

Cabinet – 19 June 2013

Corporate Financial Performance – Draft Outturn 2012/13 (pre-audit), and Draft (pre-audit) Treasury Management Performance 2012/13

Portfolio: Councillor Towe – Resources

Related Portfolio: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary

1.1 *Draft pre-audit outturn 2012/13*

The overall draft net revenue pre-audit outturn is £107.76m against a budget of £109.25m, an underspend variance of £1.49m net of recommended carry forwards of £589k. The overall draft net capital pre-audit outturn is a net underspend of £1.38m, net of carry forwards of £40.9m.

1.2 *Treasury Management*

The report confirms that treasury management activity has been undertaken in accordance with the Code of Practice on Treasury Management and Walsall complied with all statutory Prudential Indicators.

1.3 *Insurance and risk management*

At the Cabinet meeting of 20 June 2012, Cabinet was advised that the councils insurance arrangements fell due for renewal on 1st April 2013 and that the insurance programme would be tendered in accordance with Contract Rules. Delegated authority was given to the Chief Finance Officer to finalise and accept the most economically advantageous package for the council and to appoint insurers on behalf of the Council. Following a successful tender the insurance arrangements have now been placed with effect from 1st April 2013.

1.4 *Accountable Body Protocol*

To request approval for a revised accountable body matrix setting out the approvals required for the authority to agree to act as accountably body for external grant.

2. Recommendations

Cabinet are requested to:

- 2.1 Endorse the recommendations of the Chief Finance Officer (CFO), in consultation with the portfolio holder for finance and personnel, for revenue carry forwards as set out in table 1 of the report.
- 2.2 Endorse the recommendations of the CFO, in consultation with the portfolio holder for finance and personnel, for capital re-profiling and carry forward as set out in the main body of the report and appendices A-C.
- 2.3 Subject to 2.1 and 2.2 above, note the pre-audit revenue outturn underspend of £1.49m and the pre-audit capital outturn underspend of £1.38m. This is to be used to support the 2013/14 capital programme as approved by Council.
- 2.4 Note the 2012/13 prudential indicators in Appendix D of this report and Walsall's compliance with these indicators.
- 2.5 Approve the updated accountable body arrangements referred to in Appendix E.
- 2.6 Note that the council's insurance arrangements have been renewed from 1st April 2013.

3. Report detail

- 3.1 Cabinet have received financial reports to allow it to monitor the financial position of the council and consider plans for corrective action during 2012/13. Maintaining financial stability is a key requirement. This report illustrates the draft pre-audit revenue and capital outturns for 2012/13 along with the recommended revenue and capital carry forwards into 2013/14.
- 3.2 The revenue carry forward protocol has been in use for several years. Carry forwards are allowed only where the council has outturned on or under budget. It is normal for the CFO to recommend that a number of carry forwards be endorsed to acknowledge manager's action in achieving underspends and allow them to carry out planned future service improvements.

Revenue Outturn 2012/13

- 3.3 Managers are required to deliver their service targets and improvements within budget. Small variations are normal and insignificant on a gross revenue budget (excluding internal charges) of £663.35m. The council wide draft pre-audit revenue outturn is an underspend of £1.49m following endorsement of carry forwards. These are proposed by the CFO after consultation with the portfolio holder for finance and personnel and are set out in table 1 overleaf.

Revenue carry forwards from 2012/13 to 2013/14

- 3.4 Carry forwards are a means of recognising sound budget management by allowing the carry forward of planned revenue underspends and/or achieved revenue savings, excluding the use of windfalls/ unplanned underspends/savings. This is dependent on achievement of planned service delivery targets/ outcomes and a balanced position council wide at year end. Approval for under/overspend carry forwards rests with Cabinet, on the advice of the CFO.
- 3.5 Total revenue carry forward requests of £589k are recommended for approval, as shown in table 1.

Table 1: Revenue carry forwards from 2012/13 to 2013/14 recommended for approval	
Proposed use of carry forward	Carry forward £
Regeneration	
Markets – consultant costs to redesign market	40,000
Property services – to fund work to identify where approved savings will be made	55,000
Strategic regeneration – to fund future commitments relating to ERDF technical assistance programme and Black Country GOLD projects	21,093
Housing – improvement works on various sites (to be funded from project reserve)	43,100
Total Regeneration	116,093
Neighbourhood Services	
Security improvement works at Suffolk / Norfolk place	7,000
Domestic abuse spend committed but will fall in 2013/14	36,845
Community development – monitoring of contracts and grant agreements	25,000
Voluntary and community sector services – to assist with development of activities including well balanced meals to the elderly and vulnerable	11,000
Regulatory Services – capacity building, to explore innovative approached to service delivery	69,650
Community Safety – for allocation by Safer Walsall Partnership Board to specific projects to support community safety activity	25,207
Sport and Leisure – match funding for external grant projects	65,000
Link contract – carry forward no longer required – request to change use	(50,000)
Area Partnerships - to fund budget pressure within service in 2013/14 to be funded from Link contract carry forward above.	50,000
Total Neighbourhood Services	239,702
Resources	
Revenues – to support interim costs of “my money, my home, my job”	59,000
Finance – to support Education Transition project	22,927
Human Resources – case worker	17,500
Human resources - consultant costs for upgrade of Trent system	50,000
Total Resources	149,427
Children's Services	
Housing extension for carers (to be funded from project reserve)	41,000
Total Children's Services	
Requests for revenue carry forwards recommended	589,322

Capital Outturn 2012/13

- 3.6 The capital programme budget for 2012/13 was £93.19m, of which spend was £50.83m, resulting in unspent allocations of £42.36m. Of this, £40.98m is recommended for carry forward into 2013/14, the majority of which (77%) relates to externally funded schemes.
- 3.7 The draft pre-audit position is split between council funded schemes, prudential borrowing and external funded as shown below:
- The council funded programme currently shows draft unspent resources of £7.75m, of which requests for carry forwards required to complete schemes totalling £6.38m are recommended for approval as set out in **Appendix A**.
 - The prudential borrowing programme currently shows draft unspent resources of £3.02m, to be fully carried forward to 2013/14, as set out in **Appendix B**.
 - The external funding programme (mainly grants) currently shows unspent projects funded from grant of £31.58m, to be fully carried forward to 2013/14, as set out in **Appendix C**.
- 3.8 Capital carry forward is defined as a means to carry capital resources from one year to another to cover identifiable commitments that have moved from one year to another, or where a project spans more than one year. Carry forward is not a means to carry forward underspends. In a large organisation, dealing with construction projects, procurement regulations, etc, a level of carry forward is expected and built into resourcing assumptions. It is recognised that capital projects can cross over years and it is often difficult to be accurate in the estimation of which year the expenditure will be incurred. Once approved, the use of capital carry forwards must not be varied without further Cabinet approval.
- 3.9 As indicated above, the vast majority of the carry forwards, equating to 77% or £31.58m of the total, relates to grant funded schemes, of which £21.4m relates to schools. These schemes tend to require carry forward due to the timing of the receipt of the grant versus the actual spend, which is often during the next summer of the next financial year.

Treasury Management

- 3.10 During 2012/13, the council complied with its legislative and regulatory requirements. Draft prudential and treasury indicators are to be found in **Appendix D** of this report. The Chief Finance Officer also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.
- 3.11 The financial year 2012/13 continued within the challenging environment of previous years. However, investment performance has been good, the average rate achieved from investments being 2.14% compared to the 1.14% benchmarked average. A comprehensive Annual Treasury Report will be reported to Audit Committee and to Council.
- 3.12 Cabinet is recommended to endorse the draft 2012/13 prudential and treasury indicators in **Appendix D** of this report.

Accountable Body Status

- 3.13 **Appendix E** illustrates the current accountable body matrix which sets out requirements for the council when it is required to be an Accountable Body. It also establishes responsibility levels for approvals at various stages of the grant process. As part of the refresh of the grants manual, clarity has been provided on responsibilities for sign off of bids or submissions, which is now quantified on the attached accountable body matrix under column 4. These changes require approved by Cabinet.

Insurance and risk management

- 3.14 The current insurance arrangements were renewed on 1st April 2013.
- 3.15 The successful risk management strategy adopted by the council ensured an extremely satisfactory outcome of this new tender. Other areas that assisted the council in obtaining good value for money included the council's overall claims history, the level of self insurance retained by the council and robust risk management arrangements and practices.

- 3.16 The award of the insurance tender is as follows, all effective from 1 April 2013:

Zurich Municipal as the council's insurer for property (including industrial commercial properties) terrorism, motor and engineering for a further 3 years (with a 2 year option to extend).

Travellers Insurance Company as the council's insurer for liability insurance for a period of 3 years (with a 2 year option to extend).

QBE Insurance (Europe) Ltd and AIG Europe Ltd (via risk management partners) as the council's insurer for fidelity guarantee and personal accident insurance for a period of 3 years (with a 2 year option to extend).

Chubb as the council's insurer for personal accident for schools and school journey insurance for a period of 3 years (with a 2 year option to extend).

Axa Insurance via Blackwell Green for museums and art works for a further 3 years (with a 2 year option to extend).

4. Council priorities

- 4.1 The approved budget follows council priorities set out in the Sustainable Community Strategy, and managers are required to endorse these in consideration of day to day spending plans.

5. Risk management

- 5.1 Managers are required to deliver service and improvement targets on time, to standard and within budget. The budget process is governed by the overarching medium term financial strategy. Risk management is an integral part of this activity and is embedded in budget preparation, monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed.

6. Financial implications

- 6.1 The outturn position will affect the overall financial standing of the council. The aim is to ensure the councils balances are at a level consistent with the requirements of the medium term financial strategy.
- 6.2 The outcome of the Insurance tender exercise is that the council has made significant overall gross savings/benefits in the region of £100k together with enhancing the level of cover purchased.

7. Legal implications

- 7.1 None directly associated with this report.

8. Property implications

- 8.1 There are no direct implications from this report.

9. Health and wellbeing implications

- 9.1 The approved budget was constructed using the marmot objectives, and in consideration to health and wellbeing implications.

10 Staffing implications

- 10.1 There are no direct implications from this report.

11. Equality implications

- 11.1 None directly associated with this report.

12. Consultation

- 12.1 The report is prepared in consultation with the Chief Finance Officer, relevant managers and directors.

Background papers: Various financial working papers.

Appendices:-

- A Council funded capital - underspend 2012/13 and recommended carry forwards into 2013/14
- B Prudential funded capital - underspend 2012/13 and recommended carry forwards into 2013/14
- C Externally funded capital - underspend 2012/13 and recommended carry forwards into 2013/14
- D Draft prudential and treasury indicators
- E Revised Accountable Body matrix

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7 June 2013



Councillor C Towe
Resources

7 June 2013

APPENDIX A – COUNCIL FUNDED CAPITAL - UNDERSPEND 2012/13 AND RECOMMENDED CARRY FORWARD INTO 2013/14

COUNCIL FUNDED SCHEMES	2012/13 Budget	Actual Expenditure	Variance	Carry forward to 2013/14	Underspend
	£	£	£	£	£
CHILDRENS					
Targeted Capital Bids - Barcroft	401,235	73,067	-328,168	328,168	0
IT investment in mobile working	79,000	78,984	-16	0	-16
Eldon House reprovision	923,391	914,389	-9,002	9,002	0
Integrated childrens system	66,813	0	-66,813	66,813	0
Contact Services	925,000	0	-925,000	925,000	0
Schools access initiative	179,186	157,644	-21,543	21,543	0
CHILDRENS COUNCIL FUNDED TOTAL	2,574,625	1,224,083	-1,350,542	1,350,525	-16
NEIGHBOURHOOD					
Allotments	92,619	21,471	-71,148	71,148	0
A34 Birmingham Road	15,000	14,553	-447	0	-447
Beacon Road land slip - contingency	26,141	12,286	-13,855	13,855	0
Bentley Community Facility	240,000	0	-240,000	240,000	0
Footpath Highfield Road, Pelsall	15,607	0	-15,607	15,607	0
George Rose Park	268,824	196,682	-72,142	72,142	0
Greenspace improvement plan	166,631	6,495	-160,136	160,136	0
Hatherton Road multi storey car park	315,657	309,113	-6,544	11,214	4,670
Headstone safety in Cemeteries	80,000	78,162	-1,838	0	-1,838
Highways Maintenance	1,200,000	1,196,353	-3,647	0	-3,647
Improving security in local neighbourhoods	4,282	0	-4,282	4,282	0
Introduction of Radio Frequency Identification (RFID) in libraries	121,153	96,987	-24,166	7,574	-16,592
Library modernisation plan	53,963	53,961	-2	0	-2
Lighting to save initiatives	270,385	258,128	-12,257	12,257	0
LTP including bridge strengthening 2010/11 (Network Rail)	100,000	100,000	0	0	0
LTP including bridge strengthening 2010/11	200,597	141,459	-59,138	54,468	-4,670

COUNCIL FUNDED SCHEMES (Continued)	2012/13 Budget	Actual Expenditure	Variance	Carry forward to 2013/14	Underspend
Mercury Abatement	74,913	74,913	0	0	0
Pelsall library, childrens centre and health centre	481,095	481,095	0	0	0
Restoration and Renovation of Broadway West Playing Fields	410,000	250,539	-159,461	159,461	0
Retained Housing Land	100,000	74,659	-25,341	25,341	0
Vehicles (Vans)	144,385	144,385	0	0	0
Walsall arboretum lido	172,776	172,776	0	0	0
Walsall TCTP ring road acquisition	502,759	6,238	-496,521	186,762	-309,759
NEIGHBOURHOOD COUNCIL FUNDED TOTAL	5,056,787	3,690,257	-1,366,530	1,034,245	-332,285
REGENERATION					
Aids & adaptations	2,009,322	902,500	-1,106,822	775,402	-331,420
Asbestos removal	155,000	167,001	12,001	0	12,001
Safe water supplies	275,000	314,688	39,688	0	39,688
Darlaston baths roof	92,970	82,191	-10,780	0	-10,780
Demolition of redundant buildings to save on rates	200,000	195,631	-4,369	4,369	0
Enabling works to Office development (Gigaport)	650,000	69,389	-580,611	580,611	0
Fire risk assessment	230,947	223,494	-7,453	7,453	0
Freer Street structural works	71,853	14,274	-57,579	57,579	0
Green Lane Hostel	78,971	78,560	-411	0	-411
Green Rivers	185,000	88,798	-96,202	96,202	0
Health Through Warmth	1,000,000	497,642	-502,358	334,834	-167,524
Investment in ICT Technology to support smarter workplace	1,155,332	730,073	-425,259	425,259	0
New Council Depot - land exchange for the acquisition of additional land	1,624,842	1,624,841	-1	0	-1
New Homes Bonus (RCCO/PWLB)	450,370	450,370	0	0	0
Smarter Workplaces - ICT	72,588	72,588	0	0	0
Land at Pelsall Lane	130,000	0	-130,000	0	-130,000
Planned property maintenance	450,000	458,183	8,183	0	8,183
Regenerating Walsall	843,146	318,452	-524,694	524,694	0
Relocation of Pest Control Store	39,750	39,750	0	0	0

	2012/13 Budget	Actual Expenditure	Variance	Carry forward to 2013/14	Underspend
COUNCIL FUNDED SCHEMES (Continued)					
Refurbishment of Leckie sons of rest in Walsall arboretum	23,266	23,266	0	0	0
Refurbishment and Improvement of remaining Housing Projects	426,000	394,988	-31,012	31,012	0
Shop maintenance	120,000	54,022	-65,979	65,979	0
Work resulting from the statutory testing of building services	300,000	311,488	11,488	0	11,488
Walsall Council House	302,375	56,673	-245,702	245,702	0
REGENERATION COUNCIL FUNDED TOTAL	10,886,732	7,168,861	-3,717,871	3,149,096	-568,775
RESOURCES					
Bloxwich library communications room	9,447	9,447	0	0	0
Disaster recovery scheme	220,241	202,992	-17,249	17,249	0
Delivering - Right Fast and Simple	794,000	285,148	-508,852	358,852	-150,000
European Directive - mapping	29,700	29,699	-1	0	-1
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	77,415	18,129	-59,286	59,286	0
Increased productivity to be delivered by home working	84,523	37,821	-46,702	0	-46,702
Network Internet and External Security essential maintenance and Upgrade	33,000	33,450	450	0	450
Replacement of essential Network Connections on Wide Area Networks	92,400	58,141	-34,260	34,260	0
Risk management	100,000	575	-99,425	0	-99,425
Software to Automate Benefit Application Forms	9,257	0	-9,257	0	-9,257
Self-insured property damage	200,000	31,619	-168,381	0	-168,381
Project/asset investment reserve - Capital Contingency	235,755	0	-235,755	235,755	0
RESOURCES COUNCIL FUNDED TOTAL	1,885,738	707,020	-1,178,718	705,402	-473,316
SOCIAL CARE					
Preventative adaptations & Supported independent living	1,583,645	1,443,346	-140,299	140,299	0
SOCIAL CARE COUNCIL FUNDED TOTAL	1,583,645	1,443,346	-140,299	140,299	0
GRAND TOTAL COUNCIL FUNDED	21,987,527	14,233,567	-7,753,960	6,379,567	-1,374,392

APPENDIX B – PRUDENTIAL FUNDED CAPITAL - UNDERSPEND 2012/13 AND RECOMMENDED CARRY FORWARD INTO 2013/14

PRUDENTIAL SCHEMES	2012/13 Budget	Actual Expenditure	Variance	Carry forward to 2013/14	Underspend
	£	£	£	£	£
NEIGHBOURHOOD					
Walsall arboretum restoration programme (PRU)	1,105,601	508,772	-596,829	596,829	0
Sweepers	1,036,713	1,036,713	0	0	0
NEIGHBOURHOOD PRUDENTIAL TOTAL	2,142,314	1,545,485	-596,829	596,829	0
REGENERATION					
Smarter Workplaces - Programme Manager	549,988	395,667	-154,321	154,321	0
Smarter Workplaces - Workplace Solutions	801,387	463,330	-338,057	338,057	0
Smarter Workplaces - Property (Prudential)	2,675,391	2,415,564	-259,827	259,827	0
Darlaston SDA	844,000	0	-844,000	844,000	0
Smarter Workplaces - ICT	253,645	0	-253,645	253,645	0
REGENERATION PRUDENTIAL TOTAL	5,124,411	3,274,561	-1,849,850	1,849,850	0
RESOURCES					
Finance Direct/Oracle	186,500	20,899	-165,601	165,601	0
RESOURCES PRUDENTIAL TOTAL	186,500	20,899	-165,601	165,601	0
SOCIAL CARE					
PARIS development phase 2 - Working Smarter	439,068	33,983	-405,085	405,085	0
SOCIAL CARE PRUDENTIAL TOTAL	439,068	33,983	-405,085	405,085	0
GRAND TOTAL PRUDENTIAL	7,892,293	4,874,928	-3,017,365	3,017,365	0

APPENDIX C – EXTERNALLY FUNDED CAPITAL - UNDERSPEND 2012/13 AND RECOMMENDED CARRY FORWARD INTO 2013/14

EXTERNALLY FUNDED SCHEMES	2012/13 Budget	Actual Expenditure	Variance	Carry forward to 2013/14	Underspend
	£	£	£	£	£
CHILDRENS					
14-19 diplomas, SEN and disabilities	483,897	360,903	-122,994	122,994	0
Academies	26,681,193	16,293,272	-10,387,921	10,387,921	0
Barr Beacon language college s106	36,769	31,568	-5,201	5,201	0
Basic need	4,673,752	199,404	-4,474,348	4,474,348	0
Black Country University Technical College (UTC) - Phase 1	89,588	89,587	-1	0	-1
Black Country University Technical College (UTC) - Phase 2	53,280	19,953	-33,327	33,327	0
Capital maintenance	7,167,389	3,058,637	-4,108,752	4,108,752	0
Devolved capital	3,649,300	1,559,816	-2,089,484	2,089,484	0
Myplace Young Peoples Centre at Joseph Leckie	172,062	172,062	0	0	0
Pathfinder short breaks	284,366	143,314	-141,052	141,052	0
School travel plans	34,980	34,978	-2	0	-2
Youth capital funding	60,800	21,570	-39,230	39,230	0
s106 contributions	11,358	11,358	0	0	0
School contributions	114,215	114,214	-1	0	-1
CHILDRENS EXTERNALLY FUNDED TOTAL	43,512,949	22,110,636	-21,402,313	21,402,309	-4
NEIGHBOURHOOD					
Walsall arboretum lido	43,000	33,229	-9,771	9,771	0
Bloxwich Lane/Bentley Lane Traffic Signal Update	20,796	20,796	0	0	0
Development of Highways Asset Management Plan (HAMPS)	187,705	0	-187,705	187,705	0
IT & Telephone System Upgrade	68,249	68,249	0	0	0
Kings Hill park improvement - phase 2	128,941	62,517	-66,424	66,424	0
LTP Highway Maintenance	1,381,000	1,381,000	0	0	0
LTP Highway Maintenance (Bridges)	1,315,500	33,832	-1,281,668	1,281,668	0
Low emission Strategy	62,026	51,093	-10,933	10,933	0
EXTERNALLY FUNDED SCHEMES (Continued)	2012/13	Actual	Variance	Carry forward	Underspend

	Budget	Expenditure		to 2013/14	
Highways Improvement works Willenhall	23,479	1,215	-22,264	22,264	0
NOF for PE & Sport - Aldridge Airport	21,637	21,636	-1	0	-1
Palfrey Park	112,275	99,260	-13,015	13,015	0
Pelsall Common Play Area	822	822	0	0	0
Pelsall library, childrens centre and health centre	1,961,218	1,773,518	-187,700	187,700	0
Reedwood Park	150,000	89,481	-60,519	60,519	0
Recreating the Croft	58,532	4,421	-54,111	54,111	0
Refurbishment & Upgrade of the College Facilities and Premsis	78,503	78,503	0	0	0
ST. Margarets Development Cycle Link	10,245	10,245	0	0	0
The Arboretum Gallery Garden	43,449	42,903	-546	0	-546
Walsall arboretum restoration programme (PRU)	3,833,486	770,525	-3,062,961	3,062,961	0
Walsall Gala Baths Dance Studio	772	771	-1	0	-1
Walsall childrens play fund	8,319	8,318	-1	0	-1
Waste infrastructure capital grant	455,928	55,405	-400,523	400,523	0
NEIGHBOURHOOD EXTERNALLY FUNDED TOTAL	9,965,882	4,607,738	-5,358,144	5,357,595	-549
REGENERATION					
Collingwood Centre Car Park	4,095	4,095	0	0	0
Congestion Target Delivery Fund	31,858	31,858	0	0	0
Contributions to Aids and Adaptations (mainstream)	18,710	18,710	0	0	0
Contributions to Health Through Warmth (mainstream)	110,555	110,555	0	0	0
Darlaston SDA - Moxley & Whitworth Close	12,131	2,438	-9,693	9,693	0
Darlaston SDA	2,875,000	323,439	-2,551,561	2,551,561	0
Darlaston SDA (Pre-works)	756,042	497,462	-258,580	258,580	0
Disabled facilities grant	1,682,420	1,682,420	0	0	0
Fuel Poverty Grant	336,880	124,730	-212,150	212,150	0
Local Sustainable Transport Fund	251,000	76,572	-174,428	174,428	0
LTP grant	1,257,721	1,250,963	-6,758	6,758	0
Red Routes	232,866	231,949	-917	0	-917
EXTERNALLY FUNDED SCHEMES (Continued)	2012/13 Budget	Actual Expenditure	Variance	Carry forward to 2013/14	Underspend

Kickstart	6,493	6,493	0	0	0
Walsall Town Centre 'Way Finding Project'	800	800	0	0	0
Willenhall THI - HLF	775,259	133,962	-641,297	641,297	0
Willenhall THI - VIEW contribution	375,259	122,496	-252,763	252,763	0
REGENERATION EXTERNALLY FUNDED TOTAL	8,727,089	4,618,942	-4,108,147	4,107,231	-917
RESOURCES					
Investing in working smarter	340,000	0	-340,000	340,000	0
Speedmaster - Print Room	9,650	9,650	0	0	0
RESOURCES EXTERNALLY FUNDED TOTAL	349,650	9,650	-340,000	340,000	0
SOCIAL CARE					
Department of Health capital allocation	749,829	372,277	-377,552	377,552	0
SOCIAL CARE EXTERNALLY FUNDED TOTAL	749,829	372,277	-377,552	377,552	0
GRAND TOTAL EXTERNALLY FUNDED	63,305,399	31,719,243	-31,586,156	31,584,687	-1,470

APPENDIX D – PRE-AUDIT PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicator		Actual 2011/12 £'000	Target 2012/13 £'000	Position at 31-Mar-13 £'000	Variance to target		Met
					£'000	%	
PrI 1	Capital Expenditure (12/13 target revised due to cf from 11/12 and additional grants).	66,935	93,650	50,827	- 42,823	-46%	Y
PrI 2	Ratio of financing costs to net revenue stream	9.00%	9.50%	7.02%	- 2.5%	-26%	Y
PrI 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£10.66	£10.67	£10.67	£0.00	0%	Y
PrI 4	Capital Financing Requirement	293,247	304,499	299,452	- 5,047	-2%	Y
PrI 5	Authorised Limit for external debt	373,730	319,724	319,724	-	0%	Y
PrI 6	Operational Limit for external debt	315,044	292,093	292,093	-	0%	Y
Prudential Indicators for Prudence		Actual 2011/12 £'000	Target 2012/13 £'000	Position at 31-Mar-13 £'000	Met		
PrI 7	Net Borrowing exceeds capital financing requirement	No	No	No	Y		
PrI 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes	Yes	Y		
PrI 9	Total principle sums invested for longer than 364 days must not exceed	15,000	25,000	14,105	Y		
Table 6 continued Prudential Indicator		Upper Limit	Lower Limit	Actual 2011/12	Position at 31-Mar-12	Met	
PrI 10	Fixed Interest Rate Exposure	95%	40%	93%	89%	Y	
PrI 11	Variable Interest Rate Exposure	45%	0%	7%	11%	Y	
PrI 12	Maturity Structure of Borrowing						
	Under 12 months	25%	0%	9%	14%	Y	
	12 months and within 24 months	25%	0%	13%	9%	Y	
	24 months and within 5 years	25%	0%	15%	25%	Y	
	5 years and within 10 years	50%	10%	17%	11%	Y	
	10 years and above	85%	40%	47%	41%	Y	

Local Indicators		Actual 2011/12 £'000	Target 2012/13 £'000	Position as at 31-Mar-13 %	Variance to target %	Met
L1	Full compliance with prudential code	Yes	Yes	YES		Y
L2	Average length of debt	16.03	15 to 25 years	16		Y
L3	Net borrowing costs as % of net budget requirement	3.33%	4.00%	3.01%	-0.99%	Y
L4	Net actual debt vs operational debt	83.0%	75 - 90%	88%	-2%	Y
L5	Average interest rate of external debt outstanding excluding OLA	4.53%	4.52%	4.53%	0.01%	N
L6	Average interest rate of external debt outstanding including OLA	4.73%	4.63%	4.67%	0.04%	N
L7	Gearing effect of 1% increase in interest rate	2.76%	5.00%	2.34%	-2.66%	Y
L8	Average interest rate received on STI vs 7 day LIBID rate	1.22%	0.50%	1.44%	0.94%	Y
L9	AT call investments	0.80%	0.75%	0.90%	0.15%	Y
(a)	Short Term Investments	2.01%	1.50%	1.83%	0.33%	Y
(b)	Long Term Investments	3.83%	2.50%	3.70%	1.20%	Y
(c)						
L10	Average interest rate on all ST investments (ST and AT call)	2.07%	1.10%	1.80%	0.70%	Y
L11	Average rate on all investments	2.39%	1.30%	2.14%	0.84%	Y
L12	% daily bank balances within target range	100%	98%	0%	-98%	Y

Explanation of Variations relating to Appendix D

PCI 1 Total capital expenditure - £42m – 46%

The variation is due to capital carry forwards particularly capital grants which are expected to be spent in 2013/14.

PCI 2 Estimates of the ratio of financing costs to the net revenue stream – 2.5%

Compared to other councils, Walsall's ratio of capital financing to total revenue costs is low, which demonstrated good performance. This has dropped due to the additional investment income and minimum revenue provision review.

PCI 4 Estimates of capital financing requirement - £5m and 2%

This represents the underlying level of borrowing needed to finance historic and future capital expenditure. This is less than anticipated due to capital carry forwards.

L.3 Net borrowing costs as % of net budget requirement – 0.9%

This measures the net borrowing costs as a % of the net budget requirement and is used by CIPFA in their risk benchmarking. Once again, there is a favourable variance due to the additional investment income and minimum revenue provision review.

L.5 and L.6 Average rate on debt

Both are slightly above targets due to the continued low interest environment no rescheduling opportunities have occurred.

L.8, L.9, and L10 Increased average interest rate received on investments.

This shows continued good performance.

APPENDIX E - ACCOUNTABLE BODY APPROVAL MATRIX

This covers all funds where the council is the named accountable body and funds are:

- utilised within the Council
- managed by an external organisation,
- subject to a competitive bidding process by the council and/or partners,

Level of Funding	Approval from Manager to Bid	Approval from Relevant Executive Director to Bid **	Sign off of bid or application for submission	Approve Accountable Body Status and Governance Arrangements Corporate Mgt Team	Approve Accountable body Status and governance arrangements Cabinet	Approve Project Plan - Manager	Approve Project Plan – Relevant Executive Director	Notify Corporate Management Team of Project Plan	Inform Cabinet of Project Plan	Contract or Grant Agree - ment	Include on Finance Grants Register
Up to £50,000	✓	✓	Service Manager			✓				✓	✓
£50,001 to £100,000	✓	✓	Head of Service			✓	✓	✓		✓	✓
£100,001 to £500,000	✓	✓	Executive Director	✓		✓	✓	✓	✓	✓	✓
£500,001 to £1million	✓	✓	Executive Director	✓	✓	✓	✓	✓	✓	✓	✓
£1million+	✓	✓	Executive Director	✓	✓	✓	✓	✓	✓	✓	✓

Manager means in this context minimum Service Manager level (or above).

A contract will be required when commissioning an external organisation using procurement / contracting processes

A Grant Agreement will be required in all other cases

**** In conjunction with the relevant Portfolio Holder for bids of £50,000 and above**