	£90 / week	£40 / week	£40 / week	£40 / week	As now
13 Home support for elderly	34 move	17 move	17 move	As now	As now
14 Direct payment for elderly	160 move	107 move	107 move	53 move	53 move
15 Vulnerable people	230 beds	230 beds	235 beds	235 beds	235 beds
16 School advisors	Less for 5	As now	As now	As now	As now
17 Pest control	Cease	Charge £20	Charge £20	Charge £20	Charge £20
18 Car parking charges	All pay full	All pay full	All pay full	All pay full	Other pay half
19 School crossing patrol	Retain 14	Retain 14	Retain 14	Retain 14	Retain 14
20 Winter gritting	4.5 hours	As now	As now	As now	As now

Best Value Hierarchy Index, 252 In-home respondent preferences

Below are the complete hierarchy of respondents 'value preference' indices for the right hand member of each pair of adjacent options on the SIMALTO grid, all other options being fixed. This recognises the improved option will cost extra, **Each extra point = approx. £30k.**

Attribute	Change	Resident % preference	Marginal extra cost
20 Winter gritting	41% → 48%	71	1
10 Day care transport	£6 / day → £4 / day	68	2
17 Pest control	Cease → £20 charge	67	2
19 School crossing patrols	None → 14	67	3
16 School advisors	10 fewer → 5 fewer	66	1
13 Home support for elderly	51 move → 34 move	66	3
20 Winter gritting	48% → As now	65	1
16 School advisors	5 fewer → As now	64	1
10 Day care transport	£4 / day → £2 / day	62	2
15 Vulnerable people	220 beds → 230 beds	62	5
13 Home support for elderly	34 move → 17 move	60	2
11 Adult day services	40 fewer → 28 fewer	60	2
7 Leisure, sports	10% charge → 5% charge	59	4
4 Selling parks, open spaces	15% less → 10% less	59	5
9 Community meals	£4.90 → £4.37	56	1
11 Adult day services	28 fewer → 13 fewer	56	2
1 Community centres	Close 3 → Close 2	56	1
5 Libraries	Close 9 → Close 7	56	5
1 Community centres	Close 2 → Close 1	54	1
12 Assessment beds	£130 / week → £90 / week	54	3
19 School crossing patrols	14 → As now	53	5
15 Vulnerable people	230 beds → 235 beds	53	5
12 Assessment beds	£90 / week → £40 / week	52	2
4 Selling parks, open spaces	10% less → 5% less	50	5
17 Pest control	£20 charge → As now	50	2
13 Home support for elderly	17 move → As now	50	2
8 Grass cutting	6 cuts → 8 cuts	49	6
5 Libraries	Close 7 → Close 4	49	5
9 Community meals	£4.37 → As now	48	1
2 Contacting the council	Reduce ways → On-line	48	2
1 Community centres	Close 1 → As now	46	1
10 Day care transport	£2 / day → As now	46	1

14 Direct payment for elderly	160 move → 107 move	45	7
3 Public events	Low key only → Charge	45	3
11 Adult day services	13 fewer → As now	45	2
2 Contacting the council	On-line → Reduce hours	44	2
7 Leisure, sports	5% charge → reduce hours	44	4
18 Car parking charges	All pay full → Some pay half	44	8
16 School advisors	As now → increase	40	1
12 Assessment beds	£40 / week → As now	40	2
15 Vulnerable people	235 beds → As now	40	5
8 Grass cutting	8 cuts → 10 cuts	38	4
18 Car parking charges	Some pay half → As now	38	4
5 Libraries	Close 4 → As now	37	5
14 Direct payment for elderly	107 move → 53 move	34	7
6 Museums, galleries	Close 1 → 8000 fewer	34	4
7 Leisure, sports	reduce hours → As now	33	5
4 Selling parks, open spaces	5% less → As now	33	5
2 Contacting the council	Reduce hours → As now	30	2
6 Museums, galleries	8000 fewer → 4000 fewer	28	1
8 Grass cutting	10 cuts → As now	25	3
3 Public events	Charge → As now	24	1
19 School crossing patrols	As now → increase	24	3
14 Direct payment for elderly	53 move → As now	22	6
6 Museums, galleries	4000 fewer → As now	18	2
1 Community centres	As now → 1 extra	17	1
18 Car parking charges	As now → 25% less	17	9
2 Contacting the council	As now → extra hours	9	2
7 Leisure, sports	As now → extra hours	8	5
5 Libraries	As now → extra hours	8	5
6 Museums, galleries	As now → 4000 more	4	2
8 Grass cutting	As now → 15 cuts	4	5

Best Value Hierarchy, Comparison of face-to-face interview respondent % preferences

Attribute	Change	252 residents	44 Staff	18 Invited Group	15 Councilors
20 Winter gritting	41% → 48%	71	88	61	89
10 Day care transport	£6 / day → £4 / day	68	77	67	67
17 Pest control	Cease → £20 charge	67	64	61	73
19 School crossing patrols	None → 14	67	82	50	67
16 School advisors	10 fewer → 5 fewer	66	66	67	53
13 Home support for elderly	51 move → 34 move	66	77	78	73
20 Winter gritting	48% → As now	65	66	56	80
16 School advisors	5 fewer → As now	64	64	61	53
10 Day care transport	£4 / day → £2 / day	62	68	56	60
15 Vulnerable people	220 beds → 230 beds	62	82	50	60
13 Home support for elderly	34 move → 17 move	60	70	78	73
11 Adult day services	40 fewer → 28 fewer	60	61	72	73
7 Leisure, sports	10% charge → 5% charge	59	75	39	67
4 Selling parks, open spaces	15% less → 10% less	59	61	67	67
9 Community meals	£4.90 → £4.37	56	73	67	80
11 Adult day services	28 fewer → 13 fewer	56	61	72	60
1 Community centres	Close 3 → Close 2	56	70	83	73
5 Libraries	Close 9 → Close 7	56	68	61	67
1 Community centres	Close 2 → Close 1	54	64	78	60
12 Assessment beds	£130 / week → £90 / week	54	73	67	47
19 School crossing patrols	14 → As now	53	48	28	40
15 Vulnerable people	230 beds → 235 beds	53	57	39	47
12 Assessment beds	£90 / week → £40 / week	52	61	67	47
4 Selling parks, open spaces	10% less → 5% less	50	43	44	53
17 Pest control	£20 charge → As now	50	23	61	40
13 Home support for elderly	17 move → As now	50	39	61	53
8 Grass cutting	6 cuts → 8 cuts	49	59	50	53
5 Libraries	Close 7 → Close 4	49	52	56	60
9 Community meals	£4.37 → As now	48	41	33	60
2 Contacting the council	Reduce ways → On-line	48	70	56	60
1 Community centres	Close 1 → As now	46	59	67	60
10 Day care transport	£2 / day → As now	46	25	50	53
14 Direct payment for elderly	160 move → 107 move	45	57	56	47

Attribute	Change	252 residents	44 Staff	18 Invited Group	15 Councilors
3 Public events	Low key only → Charge	45	66	50	60
11 Adult day services	13 fewer → As now	45	43	44	47
2 Contacting the council	On-line → Reduce hours	44	50	56	60
7 Leisure, sports	5% charge → reduce hours	44	36	28	40
18 Car parking charges	All pay full → Some pay half	44	45	33	20
16 School advisors	As now → increase	40	36	39	20
12 Assessment beds	£40 / week → As now	40	32	44	47
15 Vulnerable people	235 beds → As now	40	41	22	40
8 Grass cutting	8 cuts → 10 cuts	38	34	33	27
18 Car parking charges	Some pay half → As now	38	20	17	7
5 Libraries	Close 4 → As now	37	32	33	40
14 Direct payment for elderly	107 move → 53 move	34	34	39	33
6 Museums, galleries	Close 1 → 8000 fewer	34	57	56	40
7 Leisure, sports	reduce hours → As now	33	18	17	27
4 Selling parks, open spaces	5% less → As now	33	20	39	20
2 Contacting the council	Reduce hours → As now	30	27	33	27
6 Museums, galleries	8000 fewer → 4000 fewer	28	36	39	27
8 Grass cutting	10 cuts → As now	25	16	17	20
3 Public events	Charge → As now	24	25	28	47
19 School crossing patrols	As now → increase	24	11	6	20
14 Direct payment for elderly	53 move → As now	22	16	39	7
6 Museums, galleries	4000 fewer → As now	18	18	22	20
1 Community centres	As now → 1 extra	17	2	17	13
18 Car parking charges	As now → 25% less	17	0	6	7
2 Contacting the council	As now → extra hours	9	9	17	13
7 Leisure, sports	As now → extra hours	8	7	0	13
5 Libraries	As now → extra hours	8	0	6	20
6 Museums, galleries	As now → 4000 more	4	2	6	7
8 Grass cutting	As now → 15 cuts	4	2	0	7

In general all four samples have a similar order of priorities. Key differences between residents and staff have been emboldened above. Large changes between residents and the 18 'special group' residents and councilors have not been highlighted because of the small sample sizes of the latter – their data is included above for illustrative purposes only.

Best Value Hierarchy Index, Web respondent preferences

Below shows the complete hierarchy of web respondents 'value preference' index for the right hand member of each pair of adjacent options on the SIMALTO grid, all other options being fixed. This recognises the improved option will cost extra, **Each extra point = approx. £30k.**

Attribute	Change	Resident % preference	Staff % preference	Marginal extra cost
11 Adult day services	40 fewer → 28 fewer	77	78	2
12 Assessment beds	£130 / week → £90 / week	76	78	3
20 Winter gritting	41% → 48%	76	88	1
1 Community centres	Close 3 → Close 2	74	74	1
10 Day care transport	£6 / day → £4 / day	74	79	2
13 Home support for elderly	51 move → 34 move	73	74	3
9 Community meals	£4.90 → £4.37	72	73	1
7 Leisure, sports	10% charge → 5% charge	71	68	4
11 Adult day services	28 fewer → 13 fewer	70	67	2
5 Libraries	Close 9 → Close 7	69	64	5
4 Selling parks, open spaces	15% less → 10% less	68	62	5
16 School advisors	10 fewer → 5 fewer	68	79	1
17 Pest control	Cease → £20 charge	66	64	2
3 Public events	Low key only → Charge	65	71	3
15 Vulnerable people	220 beds → 230 beds	65	68	5
12 Assessment beds	£90 / week → £40 / week	63	66	2
19 School crossing patrols	None → 14	63	67	3
1 Community centres	Close 2 → Close 1	62	62	1
13 Home support for elderly	34 move → 17 move	62	65	2
6 Museums, galleries	Close 1 → 8000 fewer	60	55	4
16 School advisors	5 fewer → As now	60	70	1
8 Grass cutting	6 cuts → 8 cuts	59	63	6
10 Day care transport	£4 / day → £2 / day	59	59	2
2 Contacting the council	Reduce ways → On-line	57	58	2
20 Winter gritting	48% → As now	56	68	1
14 Direct payment for elderly	160 move → 107 move	54	60	7
11 Adult day services	13 fewer → As now	54	47	2
1 Community centres	Close 1 → As now	51	44	1
9 Community meals	£4.37 → As now	51	43	1
5 Libraries	Close 7 → Close 4	49	42	5
13 Home support for elderly	17 move → As now	47	48	2
15 Vulnerable people	230 beds → 235 beds	47	50	5

4 Selling parks, open spaces	10% less → 5% less	43	31	5
7 Leisure, sports	5% charge → reduce hours	41	31	4
6 Museums, galleries	8000 fewer → 4000 fewer	40	37	1
2 Contacting the council	On-line → Reduce hours	39	35	2
12 Assessment beds	£40 / week → As now	39	35	2
10 Day care transport	£2 / day → As now	37	27	1
14 Direct payment for elderly	107 move → 53 move	37	42	7
15 Vulnerable people	235 beds → As now	34	31	5
16 School advisors	As now → increase	33	29	1
17 Pest control	£20 charge → As now	31	29	2
18 Car parking charges	All pay full → Some pay half	31	34	8
4 Selling parks, open spaces	5% less → As now	30	17	5
5 Libraries	Close 4 → As now	30	23	5
19 School crossing patrols	14 → As now	30	34	5
3 Public events	Charge → As now	29	19	1
7 Leisure, sports	reduce hours → As now	27	15	5
6 Museums, galleries	4000 fewer → As now	25	19	2
8 Grass cutting	8 cuts → 10 cuts	23	27	4
18 Car parking charges	Some pay half → As now	22	19	4
14 Direct payment for elderly	53 move → As now	18	20	6
2 Contacting the council	Reduce hours → As now	14	8	2
19 School crossing patrols	As now → increase	12	7	3
1 Community centres	As now → 1 extra	10	6	1
5 Libraries	As now → extra hours	8	2	5
8 Grass cutting	10 cuts → As now	6	12	3
18 Car parking charges	As now → 25% less	6	7	9
6 Museums, galleries	As now → 4000 more	4	2	2
7 Leisure, sports	As now → extra hours	4	3	5
8 Grass cutting	As now → 15 cuts	1	1	5
2 Contacting the council	As now → extra hours	0	2	1

Optimum Best Value Total Budgets Summary – Saving £3 million

Below are the optimum budget allocations for a net saving of £3 million from each of the six main sample sub-segments of the survey. Note results from samples with less than 50 respondents are for illustration purposes only.

Sample Respondents	Residents 252	Staff 44	Group 18	Councillor 15	Web residents 93	Web staff 124
1 Community centres	Close 2	As now	As now	As now	Close 1	As now
2 Contacting the council	Pay on-line	Pay on-line	Pay on-line	Reduce hours	Pay on-line	Reduce hours
3 Public events	Low key	Charge	Low key	Charge	Charge	Charge
4 Selling parks, open spaces	Reduce 5%	Reduce 10%	Reduce 10%	Reduce 10%	Reduce 10%	Reduce 10%
5 Libraries	Close 7	Close 7	Close 7	Close 7	Close 7	Close 7
6 Museums, galleries	Cease funding	8000	8000	Cease funding	8000	Cease funding
7 Leisure, sports	+5% charges	+5% charges	+10% charge	+5% charges	+5% charges	+5% charges
8 Grass cutting	8 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year	8 cuts / year
9 Community meals	£4.37	As now	£4.37	As now	£4.37	£4.37
10 Day care transport	£2 / day	£2 / day	£2 / day	£2 / day	£2 / day	£2 / day
11 Adult day services	13 fewer	13 fewer	13 fewer	13 fewer	As now	13 fewer
12 Assessment beds	£90 / week	£40 / week	£40 / week	£130 / week	£40 / week	£40 / week
13 Home support for elderly	17 move	17 move	As now	As now	17 move	17 move
14 Direct payment for elderly	107 move	160 move	107 move	160 move	160 move	107 move
15 Vulnerable people	230 beds	230 beds	230 beds	230 beds	230 beds	230 beds
16 School advisors	As now	As now	As now	As now	As now	As now
17 Pest control	Charge £20	Charge £20	As now	Charge £20	Charge £20	Charge £20
18 Car parking charges	All pay full	All pay full	All pay full	All pay full	All pay full	All pay full
19 School crossing patrol	Retain 14	Retain 14	None	Retain 14	Retain 14	Retain 14
20 Winter gritting	As now	As now	As now	As now	As now	As now

Most attention should be paid to the 252 residents interviewed in their homes by trained interviewers. This sample represents the residents of Sandwell balanced by age, gender and area. All the other samples above are self-selecting to some extent, and some of them are small in size. However taking all into account there are few major differences between the priorities from the different subgroups which means a consensus view of those savings which would be best received (least criticised) by the community can be made.

The single attribute where the two resident samples are most out of step with the other four samples is on community centres and this probably occurs because most of the ‘silent majority’ do not use them and thus have less appreciation for the benefits they bring.

Another forecast available from the SIMALTO Modelling simulation programs is to find the relative popularity between the alternative optimal allocations above. If all 5 were available for choice, Chart 7 shows the % choosing each option.

Chart 7: % Preference between residents Optimal Consensus Budgets

Investment Scenario	-£3.9m	-£3.3m	-£2.7m	-£2.1m	-£1.5m
SIMALTO Points	36	56	76	96	116
Total	22	12	19	17	30
Under 40	23	11	21	18	27
40 – 59	21	15	16	13	34
60 +	22	9	20	21	29
Invite Group	28	22	11	11	28
Staff group	16	27	20	18	18
Councillors	20	20	13	33	13
White	22	12	20	15	32
Non white	22	10	18	22	27
Web residents	15	10	18	23	34
Web staff	18	10	25	30	17

Consensus resident value preference is about the £2.5m saving level. (This is the level where about half residents would value services below it, and half would value above it, for the service levels postulated). There were very small age and ethnic differences.

Appendices

Appendix 1

Summary Data

APPENDIX 1

Detailed Summary of Priorities

The following tables summarise the information from the SIMALTO grid tasks for the total sample. The numbers refer to the *percentages* choosing the service levels indicated at each priority scenario.

1. Community Centres					
	Close 3 Community Centres 0	Close 2 Community Centres 1	Close 1 Community Centre 2	As now – all community centres transferred to community control 3	Open a new Community Facility 4
Bonus 110	16	3	10	46	24
Bonus 85	35	3	9	36	17
Bonus 60	57	2	9	22	10
Bonus 35	76	2	4	13	6
Unacceptable	39	7	4	0	0

2. Contacting the Council					
	Reduce the number of ways to pay Council bills with direct debit being the default payment method 0	All basic transactions including reporting a repair and paying rent & council tax will be on-line 2	Stop Saturday opening & reduce opening hours for direct face to face contact 4	As now – Keep Saturday and existing opening hours in place 6	Extend opening hours to evenings 7
Bonus 110	35	4	15	32	14
Bonus 85	49	4	13	25	8
Bonus 60	63	5	10	17	5
Bonus 35	78	4	4	11	3
Unacceptable	34	12	2	0	0

3. Public events across Sandwell

	Only run low key community events 0	Charge for events such as Sandwell Show and the Bonfire events 3	As now - Free to attend large scale events e.g. Bonfire events and Sandwell Show 4
Bonus 110	36	27	37
Bonus 85	57	19	24
Bonus 60	74	13	13
Bonus 35	89	5	6
Unacceptable	22	5	0

4. Sell off low quality / parks and open spaces

	Reduce number of parks and green spaces by 15% by selling off low quality areas 0	Reduce number of parks and green spaces by 10% by selling off low quality areas 5	Reduce number of parks and green spaces by 5% by selling off low quality areas. 10	As now – keep existing parks and green spaces 15
Bonus 110	18	10	21	51
Bonus 85	31	14	16	39
Bonus 60	53	10	9	27
Bonus 35	74	5	4	17
Unacceptable	55	10	2	0

5. Library Service

	Close the 9 least used libraries 0	Close the 7 least used libraries 5	Close the 4 least used libraries 10	As now - Maintain delivery of library service through existing network of 19 libraries 15	Increase the opening hours of all main libraries to six days a week 20
Bonus 110	25	8	15	41	11
Bonus 85	39	10	12	34	6
Bonus 60	54	6	11	25	4
Bonus 35	71	4	7	18	1
Unacceptable	52	12	6	0	0

6. Museums & Art Galleries

	Close one gallery and stop all funding for local arts organisations 0	Provide arts and museum events to 8,000 less people per year. 4	Provide arts and museum events to 4,000 less people per year. 5	As now – Provide arts and museum events to 80,000 people per year 7	Provide arts and museum events to an additional 4,000 people per year 9
Bonus 110	53	7	12	22	7
Bonus 85	69	8	8	12	3
Bonus 60	83	4	5	7	1
Bonus 35	93	1	2	4	1
Unacceptable	27	5	3	0	0

7. Leisure & Sports Facilities

	Close low demand facilities & increase charges by 10% 0	Provide more modern facilities but less of them and increase charges by 5% 4	Reduce opening hours of all leisure centres 8	As now – Retain current opening hours for all leisure centres 13	Extend opening hours of current leisure facilities 18
Bonus 110	20	14	10	43	13
Bonus 85	37	13	9	34	6
Bonus 60	58	11	7	20	4
Bonus 35	79	5	6	8	2
Unacceptable	39	5	2	0	0

8. Grass cutting in parks, roadside verges & open spaces

	Reduce grass cutting to 6 times per year & stop treating weeds on hard surfaces 0	Reduce grass cutting to 8 times per year & treat weeds on hard surfaces once a year 6	Reduce grass cutting to 10 times per year & treat weeds on hard surfaces 2 times a year 10	As now – grass is cut 12 times per year & treat weeds on hard surfaces 3 times a year 13	Increase grass cutting to 15 times per year 18
Bonus 110	27	14	20	33	6
Bonus 85	49	13	11	23	5
Bonus 60	64	6	9	18	2
Bonus 35	82	3	4	10	2
Unacceptable	44	5	1	0	0

9. Community Meals - Provision of hot meals to people in their own homes

	Increase the charge to £4.90 (+£1.60) 0	Increase the charge to £4.37 (+£1.07) 1	As now – The charge per meal is £3.30 which is less than the cost of production & delivery 2
Bonus 110	20	10	70
Bonus 85	35	10	54
Bonus 60	53	10	37
Bonus 35	73	4	22
Unacceptable	43	6	0

10. Transport to Day Care Services

	Introduce a charge of £6 per day 0	Introduce a charge of £4 per day 2	Introduce a charge of £2 per day 4	As now – There is no charge for transport 5
Bonus 110	8	5	19	67
Bonus 85	24	8	19	49
Bonus 60	46	6	15	33
Bonus 35	71	3	8	18
Unacceptable	51	12	3	0

11. Restrict the use of day services for adults with disabilities to a maximum of 3 days per week

	40 fewer persons with disabilities can access day services more than 3 days a week (225 in total). 0	28 fewer persons with disabilities can access day services more than 3 days a week (238 in total). 2	13 fewer persons with disabilities can access day services more than 3 days a week (225 in total). 4	As now – 265 people access day services more than 3 times each week 6
Bonus 110	18	6	11	65
Bonus 85	32	6	10	52
Bonus 60	53	3	8	37
Bonus 35	68	2	6	24
Unacceptable	47	8	5	0

12. Introduce charges for the use of the Enhanced Assessment Beds as part of our existing service.

	Introduce a charge of £130 per week 0	Introduce a charge of £90 per week 3	Introduce a charge of £40 per week 5	As now – 248 people access Enhanced Assessment Beds to support their discharge from hospital and the development of an appropriate ongoing support package. No charge is made for this service. 7
Bonus 110	29	3	13	55
Bonus 85	47	3	14	37
Bonus 60	60	2	11	27
Bonus 35	75	2	6	17
Unacceptable	51	14	6	0

13. Home based support compared to residential care for older people

	Savings so all 51 people would need to move into residential care or find alternative ways of funding their excess costs for home based support. 0	Savings so 34 people would need to move into residential care or find alternative ways of funding their excess costs for home based support. 3	Savings so 17 people would need to move into residential care or find alternative ways of funding their excess costs for home based support. 5	As now – There are 51 people supported to live at home with packages of care that cost more than a residential placement. Currently this is funded by the local authority 7
Bonus 110	18	5	12	65
Bonus 85	28	6	14	52
Bonus 60	45	6	11	38
Bonus 35	63	3	7	27
Unacceptable	43	9	4	0

14. Direct Payments compared to residential care for Older People

	Savings so all 160 people would need to move into residential care or find alternative ways of funding their excess costs 0	Savings so 107 people would need to move into residential care or find alternative ways of funding their excess costs 7	Savings so 53 people would need to move into residential care or find alternative ways of funding their excess costs 14	As now – There are 160 people supported through a Direct Payment that costs more than a residential placement. Currently this is funded by the local authority 20
Bonus 110	37	14	17	32
Bonus 85	52	12	12	24
Bonus 60	67	8	7	18
Bonus 35	83	3	6	8
Unacceptable	38	6	3	0

15. Cut those services to vulnerable people that we don't have to deliver by law. E.g. single homeless people or people who are the subject of domestic violence

	Restrict the service for single homeless people to 220 beds, and reduce the number of refuge places to 25 for people who are the subject of domestic violence 0	Restrict the service for single homeless people to 230 beds, and reduce the number of refuge places to 27 for people who are the subject of domestic violence 5	Restrict the service for single homeless people to 235 beds, and reduce the number of refuge places to 28 for people who are the subject of domestic violence 10	As now – provide 250 beds for single homeless people across Sandwell. Also provide 30 domestic abuse refuge accommodation for women and families plus 20 units of 'floating support' for families. 15
Bonus 110	25	12	16	48
Bonus 85	34	10	18	39
Bonus 60	50	12	9	29
Bonus 35	68	5	8	18
Unacceptable	51	9	5	0

16. School Improvement Advisor Support given to Schools

	Savings so 10 schools receive less support from the council. This might mean they drop their Ofsted performance from 'good' to 'requires improvement'. 0	Savings so 5 schools receive less support from the council. This might mean they drop their Ofsted performance from 'good' to 'requires improvement'. 1	As now – Most Primary Schools are provided with necessary the support needed to keep them as good or better schools. However we are still at 100% 2	More consistent provision for Sandwell learners. Closer to 100% of schools rated by Ofsted as 'good' or better 3
Bonus 110	16	2	32	49
Bonus 85	29	2	30	39
Bonus 60	46	2	24	29
Bonus 35	63	1	15	22
Unacceptable	53	10	0	0

17. Pest control

	Cease providing free pest control services across the borough, residents to purchase services 0	Free service for those receiving state retirement pension and income support only, all other domestic customers to be charged £20 per incident. 2	As now – Free service for domestic customers. Pest control includes rats, mice, fleas, bed bugs, cockroaches and wasps 4
Bonus 110	16	17	67
Bonus 85	29	18	53
Bonus 60	48	15	37
Bonus 35	69	8	23
Unacceptable	50	5	0

18. Parking charges for public car parks

	Set off-street parking charges to the average for the Black Country in all town centres across Sandwell, i.e. 80p per hour, £4 per day and £630 per year 0	Set off-street parking charges to the average for the Black Country in West Bromwich i.e. 80p per hour, £4 per day and £630 per year. Set off street parking charges in other town centres at half the rates above, including Council car parks in Oldbury 8	As now – Off-street parking in Central West Bromwich is 80p per hour, £4 per day and £390 per year. Other town centres in the borough off-street parking is either 40p per hour, £2 per day or £175 per year. 12	Set West Bromwich off street parking charges to the minimum for the West Midlands i.e. 60p per hour, £3 per day and £450 per year. For other town centres in the borough charge for off-street parking at half this level. 21
Bonus 110	41	9	27	22
Bonus 85	56	7	23	14
Bonus 60	69	6	17	9
Bonus 35	81	3	10	6
Unacceptable	37	3	0	0

19. School Crossing Patrol Service

	All 64 current patrols stopped – replaced by pelican crossings at 46 highest risk locations. 0	Retain crossing service at the 14 highest risk locations – 46 current patrols replaced by pelican crossings 3	As now – Maintain school crossing patrol service at 64 medium and high risk locations serving 115 schools 8	Service would be restored to cover 80 locations serving 115 schools 11
Bonus 110	12	16	40	33
Bonus 85	24	16	35	25
Bonus 60	45	14	22	19
Bonus 35	71	7	13	8
Unacceptable	54	6	0	0

20. Winter gritting

	7 vehicles , reduce coverage to 41% or 361km of total road length within 4 hours of notification 0	7 vehicles, treat same road length but increase response time to 4½ hours 1	As now – 8 vehicles - Precautionary treatment of priority network (being Classified A, B, C roads, bus routes & roads to key infrastructure) amounting to 48% or 413km of total 879 km road length within 4 hours forecast indicating formation of ice or snow 2
Bonus 110	15	7	78
Bonus 85	29	7	64
Bonus 60	40	7	53
Bonus 35	64	4	32
Unacceptable	51	6	0

Appendix 2

Main Stage Questionnaire

Research For Today 77 Gunnersbury Avenue, London W5 4LP
Telephone: 020 8992 4877 Fax: 020 8993 5818
E-mail:simalto@researchfortoday.com

**Sandwell Borough Council Budget Consultation
October 2015**

Interviewer _____ **Date** _____

Respondent Name: Mr/Mrs/Ms/Miss _____

Address _____

Postcode _____

Telephone Number _____

Quota Sheet Number	
---------------------------	--

Introduction

Hello. My name is _____ from Research For Today Ltd, an independent market research company.

We are conducting research to find out your opinions about the way you would prefer your council to allocate elements of their budget over the next year.

All the opinions you express and information you give will be treated confidentially.

Introduction to SIMALTO

Sandwell council would like to obtain your views about the best way of spending the council budget that is available on *some* of the services they provide. The council is faced with the need to make net savings in some of its services if it wants to fund improvements in others and keep council tax as low as possible

S1 Before we begin collecting your views on different services, thinking of the overall service the council **currently** provides, how pleased are you with their service?

SHOW CARD X

Extremely pleased	6
Very pleased	5
Quite pleased	4
Uncertain	3
Slightly unhappy	2
Very unhappy	1

Local public services are funded from council tax and money from central government. Council tax provides 37% of Sandwell’s income and money from central government provides 63%. Over the last two years central government funding has decreased. This means that difficult choices have to be made although this does not always mean reducing services; it can result in services being delivered in a different way or by someone else rather than the council

I am going to ask you some questions that will require the use of some special answer sheets. These sheets will help us collect your views and priorities.

HAND RESPONDENT SIMALTO SHEET AND INTRODUCE THE SHEET

Down the left hand side of the sheet is a list of services that are provided (**POINT TO THE LEFT HAND COLUMN**). To the right are the different levels and options that *could* be provided of each service. First of all please take a couple of minutes or so to read through the sheet and make sure you understand all the options. The shaded box indicates the level of service the council currently provides. Any service options to the left of the shaded box are a *poorer level* of service than is currently provided but would be a saving in council tax and any service options to the right of the shaded box are *an improved level of service* but would cost more than currently to provide. We are going to ask you to carry out a number of tasks on this grid

HAND RESPONDENT RED PEN

S2 First of all, using the red pen, please cross out any option on any row that would strongly make you want to complain if this **reduced level** of service was provided. We do not want you to cross out those saving options you do not like, but only those that are totally unacceptable – so unacceptable that, if provided by the council, they would **actually cause you to write or telephone** to complain to the council or to your councillor.

Some rows will have no crosses. Some rows may have 2 or more crosses. It’s up to you to say which options, if any, would cause you to contact and complain to the council. (**For the moment, please ignore the numbers in the corner of the option boxes**)

IF NECESSARY KEEP REMINDING RESPONDENT THESE ARE TOTALLY UNACCEPTABLE OPTIONS, ON OR TO THE LEFT OF SHADED BOXES.

CONTINUE WITH RED PEN

S3 Now I would like you to place a tick against the 4 or 5 attributes that you think are most important, for both yourself and the local community. Please make your ticks in the column to the left of the attribute description

S4. The black circles on this sheet show the worst level of service on each row - **a very basic level of service that a council might provide**. This level is generally poorer than the service currently being delivered by your council, which is shown by the shaded option boxes. Please read again the service shown by the black circles. **If** the council provided this very basic level of service next year, how pleased would you be?

SHOW CARD X

Extremely pleased	6
Very Pleased.....	5
Quite Pleased.....	4
Uncertain	3
Slightly Unhappy.....	2
Very Unhappy	1

ANSWER TO S4 SHOULD BE POORER THAN S1 IF NOT ASK S4A

S4A I notice that you say you would be more pleased with the service shown by the “black circles” than the service you receive today – is that correct? The “black circles” service is worse than the service provided today.

Yes.....	2 → CONTINUE
No	1 → AMEND S4

CONTINUE WITH RED PEN

S5. The sheet has allocations of points for each option of each attribute. These small figures in the bottom right hand corner of each box on the grid represent the relative cost of that option compared with other options on that row. As service performance improves from the left to the right on each attribute, costs and so the points for each option increase.

Using the points in each box, please tell me how you would most like to move away from the very basic black-circled budget allocation to make it more appropriate to your priorities. Imagine that the council did not want their service to be at this very basic black circle level and allocated **approximately 35** points for this purpose. Please use red arrows to show how you would improve the basic circled package by a total of **between 33 and 37 points**. You may make as many or as few improvements as you like by drawing a red arrow from the circled package to those levels you would like to achieve.

Please use these 35 points to show your top priority changes. **I will later be giving you extra points to spend**, but first we need to know your top priorities, for **yourself and the local community**. Please note that if you do not improve beyond any unacceptable level you may have indicated, these unimproved unacceptable levels will still be part of the overall service delivered.

INTERVIEWER: RESPONDENTS SHOULD TRY TO IMPROVE BEYOND CROSSED OUT LEVELS OF SERVICES, IF POSSIBLE. IF THEY HAVE NOT, and instead improved others, THEN SAY TO THEM

I notice you have not improved services you have crossed out. This means that those crossed out services are part of your package. Do you wish to change any of the improvements you have made so you can use points to improve these “unacceptable” levels of services?

KEEP A TALLY OF ALL IMPROVEMENTS MADE

= **35 ± 2**

S6. If the council provided this very basic black pre-circled level, except where improved by your red arrows, how pleased would you be? **SHOW CARD X**

- Extremely pleased 6
- Very pleased 5
- Quite pleased 4
- Uncertain 3
- Slightly unhappy 2
- Very unhappy 1

INTERVIEWER ANSWER MUST BE THE SAME OR BETTER THAN S4.
HAND RESPONDENT BLACK PEN

S7. Now I would like you to allocate **another 25 points** assuming you already have the first red arrow improvements you have made to basic services. What other improvements would you most like? Please now use black arrows to show how you would prefer the council to allocate

these *extra* 25 points. You can decide to change new attributes or further improve the level of service of some choices you have made already. If you improve from a box marked '2 points' to a box marked '5 points', this will only cost you the difference of '3 points' (5 minus 2 points).

INTERVIEWER: CHECK ALL BLACK ARROWS START FROM THE END OF A RED ARROW (IF THERE IS A RED ARROW ON THAT ROW) OR A BLACK PRE-CIRCLE. CHECK RESPONDENT HAS SPENT BETWEEN 23 AND 27 MORE POINTS. KEEP A TALLY OF ALL IMPROVEMENTS MADE AT S6

= 25 ± 2

CHECK TOTAL OF S5 + S7 = 60 +/- 2 POINTS

INTERVIEWER: RESPONDENTS SHOULD HAVE TRIED TO IMPROVE BEYOND ALL CROSSED OUT LEVELS OF SERVICES BY THIS STAGE. IF THEY HAVE NOT THEN SAY TO THEM: - I notice you have not improved services you have crossed out. This means that those crossed out services are part of your package. Do you wish to change any of the improvements you have made to use points to improve these “unacceptable” levels of services?

S8. If the council provided this level of service (the basic black pre-circles except where improved by both your red and black arrows), how pleased would you be?

SHOW CARD X

Extremely pleased	6
Very pleased	5
Quite pleased	4
Uncertain	3
Slightly unhappy	2
Very unhappy	1

INTERVIEWER: ANSWER MUST BE THE SAME OR BETTER THAN S6

HAND RESPONDENT GREEN PEN

S9. Imagine that the council could improve the basic services still further and allocated **another 25 points** for this purpose. Please use green arrows to show how you would prefer them to change your already improved package by a further 25 points. Just to remind you, you must start from the end of a black arrow if there is one on the row, or a red arrow, or a black pre-circled box, if you have not already improved that service. Assume you already have the improvements you have already selected, and that becomes the starting point for this next set of improvements.

Also please remember that the costs in these boxes are cumulative. So moving to the right from a box costing 2 points to a box costing 6 points contributes the difference of 4 points to your overall target of another 25 points.

KEEP TALLY OF COST OF IMPROVEMENTS MADE

= 25 ± 2

S10. If the council provided this new level of service (the basic pre-circled level plus all your red, black and green arrowed improvements), how pleased would you be? **SHOW CARD X**

- Extremely pleased 6
- Very pleased 5
- Quite pleased 4
- Uncertain 3
- Slightly unhappy 2
- Very unhappy 1

INTERVIEWER: ANSWER MUST BE THE SAME OR BETTER THAN S8

HAND RESPONDENT BLUE PEN

S11. Imagine finally that the council could improve their services still further and allocated a **final 25 points** for this purpose. Please use blue arrows to show how you would prefer them to change your already improved allocation by a further 25 points. Just to remind you, you must start from the end of a green arrow if there is one on the row or a black or a red arrow - or a black pre-circled box, if you have not already improved that service. Assume you already have the all the improvements you have already selected and that is the starting point for these final improvements.

Also please remember that the costs in these boxes are cumulative. So moving to the right from a box costing 2 points to a box costing 6 points contributes the difference of 4 points to your overall target of 25 points.

KEEP TALLY OF COST OF IMPROVEMENTS MADE

= 25 ± 2

S12. If the council provided these services (the basic pre-circled level plus all your red, black, green and blue arrowed improvements), how pleased would you be?

SHOW CARD X

- Extremely pleased6
- Very pleased5
- Quite pleased4
- Uncertain3
- Slightly unhappy2
- Very unhappy1

INTERVIEWER: ANSWER MUST BE THE SAME OR BETTER THAN S10

S13. The priorities you have demonstrated through the survey will help Sandwell Council determine how to plan services and budgets for the coming years.

Please take another look at your completed sheet. We would like to know if you think the choices you have made to the basic start point are good value for money and worth the money it would cost the council to provide them. This card shows the cost equivalents of each of the “colour choices” you have made.

SHOW RESPONDENT COMPLETED SIMALTO SHEET AND CARD Z

Assume Sandwell provides your red arrow changes. Please circle number(s) below corresponding to each of the black, green and blue arrow service changes you think are ‘good value for money’. Each of these colour changes costs the council approximately £10 per home per year.

The very basic black circled service levels PLUS <u>only</u> the first round of your priority choices, the red arrows with NO CHANGE in council tax (except inflation)	1
After 2 rounds of your priority choices (black circles PLUS red and black arrows) costing the Council approx. £750,000 more, equivalent to approx. £10 a year for the average home	2
After 3 rounds of your priority choices (red, black and green arrows) costing the Council a further approx. £750,000 equivalent to a further approx. £10 a year for the average home.	3
After all 4 rounds of your priority choices (red, black, green and blue arrows) costing the Council a further approx. £750,000 equivalent to a further approx. £10 a year for the average home.	4

S17. Do you have a long standing illness, disability or infirmity that limits your activities in any way?

- Yes..... 1
- No..... 2

S18. Could you tell me if this household pays full council tax, a reduced rate (for single occupancy etc) or is exempt from paying council tax?

- Full 1
- Reduced..... 2
- Exempt (Pays no council tax)..... 3
- Don't know..... 4

DEMOGRAPHICS

Gender

Male	1
Female.....	2

Age: Respondent

18 – 40	1
41 – 60	2
61+	3

WRITE IN ACTUAL AGE _____

Number Adults Over 18 in Household (including respondent)

WRITE IN NUMBER

TOTAL ADULTS _____

Age and Number of Children in Household

WRITE IN NUMBERS

0 – 4 _____

5 – 11 _____

12 – 17 _____

TOTAL CHILDREN _____

Working Status (Main Income Earner)

Full Time	1
Part Time	2
Not Working	3
Student	4
Retired	5

Housing Tenure of Main Income Earner

Own Home.....	1
Rent Privately	2
Rent from Council	3
Rent from Housing Association.....	4
Other (Specify)	5

Ethnic Origin of Household

WHITE OR WHITE BRITISH

British (incl. English, Welsh, Scottish).....	1
Greek Cypriot	2
Turkish Cypriot	3
Irish	4
Other White (please specify)	5

ASIAN OR ASIAN BRITISH

Bangladeshi.....	6
Chinese	7
Indian	8
Pakistani	9
Other Asian (please specify)	10

BLACK OR BLACK BRITISH

African	11
Caribbean	12
Other Black (please specify)	13

MIXED BACKGROUND

Asian and White.....	14
Black African and White	15
Black Caribbean and white	16
Other Mixed (please specify)	17

OTHER ETHNIC GROUP

Other Ethnic Group (please specify)	18
--	----

SOCIO-ECONOMIC (Main Income Earner)

AB	1
C1	2
C2.....	3
DE	4

OCCUPATION (WRITE IN)

Appendix 3

Respondent Comments Report

Appendix 3

Sandwell Metropolitan Borough Council Budget Consultation 2015 Comments Report

Comments recorded during Members' Workshop	
Cllr	<ul style="list-style-type: none"> • Save on repeated visits by inspectors
Cllr	<ul style="list-style-type: none"> • Scrap all food for staff, councillors – introduce voucher scheme • Co-locate all council and partner buildings
Cllr	<ul style="list-style-type: none"> • Reduce weekly black bin collections to fortnightly • Open community centre in Smethwick ward
Cllr	<ul style="list-style-type: none"> • Do not close residential centres
A to O are comments recorded in resident/disability Workshop	
A	<ul style="list-style-type: none"> • Concern regarding need to contact in external consultants. Rational but surely trained professionally educated Sandwell staff can use their own day-to-day expertise – responsibility and accountability locally.
B	<ul style="list-style-type: none"> • Put payment and contact in the council online. The council can save a lot more money telling ASC to have more meetings to discuss where they can make improvements. ASC needs restructure to include efficiency savings, not necessarily cutting services but just improving. • Unhappy due to following reasons: <ul style="list-style-type: none"> ○ Town centre always has litter strewn all over the place and they have a few young men with rods to pick the litter up when electrical machinery is needed to wash and clean the pavements in town ○ There are approximately 50 old Asian OAPs and men and women seated in the middle of the town centre in all weather conditions when really they need a sheltered place in town for them to come and have a quick chat with each other. Summertime is OK but winter, cold, rainy conditions are not suitable for these old Asian OAPs.
C	<ul style="list-style-type: none"> • Look into how much profit care companies make and why doesn't the council make sure care companies do not make extortionate profits which is what they are making at the moment. • Look into Councillors' expenditures • Look into wasteful expenses, e.g. the public trips abroad, etc. • The 0845 for ringing council offices • Some councils seem to manage money better than others. Why aren't you all getting together to have a brains trust to help each other?
D	<ul style="list-style-type: none"> • Stop putting up useless statues or concrete useless bits • Charge more cars for illegal parking on double yellow lines
E	<ul style="list-style-type: none"> • Keeping advice centres open, e.g. charity advice services. • Give the money to the charities and get them to do the work that they are trained to do.
F	<ul style="list-style-type: none"> • I do not believe in paying by ditbits

G	<ul style="list-style-type: none"> • Suggested savings <ul style="list-style-type: none"> ○ Cut down on refreshments at meetings organised by the council – pastries, biscuits, fruit, sandwiches, tea and coffee at morning, afternoon or evening meetings are unnecessary. • A survey on Caring is planned for Sandwell by the council. It is suggested that Ernst and Young be employed to carry out this survey. This will be expensive. • Why not use Housing officers, councillors, volunteers, members of care groups, seek information from schools, surgeries, doctors, care workers • Why the need for so many councillors. I'm sure you could get rid of a third without anyone missing them. • At elections, too many leaflets circulated. Too many posters on display. Save the pennies and the pounds will look after themselves – the old adage. • Needs <ol style="list-style-type: none"> 1. Ensuring the needs of tenants, e.g. repairs, improvements, etc. are carried out efficiently and on time 2. That sports facilities continue to be maintained and function efficiently so that teams and sports clubs can use them without having to pay exorbitant fees or any extra charges 3. The needs of others in the community are efficiently catered for
H	<ul style="list-style-type: none"> • Close Oldbury Council house at 4pm on 2/3 afternoons per week • Extend life of council vehicle fleet by 1 year • Make better use of West Bromwich Town Hall (increase income) – if you go in you will find many unused rooms which have not been changed for 40+ years • More emphasis on income generation rather than expenditure reduction • Make better use of technology to extend information and payment options – compatible systems – ‘one pay’ so you can pay all council bills at each council venue
I	<ul style="list-style-type: none"> • Get rid of Oldbury Council house • Get rid of expenses given to higher councillors • Stop spending money on ‘wasteful buildings’ i.e. the public • School crossing patrols not needed • Get rid of staff who go on expensive training around the country • Stop taxi fares to staff • Stop care agencies and care homes making extortionate profit margins • Stop using 0845 numbers
J	<ul style="list-style-type: none"> • Do not have the council house light up like a Christmas tree when the place is closed to the public. • Turn the heating down at the council house – it is so hot it takes your breath away • Stop paying the council staff when not working or when they are off sick often or for long periods • Stop doing so many feasibility studies at great expense. All you have to do is ask local people. • You expect us residents to do good deeds and help people, but the council wants paying at high rates for doing nothing half the time • I live in a 3-bedroom house, which I own with a large front and back garden that I can't manage. I would get no more than £100,000 for it which would not be enough for me to buy a place in a managed new build. I would have to rent. My benefits would cease because I would have the money from my sold home. All this money would go. I would die leaving nothing. If I hold onto my property, no matter how run down it will be, there will be some money left as it is freehold. Sandwell should build one-bedroom maisonettes for people like me.

K	<ul style="list-style-type: none"> • Stop excessive expenses to councillors • Stop spending on white elephants, i.e. the Three Degrees statue • Reduce Councillors • Scrap the joining of a combined authority and that 300k can be put to better use • Stop spending millions on public parks and planting traffic islands • Do things right first time, this council fail at this task • Stop paying for outside survey companies • Consultation is not what people think – we should have a choice of our thoughts, not tick a limited questionnaire – just a tick box exercise • Stop supplying Major with the top of the range vehicle
L	<ul style="list-style-type: none"> • Stop selling off land to council families at under market prices • Ask Jim Cadman for the £30,000 to be returned as statue not wanted • Pull out of the combined authority and claim £300,000 payment back • Reduce Councillors to two per ward, election one every two years would also reduce expense claims • Cut out all refreshments at all meetings • Cut out all expenses “travel” at all meetings • Stop all tenant organisations “Derek Fletchers” but increase town forums to four per year, not one each ward but one each town • Stop subsidising Councillors’ families
M	<ul style="list-style-type: none"> • Reduce number of local Councillors throughout the Borough
N	<ul style="list-style-type: none"> • Reduce some of the councillors as they are too many yet nothing is done as they promise
O	<ul style="list-style-type: none"> • Majority of cuts seemed to be aimed at elderly and/or disabled who are vulnerable and marginalised already. • Likewise direct debit and online payments and assess not appropriate for this group of people • Need to streamline services by increasing communication with other partners/ providers for person to receive correct support (holistic support) which would have money – no duplication, etc.
	General comments recorded during the face-to-face in home interviews
27	<ul style="list-style-type: none"> • Make people keep streets tidy – bins, litter (send letters)
32	<ul style="list-style-type: none"> • Residential bin service is very poor • Don’t cut down trees for no reason • More public litter bins needed
43	<ul style="list-style-type: none"> • Parking in street a problem and too many yellow lines
50	<ul style="list-style-type: none"> • Parking in cul-de-sac a problem
73	<ul style="list-style-type: none"> • Riding motorbikes on field around the back in the dark is a real nuisance and unsafe
137	<ul style="list-style-type: none"> • These services are all needed equally. You all should be ashamed
180	<ul style="list-style-type: none"> • Trouble with noise from pub nearby
223	<ul style="list-style-type: none"> • I’m not happy with the security here – people selling things
267	<ul style="list-style-type: none"> • The Council wastes a lot of money - £100 million on the Arts Centre

S14 The Council could increase council tax by 2% which would mean it would need to make less service cuts than otherwise. Would you prefer the Council to increase council tax by 2% to reduce the level of cuts or would you prefer the council tax to remain as it is?	
185	• <i>Increase council tax by 2% to lessen some service cuts:</i> Personally it's fine but I know some others can't afford it
208	• <i>Increase council tax by 2% to lessen some service cuts:</i> If done by my priorities
209	• <i>Increase council tax by 2% to lessen some service cuts:</i> Cut out all council middle management – too many managers per worker
220	• <i>Maintain council tax as it is now:</i> At the moment in Sandwell, nothing is value for money. We haven't had a glitter down here for 2 years
247	• <i>Increase council tax by 2% to lessen some service cuts:</i> Good value for others, not for me personally
266	• <i>Increase council tax by 2% to lessen some service cuts:</i> Depending what was cut

Comments from SIMALTO Grid

Attribute 1: Community Centres	
184	They're not fully used – could close one
237	People need to meet and talk – you need community centres I've used the services a lot and I think they're really good

Attribute 2: Contacting the council	
195	Don't stop Saturday service, for workers

Attribute 3: Public events across Sandwell	
255	Not familiar enough with these services and how they're costed

Attribute 4: Selling of low quality/ parks and open spaces	
184	Yes, in some cases
214	No security in local park – my wife and children have been bullied by kids, and followed by someone's barking dog
255	Not familiar enough with these services and how they're costed

Attribute 5: Library service	
204	We all use the library – my children do their homework there as well
210	The library's important to me with children

Attribute 6: Museums and Art Galleries	
27	We've got no museums and arts anyway
195	OK to pay a small amount – I don't mind
231	There's only Wednesbury gallery and it's not open very often They've just sold off one super facility that cost £76 million – just when it was beginning to break even
237	Just charge for entry. They've just kept pouring money into the arts like the “donkey” – the new arts centre which failed

Attribute 7: Leisure and sports facilities	
185	Not enough already
187	We've got new ones (3 or 4)
195	Extend opening hours for working people and we pay to go in. Already expensive – 18 points too much for extending opening hours

Attribute 8: Grass cutting in parks, roadside verges and open spaces	
206	Everywhere seems to be such a mess now, with the weeds...
230	We'd be cutting jobs Not cutting the grass could cause more allergies
241	They don't come round 12 times a year or 6
262	They cut the grass too much anyway
268	They make such a mess when they cut the grass

Attribute 9: Community Meals – Provision of hot meals to people in their own homes	
20	How many?

Attribute 10: Transport to day care services	
192	They have to pay at the day centre too

Attribute 12: Introduce charges for the use of the enhanced assessment beds as part of our existing service	
20	Means test
35	Depends what they can afford
185	Care homes – one closing anyway
228	Depends on the individual person's finances, I think
230	I thought they stopped your pension when you were in hospital
231	I'm actually happy on residential care

Attribute 13: Home based support compared to residential care for older people	
185	Care homes – one closing anyway
213	They keep saying they haven't got enough residential care places
224	That doesn't make sense to me – the cost
241	This would cost jobs as well

Attribute 15: Cut those services to vulnerable people that we don't have to deliver by law	
20	Impact
228	What's going to happen to people who need these places?

Attribute 16: School Improvement – advisor challenge and support given to Sandwell Schools (academy schools supported by Department for Education)	
236	It's down to teaching the teachers

Attribute 18: Parking charges for public car parks	
20	More detail
137	Get rid of parking charges!

Attribute 18: Parking charges for public car parks

194	Parking should be free
236	I shouldn't have to pay to park in the town I was born and bred in – OK elsewhere
263	Great Bridge now charge £1.20 per hour – it was free before
270	We shouldn't have to pay for parking

Attribute 19: School crossing patrol service

35	Pelican crossings are more efficient
182	I lost a friend through that
185	We struggled when the lolly man isn't there
195	Should be risk-assessed first
198	We don't need them
228	I can't see how pelican crossings are going to save money

Attribute 20: Winter gritting

187	There's no lighting, no CCTV or anything to keep people safe
-----	--

Appendix 4

SIMALTO Grid

Sandwell Council 2015 SIMALTO

	Service	Options					
1	Community Centres	Close 3 Community Centres 0	Close 2 Community Centres 1	Close 1 Community Centre 2	As now – all community centres transferred to community control 3		Open a new Community Facility 4
2	Contacting the Council	Reduce the number of ways to pay Council bills with direct debit being the default payment method 0	All basic transactions including reporting a repair and paying rent & council tax will be on-line 2		Stop Saturday opening & reduce opening hours for direct face to face contact 4	As now – Keep Saturday and existing opening hours in place 6	Extend opening hours to evenings 7
3	Public events across Sandwell	Only run low key community events 0		Charge for events such as Sandwell Show and the Bonfire events 3		As now - Free to attend large scale events e.g. Bonfire events and Sandwell Show 4	
4	Sell off low quality / parks and open spaces	Reduce number of parks and green spaces by 15% by selling off low quality areas 0	Reduce number of parks and green spaces by 10% by selling off low quality areas 5	Reduce number of parks and green spaces by 5% by selling off low quality areas. 10	As now – keep existing parks and green spaces 15		
5	Library Service	Close the 9 least used libraries 0	Close the 7 least used libraries 5	Close the 4 least used libraries 10	As now - Maintain delivery of library service through existing network of 19 libraries 15		Increase the opening hours of all main libraries to six days a week 20
6	Museums & Art Galleries	Close one gallery and stop all funding for local arts organisations 0	Provide arts and museum events to 8, 000 less people per year. 4	Provide arts and museum events to 4,000 less people per year. 5	As now – Provide arts and museum events to 80,000 people per year 7		Provide arts and museum events to an additional 4,000 people per year 9
7	Leisure & sports facilities	Close low demand facilities & increase charges by 10% 0	Provide more modern facilities but less of them and increase charges by 5% 4	Reduce opening hours of all leisure centres 8	As now – Retain current opening hours for all leisure centres 13		Extend opening hours of current leisure facilities 18
8	Grass cutting in parks, roadside verges & open spaces,	Reduce grass cutting to 6 times per year & stop treating weeds on hard surfaces 0	Reduce grass cutting to 8 times per year & treat weeds on hard surfaces once a year 6	Reduce grass cutting to 10 times per year & treat weeds on hard surfaces 2 times a year 10	As now – grass is cut 12 times per year & treat weeds on hard surfaces 3 times a year 13		Increase grass cutting to 15 times per year 18
9	Community Meals - Provision of hot meals to people in their own homes	Increase the charge to £4.90 (+£1.60) 0		Increase the charge to £4.37 (+£1.07) 1		As now – The charge per meal is £3.30 which is less than the cost of production & delivery 2	
10	Transport to Day Care Services	Introduce a charge of £6 per day 0	Introduce a charge of £4 per day 2	Introduce a charge of £2 per day 4	As now – There is no charge for transport 5		
11	Restrict the use of day services for adults with disabilities to a maximum of 3 days per week	40 fewer persons with disabilities can access day services more than 3 days a week (225 in total). 0	28 fewer persons with disabilities can access day services more than 3 days a week (238 in total). 2	13 fewer persons with disabilities can access day services more than 3 days a week (225 in total). 4	As now – 265 people access day services more than 3 times each week 6		
12	Introduce charges for the use of the Enhanced Assessment Beds as part of our existing service.	Introduce a charge of £130 per week 0	Introduce a charge of £90 per week 3	Introduce a charge of £40 per week 5	As now – 248 people access Enhanced Assessment Beds to support their discharge from hospital and the development of an appropriate ongoing support package. No charge is made for this service. 7		

13	Home based support compared to residential care for older people.	Savings so all 51 people would need to move into residential care or find alternative ways of funding their excess costs for home based support. 0	Savings so 34 people would need to move into residential care or find alternative ways of funding their excess costs for home based support. 3	Savings so 17 people would need to move into residential care or find alternative ways of funding their excess costs for home based support. 5	As now – There are 51 people supported to live at home with packages of care that cost more than a residential placement. Currently this is funded by the local authority 7
14	Direct Payments compared to residential care for Older People.	Savings so all 160 people would need to move into residential care or find alternative ways of funding their excess costs 0	Savings so 107 people would need to move into residential care or find alternative ways of funding their excess costs 7	Savings so 53 people would need to move into residential care or find alternative ways of funding their excess costs 14	As now – There are 160 people supported through a Direct Payment that costs more than a residential placement. Currently this is funded by the local authority 20
15	Cut those services to vulnerable people that we don't have to deliver by law. E.g. single homeless people or people who are the subject of domestic violence	Restrict the service for single homeless people to 220 beds, and reduce the number of refuge places to 25 for people who are the subject of domestic violence 0	Restrict the service for single homeless people to 230 beds, and reduce the number of refuge places to 27 for people who are the subject of domestic violence 5	Restrict the service for single homeless people to 235 beds, and reduce the number of refuge places to 28 for people who are the subject of domestic violence 10	As now – provide 250 beds for single homeless people across Sandwell. Also provide 30 domestic abuse refuge accommodation for women and families plus 20 units of 'floating support' for families. 15
16	School Improvement Advisor challenge and support given to Sandwell schools (academy schools supported by Department for Education)	Savings so 10 schools receive less support from the council. This might mean they drop their Ofsted performance from 'good' to 'requires improvement'. 0	Savings so 5 schools receive less support from the council. This might mean they drop their Ofsted performance from 'good' to 'requires improvement'. 1	As now – currently 82% of school are rated Good or better by OFSTED. Support not provided to academy schools. 2	Increased support and challenge to schools across Sandwell to raise standards, including to academies 3
17	Pest control	Cease providing free pest control services across the borough, residents to purchase services 0	Free service for those receiving state retirement pension and income support only, all other domestic customers to be charged £20 per incident. 2	As now – Free service for domestic customers. Pest control includes rats, mice, fleas, bed bugs, cockroaches and wasps 4	
18	Parking charges for public car parks	Set off-street parking charges to the average for the Black Country in all town centres across Sandwell, i.e. 80p per hour, £4 per day and £630 per year 0	Set off-street parking charges to the average for the Black Country in West Bromwich i.e. 80p per hour, £4 per day and £630 per year. Set off street parking charges in other town centres at half the rates above, including Council car parks in Oldbury 8	As now – Off-street parking in Central West Bromwich is 80p per hour, £4 per day and £390 per year. Other town centres in the borough off-street parking is either 40p per hour, £2 per day or £175 per year. 12	Set West Bromwich off street parking charges to the minimum for the West Midlands i.e. 60p per hour, £3 per day and £450 per year. For other town centres in the borough charge for off-street parking at half this level. 21
19	School Crossing Patrol Service	All 64 current patrols stopped – replaced by pelican crossings at 46 highest risk locations. 0	Retain crossing service at the 14 highest risk locations – 46 current patrols replaced by pelican crossings 3	As now – Maintain school crossing patrol service at 64 medium and high risk locations serving 115 schools 8	Service would be restored to cover 80 locations serving 115 schools 11
20	Winter gritting	7 vehicles, reduce coverage to 41% or 361km of total road length within 4 hours of notification 0	7 vehicles, treat same road length but increase response time to 4½ hours 1	As now – 8 vehicles - Precautionary treatment of priority network (being Classified A, B, C roads, bus routes & roads to key infrastructure) amounting to 48% or 413km of total 879 km road length within 4 hours forecast indicating formation of ice or snow 2	

Corporate Equality Assessment of budget proposals 2016-2020

The Corporate Equality assessment for 2016-2020 is based on the budget proposals and the likely impact of these. The assessment aligns budget setting proposals with early assessment of equality implications of these proposals at a council-wide level.

Within the context of significant tightening financial restraints and the Government offer of a four year funding settlement, budget reduction proposals continue to be developed and generated as part of the Council's Medium Term Financial Strategy and the Facing the Future Programme.

This assessment has identified that the cumulative impact of budget proposals will impact upon vulnerable children and adults. Any disproportionate impacts identified on protected characteristic will have to be addressed through mitigation and consultation.

The assessment has used the following criteria to identify impact on protected groups:

- High and medium impact indicating a direct impact on front-facing services users (direct essential services) and
- Low impact identifies preventative and support services.

Below is the assessment position at Directorate/Service level:

Assistant Chief Executive: Low direct service impact on protected groups.

Neighbourhoods: Medium to high impact arising from the Welfare Rights Reform.

Regeneration & Economy: Low to Medium impact on protected groups

Children's Services: Medium to high impact on children, vulnerable groups, young people and families.

This includes examples of:

- Child Centres contracts (medium impact)
- Family Support/Early Help Commissioning (medium impact)

- Attendance and prosecution (medium impact)

Adult Social Care: Medium to high impact on vulnerable older people, disability(learning and mental health).

This includes:

- Reduction in in-house Home support services to older people.
- Reduction in Supporting People services which support independent living.
- Review of in-house direct services including residential and shared lives.

Recommendations:

Projects are currently being developed as part of the Facing the Future programme for 2017/18 to 2019/20 and initial equality impact screening will be carried out for each project. Where any disproportionate impact is identified, a full equality impact assessment will need to be undertaken to ensure that mitigation and consultation forms part of the process of decision making.

Equality impact assessments will continue to be integrated into the budget planning process and the Directorate Business Plans.

Robust Equality Impact Assessments (EIAs) be undertaken for all budget proposals that have an impact on protected characteristics and these are taken to cabinet members for decision/s.

When a medium or high equality risk is identified that appropriate consultation with the group/s affected is undertaken.

12 February 2016