

Corporate Scrutiny and Performance Panel

**Agenda
Item No. 7**

17 July 2014

Corporate Financial Performance - Pre-audit Revenue and Capital Out-turn 2013/14 plus Treasury Management Performance

Ward(s) All

Portfolios: Cllr M. Bird - Leader

Report:

Please find attached at Appendix 1 a copy of a report that was considered by Cabinet at its meeting on 2 July 2014. The report is reproduced here to inform Members of the Councils financial performance.


Recommendations:

That, subject to any comments Members may wish to make, the report be noted.

Contact Officer:

Craig Goodall
Committee Business and Governance Manager

 01922 654765

 goodallc@walsall.gov.uk

Cabinet – 2 July 2014

Corporate Financial Performance – Pre-Audit Revenue and Capital Outturn 2013/14 and Pre-Audit) Treasury Management Performance 2013/14

Portfolio: Councillor M Bird – Leader of the Council

Related Portfolio: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

1.1 *Pre-audit outturn 2013/14*

The overall pre-audit net revenue pre-audit outturn is £86.26m against a budget of £85.55m, an overspend variance of £0.71m net of recommended carry forwards of £31k. The pre-audit capital outturn is a net underspend of £905k, net of council funded carry forwards of £7.83m.

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.

2. Recommendations

Cabinet is requested to:

- 2.1 Note the revenue carry forwards approved by the Chief Finance Officer (CFO) in consultation with the portfolio holder for finance, as set out in table 1 of the report.
- 2.2 Note the capital re-profiling and carry forwards approved by the CFO in consultation with the portfolio holder for finance, as set out in the main body of the report and appendices 2-4.
- 2.3 Note the pre-audit revenue outturn overspend of £0.71m and the pre-audit capital outturn underspend of £905k. This capital underspend will be used to support the 2014/15 capital programme as approved by Council.
- 2.4 Note the financial health indicators for 2013/14 summarised in Appendix 1

- 2.5 Note the 2013/14 prudential indicators in Appendix 5 of this report and Walsall's compliance with these indicators.

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 2013/14. Maintaining financial stability is a key requirement. This report illustrates the pre-audit revenue and capital outturns for 2013/14 along with revenue and capital carry forwards into 2014/15.
- 3.2 The revenue carry forward protocol has been in use for several years. Carry forwards are usually allowed only where the council has outturned on or under budget. Due to the council having a small overspend in 2013/14 only a limited number of carry forward requests were approved.

Revenue Outturn 2013/14

- 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 £627.23m. The council wide pre-audit revenue outturn is an overspend of £0.71m following endorsement of carry forwards. These were approved by the CFO under delegations approved by Cabinet in April, and after consultation with the portfolio holder for finance.

Revenue carry forwards from 2013/14 to 2014/15

- 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.
- 3.5 Total revenue carry forward requests of £31k were approved, as shown in table 1.

Table 1: Revenue carry forwards from 2013/14 to 2014/15	
Use of carry forward	Carry forward £
Neighbourhood Services	
Communities & partnerships – to fund delayed contractual payment to Healthwatch. Previously agreed as genuine slippage	20,745
Engineering & transportation – to carry out works on a right of way scheme, funding available but due to other work commitments work cannot be undertaken until April 2014	10,000
Total Neighbourhood Services	30,745
Approved revenue carry forwards	30,745

Capital Outturn 2013/14

- 3.6 The capital programme budget for 2013/14 was £82.85m, of which spend was £39.87m, resulting in unspent allocations of £42.98m. Of this, £42.08m has been approved for carry forward into 2014/15, the majority of which (73%) 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 unspent resources of £8.74m, of which requests for carry forwards required to complete schemes total £7.83m as set out in Appendix 2.
 - The prudential borrowing programme currently shows unspent resources of £3.59m, to be fully carried forward to 2014/15, as set out in Appendix 3.
 - The external funding programme (mainly grants) currently shows unspent projects funded from grant of £30.66m, to be fully carried forward to 2014/15, as set out in Appendix 4.
- 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 Cabinet approval.
- 3.9 As indicated above, the vast majority of the carry forwards, equating to 73% or £30.66m of the total, relate to grant funded schemes, of which £12.5m relates to schools and £11.5m of major regeneration schemes. These schemes tend to require carry forward due to the timing of the receipt of the grant versus the actual spend, which in school's is often during the next summer of the next financial year.

Financial Health Indicators

- 3.10 The annual review of financial health indicators is shown at Appendix 1. This summarises the following:-
- Strong treasury management performance for 2013/14.
 - Strong balance sheet financial performance.
 - Council tax and business rate collection rates as expected.
 - Strong sundry debtor collection rates, showing an average of 26 days in 2013/14 to collect debt.
 - Strong creditor performance, showing an average of 12.47 days in 2013/14 to pay creditor invoices.
 - Revenue and capital position for 2013/14– as outlined in this report.

Local Authority Mortgage Scheme (LAMS)

- 3.11 At 31st March 2014, 33 mortgages have been supported through the LAMs scheme using £671,425 of the indemnity cover and a further 5 mortgages applications are being processed which when completed will use up a further £90,188.

Business Rates Retention Scheme

- 3.12 The new scheme was introduced from 1 April 2013 which was intended to encourage economic growth and transferred risks previously borne by Government to local authorities. Shortfall in income due to changes in rateable value, successful appeals, exemptions and discounts against what was estimated in January 2013 and included within the council's budget for 2013/14 would result in a deficit on the collection fund. The council will bear 49% of the overall deficit which needs to be included in the

budget process for 2015/16 to make good the shortfall of income. The actual deficit for 2013/14 on the collection fund was a deficit of £0.77m of which Walsall will have to fund £0.377m.

Treasury Management

- 3.13 Pre-audit prudential and treasury indicators are to be found in Appendix 5 of this report. The CFO confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached. During 2013/14, the council complied with its legislative and regulatory requirements.
- 3.14 The council also complied with the majority of its local indicators apart from L5, L6 and L9 (c) as set out in page 20.
- 3.15 The financial year 2013/14 continued within the challenging environment of previous years. However, investment performance has been good, the average rate achieved from investments being 1.29% compared to the 0.85% benchmarked average. A comprehensive Annual Treasury Report will be reported to Audit Committee and on to Council.

4. Council priorities

- 4.1 The approved budget follows council priorities set out in the Walsall Performance Management Framework, including the agreement to use Marmot objectives to help redirect existing resources. Managers are required to follow 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 council's balances are at a level consistent with the requirements of the medium term financial strategy.

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 There are no direct financial implications for this report, however the health and wellbeing of communities in Walsall have direct implications on the resources required within the Council and the wider public sector. In September 2012, Council approved the Marmot objectives to be included in the Corporate Plan with the aim that applying these objectives can assist in enabling people and communities to become more self-sufficient and thereby decrease the demand (and resources required) on public services.

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:-

- 1 Financial Health Indicators 2013/14
- 2 Council funded capital - underspend 2013/14 and recommended carry forwards into 2014/15
- 3 Prudential funded capital - underspend 2013/14 and recommended carry forwards into 2014/15
- 4 Externally funded capital - underspend 2013/14 and recommended carry forwards into 2014/15
- 5 Draft prudential and treasury indicators

Contacts:

Vicky Buckley, Head of Finance - ☎ 01922 652326 buckleyv@walsall.gov.uk

Jennie Collier – Senior Accountancy Officer - ☎ 01922 652350 collierj@walsall.gov.uk



James T Walsh
Chief Finance Officer
24 June 2014



Councillor A. Andrew
Deputy Leader of the Council
24 June 2014

Financial Health Indicators

Treasury Management	2012/13 Actual	2013/14 Target	2013/14 Actual
Average Interest Rate (Borrowing)	4.53%	4.52%	4.60%
- Excluding OLA	4.67%	4.63%	4.73%
- Including OLA			
Gearing Effect on Capital Financing Estimates	2.00%	5.00%	1.23%
Net Borrowing Costs / Tax Requirement	4.9%	6.50%	5.8%
Capital Financing Requirement (£m)	299.452	319.279	300.528
Authorised limit for external Debt (£m)	319.724	351.207	351.207
Investment Rate Average	2.1%	1.0%	1.2%

Balance Sheet Ratios	2010/11	2011/12	2012/13 (post - audit)
Current Assets : Current Liabilities	2.28	2.70	2.70
Useable Reserves : General Revenue Expenditure	0.29	0.49	0.59
Assuming Revenue Expenditure is equal to Net Operating Expenditure (2008/09)			
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.25	1.25	1.13
Long Term Assets : Long Term Borrowing	1.83	1.89	1.84
Total School Reserves : Dedicated School Grant	0.06	0.07	0.08

Revenues Performance % collected for financial year	2011/12 Actual Collected in total @ 31.03.14	2012/13 Actual Collected in total @ 31.03.14	2013/14	
			Profiled	Actual
Council tax %	98.6%	98.1%	96.0%	96.0%
National Non Domestic Rate %	98.1%	97.8%	96.6%	96.9%
Total Council Tax collected (£m)	£90,506,782	£90,708,414	£92,788,122	£92,788,122
Total NNDR collected (£m)	£64,926,580	£66,945,238	£68,523,447	£68,709,827

Debtors and Creditors Performance	2012/13 Actual	2013/14	
		Profiled	Actual
Sundry Debtors Collection – Average number of days to collect debt	26 days	30 days	26 days
Average number of days to process creditor payments	11.92 days	14 days	12.47 days

Management of Resources	Actual 2012/13	2013/14 Pre- Audit		
Service Analysis	Post-audit	Target	Actual	Variance
Children's Services	52,613,725	73,251,891	75,628,617	2,376,726
Neighbourhood Services	60,547,614	58,988,307	58,807,949	(180,358)
Regeneration	17,280,082	18,283,582	18,589,664	306,082
Social Care & Inclusion	67,500,397	72,144,436	72,583,775	439,339
Resources	7,798,112	11,688,769	12,390,834	702,065
Council Wide	31,177,268	14,222,501	11,286,426	(2,936,075)
RSG/NNDR	(129,164,992)	(163,027,571)	(163,027,571)	0
Total	107,752,206	85,551,915	86,259,694	707,779
General Reserves	16,611,535	Minimum £6.3m Maximum £12.5m	14,865,489	N/A
Council Funded Capital Expenditure	15,568,567	20,694,662	11,958,013	(8,736,649)
Grant Funded Capital Expenditure	31,719,243	56,365,039	25,708,024	(30,657,015)
Prudential Expenditure	4,874,928	5,788,467	2,199,207	(3,589,260)
Total Capital Expenditure	52,162,738	82,848,168	39,865,244	(42,982,924)
Capital Receipts	3,239,165	1,500,000	781,250	(718,750)

What this tells us

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

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

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

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

APPENDIX 2 – COUNCIL FUNDED CAPITAL - UNDERSPEND 2013/14 AND CARRY FORWARD INTO 2014/15

COUNCIL FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
CHILDRENS					
Targeted Capital Bids - Barcroft	328,167	8,337	(319,830)	190,485	(129,345)
Barcroft Primary additional classroom and toilet block	115,246	115,246	0	0	0
Eldon House reprovision	9,002	9,002	0	0	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	21,542	21,542	0	0	0
CHILDRENS COUNCIL FUNDED TOTAL	1,465,770	154,127	(1,311,643)	1,182,298	(129,345)
NEIGHBOURHOOD					
Allotments	71,148	65,121	(6,027)	6,027	0
Allotment and community garden strategy – Borneo Street	50,000	3,463	(46,537)	46,537	0
Arboretum play area	175,000	170,523	(4,477)	4,477	0
Beacon Road – landslip	14,264	14,189	(75)	0	(75)
Bentley community facility	1,372,500	2,000	(1,370,500)	1,370,500	0
Dilapidations	122,413	0	(122,413)	122,413	0
George Rose Park	72,142	40,899	(31,243)	31,243	0
Greenspace improvement plan	267,136	259,072	(8,064)	8,064	0
Hatherton Road, multi storey car park	11,485	11,485	0	0	0
Headstone safety in cemeteries	80,000	80,099	99	0	99
Highfield Road, Pelsall – footpath	15,607	0	(15,607)	15,607	0
Highways Maintenance	1,450,000	1,449,588	(412)	0	(412)
Improving security in local neighbourhoods	28,406	24,181	(4,225)	4,225	0
Introduction of Radio Frequency Identification (RFID) in libraries	7,574	7,227	(348)	0	(348)
Kendrick Place	8,750	8,750	0	0	0
Kings Hill Park – community facility	72,000	72,000	0	0	0

COUNCIL FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
Lighting to save initiatives	260,280	248,294	(11,986)	11,986	0
LTP including bridge strengthening 2010/11	55,590	47,533	(8,058)	8,058	0
Log Splitter	10,000	10,000	0	0	0
New Invention car park	80,000	56,564	(23,436)	23,436	0
Mercury Abatement	17,560	17,560	0	0	0
Pelsall Road flood alleviation scheme	38,730	38,730	0	0	0
Restoration and Renovation of Broadway West Playing Fields	159,461	87,787	(71,674)	0	(71,674)
Retained Housing Land	125,341	55,852	(69,489)	69,489	0
Ride on mower	6,900	6,900	0	0	0
Silver Street	2,250	2,289	39	0	39
Streetly cemetery – roadway extensions	150,000	149,671	(329)	0	(329)
Vehicles purchased	2,190,237	2,190,237	0	0	0
Verge parking	250,000	115,289	(134,711)	134,711	0
Walsall Adult & Community college refurbishment	238,430	238,430	0	0	0
Walsall arboretum restoration programme – Illuminated park proposals	270,000	0	(270,000)	162,000	(108,000)
Walsall TCTP ring road acquisition	186,762	36,320	(150,442)	100,000	(50,442)
Willenhall EACT Academy swimming pool changing provision	33,342	0	(33,342)	33,342	0
Willenhall Memorial Park	180,000	172,993	(7,007)	7,007	0
NEIGHBOURHOOD COUNCIL FUNDED TOTAL	8,073,308	5,683,044	(2,390,264)	2,159,122	(231,142)
REGENERATION					
Asbestos removal	122,907	122,907	0	0	0
Black Country Business Property Investment Programme	1,021	1,021	0	0	0
Civic Centre essential maintenance	566,306	0	(566,306)	566,306	0
Demolition of redundant buildings to save on rates	204,369	140,522	(63,847)	63,847	0
Depot land swap	3,710	3,710	0	0	0
Development of Replacement Development Management, Building Control and Land Charge ICT system	14,302	14,302	0	0	0

COUNCIL FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
Enabling works to office development (Gigaport)	580,611	110,486	(470,126)	470,126	0
Fire risk assessment	205,126	205,126	0	0	0
Freer street structural works	57,579	18,607	(38,972)	16,100	(22,872)
Green Rivers	96,202	82,039	(14,163)	0	(14,163)
Hillary Primary school	9,131	9,130	(1)	0	(1)
Improving the customer experience when visiting the council house	945,702	77,862	(867,840)	867,840	0
Kings Hill Park outdoor gym	23,750	23,750	0	0	0
New Homes Bonus (RCCO/PWLB)	586,622	586,622	0	0	0
Safe Water Supplies	273,796	273,796	0	0	0
Shop Maintenance	185,979	152,842	(33,137)	33,137	0
Statutory Testing	311,801	311,801	0	0	0
Planned property maintenance	543,827	543,827	0	0	0
Regenerating Walsall	717,690	264,767	(452,923)	452,923	0
REGENERATION COUNCIL FUNDED TOTAL	5,450,431	2,943,117	2,507,315	2,470,279	(37,036)
RESOURCES					
Aids and adaptations	1,875,402	1,333,874	(541,528)	541,528	0
Bring your own device security layers	70,000	16,535	(53,465)	53,465	0
Centrally held budgets	247,003	0	(247,003)	0	(247,003)
Council Wide IT rolling replacements and upgrades	1,180,959	643,262	(537,697)	537,697	0
Disaster recovery scheme	17,249	17,237	(12)	0	(12)
Delivering – Right Fast and Simple – Central Storage	28,021	28,021	0	0	0
Delivering – Right Fast and Simple – Document Management	57,334	57,334	0	0	0
Delivering – Right Fast and Simple – Exchange Upgrade	149,594	16,025	(133,569)	133,569	0
Delivering – Right Fast and Simple – Trent Upgrade	123,903	123,915	12	0	12
Essential enhancement to data security systems	60,000	25,512	(34,488)	14,488	(20,000)
Health through Warmth and Retro Fit schemes	804,834	210,520	(594,314)	382,164	(212,150)
ICT Essential Investment in Infrastructure - Server and CISCO upgrades	59,286	59,286	0	0	0

COUNCIL FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
Refurbishment and Improving of remaining Housing Projects	31,012	2,755	(28,257)	0	(28,257)
Replacement of essential Network Connections on Wide Area Networks	55,380	38,435	(16,945)	16,945	0
Risk management	3,315	3,315	0	0	0
Self-insured property damage	29,678	29,678	0	0	0
WIFI in Council House	21,954	21,954	0	0	0
RESOURCES COUNCIL FUNDED TOTAL	4,814,924	2,627,658	(2,187,266)	1,679,856	(507,410)
SOCIAL CARE					
Preventative adaptations & Supported independent living	890,229	550,068	(340,161)	340,161	0
SOCIAL CARE COUNCIL FUNDED TOTAL	890,229	550,068	(340,161)	340,161	0
GRAND TOTAL COUNCIL FUNDED	20,694,662	11,958,013	(8,736,649)	7,831,716	(904,933)

APPENDIX 3 – PRUDENTIAL FUNDED CAPITAL - UNDERSPEND 2013/14 AND CARRY FORWARD INTO 2014/15

PRUDENTIAL SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
NEIGHBOURHOOD					
Walsall arboretum restoration programme (PRU)	596,829	358,183	(238,646)	238,646	0
NEIGHBOURHOOD PRUDENTIAL TOTAL	596,829	358,183	(238,646)	238,646	0
REGENERATION					
Darlaston SDA	1,865,000	0	(1,865,000)	1,865,000	0
Primark & Co-op development	1,831,800	1,425,855	(405,945)	405,945	0
Smarter Workplaces - ICT	306,645	0	(306,645)	306,645	0
Smarter Workplaces - Programme Manager	97,948	97,948	0	0	0
Smarter Workplaces - Property (Prudential)	546,587	27,586	(519,001)	519,001	0
Smarter Workplaces - Workplace Solutions	378,057	289,635	(88,422)	88,422	0
REGENERATION PRUDENTIAL TOTAL	5,026,037	1,841,024	(3,185,013)	3,185,013	0
RESOURCES					
Finance Direct/Oracle	165,601	0	(165,601)	165,601	0
RESOURCES PRUDENTIAL TOTAL	165,601	0	(165,601)	165,601	0
GRAND TOTAL PRUDENTIAL	5,788,467	2,199,207	(3,589,260)	3,589,260	0

APPENDIX 4 – EXTERNALLY FUNDED CAPITAL - UNDERSPEND 2013/14 AND CARRY FORWARD INTO 2014/15

EXTERNALLY FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
CHILDRENS					
14-19 diplomas, SEN and disabilities	122,993	5,476	(117,517)	117,517	0
Academies	10,387,920	7,486,117	(2,901,803)	2,901,803	0
Barr Beacon language college s106	5,201	0	(5,201)	5,201	0
Basic need	5,634,744	1,745,629	(3,889,115)	3,889,115	0
Black Country University Technical College (UTC) - Phase 2	33,327	11,981	(21,346)	21,346	0
Capital maintenance	7,321,499	3,853,216	(3,468,283)	3,468,283	0
Devolved capital	2,648,940	1,092,631	(1,556,309)	1,556,309	0
Pathfinder short breaks	141,052	120,671	(20,381)	20,381	0
Two year old capital funding	500,000	0	(500,000)	500,000	0
Youth capital funding	43,292	6,599	(36,694)	36,694	0
CHILDRENS EXTERNALLY FUNDED TOTAL	26,838,968	14,322,320	(12,516,649)	12,516,649	0
NEIGHBOURHOOD					
Bentley West playing fields improvement plan	31,367	31,367	0	0	0
Bradbury Park	3,580	3,581	1	0	1
Development of Highway Asset Management Plan	187,705	76,849	(110,856)	110,856	0
George Rose community garden security improvements	9,000	9,000	0	0	0
Highway improvement works – Willenhall	22,264	22,263	(1)	0	(1)
King George V playing fields S106	188,480	37,958	(150,522)	150,522	0
Kings Hill park improvement - phase 2	66,424	66,424	0	0	0
Land north of Leamore Lane	51,100	48,665	(2,435)	2,435	0
Local Highways Maintenance Funding	352,000	352,000	0	0	0
LTP Highway Maintenance	1,398,000	1,398,002	2	0	2
LTP Highway Maintenance (Bridges)	1,827,137	153,645	(1,673,492)	1,673,492	0

EXTERNALLY FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
Low emission Strategy	10,933	8,943	(1,990)	1,990	0
Palfrey Park	16,491	9,497	(6,994)	6,994	0
Pelsall library, childrens centre and health centre	187,037	42,973	(144,064)	144,064	0
Pleck Park	634	634	0	0	0
Pleck Park synthetic cricket wickets	15,300	15,300	0	0	0
Reedswood Park	60,519	7,605	(52,914)	52,914	0
Recreating the Croft	56,666	56,666	0	0	0
Silver Street	2,250	2,250	0	0	0
Walsall arboretum lido	9,771	9,771	0	0	0
Walsall arboretum restoration programme	3,062,961	59,621	(3,003,340)	3,003,340	0
Waste infrastructure capital grant	400,523	135,187	(265,336)	265,336	0
NEIGHBOURHOOD EXTERNALLY FUNDED TOTAL	7,960,142	2,548,201	(5,411,941)	5,411,943	2
REGENERATION					
Black Country Business Property Investment Programme	1,565,768	7,149	(1,558,619)	1,558,619	0
Black Country Enterprise Zone	200,000	0	(200,000)	200,000	0
Darlaston SDA	13,431,561	4,578,636	(8,852,925)	8,852,925	0
Darlaston SDA (Pre-works)	258,580	258,580	0	0	0
Hillary Primary School	17,899	17,898	(1)	0	(1)
Local Sustainable Transport Fund	415,666	415,666	0	0	0
Local Transport Plan	1,172,458	1,041,612	(130,846)	130,846	0
LTP Black Country – Quick Wins	50,000	0	(50,000)	50,000	0
Way Finding Project	7,386	7,386	0	0	0
Willenhall THI - HLF	791,296	213,754	(577,542)	577,542	0
Willenhall THI - VIEW contribution	352,762	213,755	(139,007)	139,007	0
REGENERATION EXTERNALLY FUNDED TOTAL	18,263,376	6,754,436	(11,508,940)	11,508,939	(1)

EXTERNALLY FUNDED SCHEMES	2013/14 Budget £	Actual Expenditure £	Variance £	Carry forward to 2014/15 £	(Underspend)/ overspend £
RESOURCES					
Aids and adaptations	223,354	223,354	0	0	0
Health through warmth	23,822	23,822	0	0	0
Disabled Facilities Grant	1,355,717	1,355,717	0	0	0
Fuel Poverty Grant	212,150	212,150	0	0	0
Investing in Working Smarter	340,000	0	(340,000)	340,000	0
RESOURCES EXTERNALLY FUNDED TOTAL	2,155,043	1,815,043	(340,000)	340,000	0
SOCIAL CARE					
Personal Social Services Grant	1,147,510	268,024	(879,486)	879,486	0
SOCIAL CARE EXTERNALLY FUNDED TOTAL	1,147,510	268,024	(879,486)	879,486	0
GRAND TOTAL EXTERNALLY FUNDED	56,365,039	25,708,024	(30,657,015)	30,657,017	2

APPENDIX 5 – PRE-AUDIT PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicators defined within Prudential Code

Indicator	Actual 2012/13 £'000	Target 2013/14 £'000	Position as at 31-Mar-14 £'000	Variance to target		Met
				£'000	%	
Pri 1 Capital Expenditure (12/13 target revised due to Capital C/F 11/12 and additional grants).	50,820	82,671	39,140	- 43,531	-53%	Y
Pri 2 Ratio of financing costs to net revenue stream	7.02%	10.7%	8.80%	-1.90%	-18%	Y
Pri 3 Estimates of the incremental impact of new capital investment decisions on Council Tax	£10.67	£11.48	£11.48	£0.00	0%	Y
Pri 4 Capital Financing Requirement	305,908	319,279	300,990	- 18,289	-6%	Y
Pri 5 Authorised Limit for external debt	319,724	351,207	351,207	-	0%	Y
Pri 6 Operational Limit for external debt	292,093	308,866	308,866	-	0%	Y

Prudential indicators for prudence

Indicator		Actual 2012/13 £'000	Target 2013/14 £'000	Position as at 31-Mar-14 £'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	14,105	25,000	14,500	Y

Indicator		Upper Limit	Lower Limit	Actual 2012/13	Position as at 31-Mar-14	Met
Pri 10	Fixed Interest Rate Exposure	95%	45%	87%	94%	Y
Pri 11	Variable Interest Rate Exposure	45%	0%	13%	6%	Y
Pri 12	Maturity Structure of Borrowing					
	Under 12 months	25%	0%	14%	6%	Y
	12 months and within 24 months	25%	0%	9%	5%	Y
	24 months and within 5 years	40%	0%	25%	30%	Y
	5 years and within 10 years	50%	10%	11%	18%	Y
	10 years and above	85%	40%	41%	42%	Y

Locally defined prudential indicators

Indicator		Actual 2012/13	Target 2013/14	Position as at 31-Mar-14	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	15		Y
L3a	Net borrowing costs as % of net council tax requirement	-	11.50%	10.3%	-10%	Y
L3b	Net borrowing costs as % of Tax Revenue	-	6.50%	5.8%	-11%	Y
L4	Net actual debt vs operational debt	88.0%	75% - 90%	84%		Y
L5	Average interest rate of external debt outstanding excluding OLA	4.53%	4.52%	4.60%	2%	N
L6	Average interest rate of external debt outstanding including OLA	4.67%	4.63%	4.73%	2%	N
L7	Gearing effect of 1% increase in interest rate	2.74%	5.00%	1.23%	-75%	Y
L8	Average interest rate received on STI vs 7 day LIBID rate	1.44%	0.50%	0.75%	50%	Y
L9 (a)	AT call investments	0.90%	0.50%	0.65%	30%	Y
(b)	Short Term Investments	1.83%	0.90%	1.21%	34%	Y
(c)	Long Term Investments	3.70%	2.00%	1.92%	-4%	N
L10	Average interest rate on all ST investments (ST and AT call)	1.80%	0.80%	1.09%	36%	Y
L11	Average rate on all investments	2.14%	1.00%	1.17%	17%	Y
L12	% daily bank balances within target range	100%	98%	100%	2%	Y

Explanation of Variations relating to Appendix 5

All Prudential indicators were complied with. Key variances are because of the following reasons:

Prl 1 Total capital expenditure - variation of £43m

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

Prl 2 Estimates of the ratio of financing costs to the net revenue stream variation of 1.9%

Compared to other councils, Walsall's ratio of capital financing to total revenue costs is low, which demonstrated good performance. This is less than target due to the large dividend from Birmingham Airport. Note that in 2012/13 it was less than target due to the saving from the MRP policy change relating to other local authority debt.

Prl 12 Maturity Structure of Borrowing

For the purpose of the maturity profile indicator the next call date on a LOBO loan is assumed; as it is the right of the lender to require repayment. However due to the low interest rate environment it is unlikely that in the medium term that any of the LOBO's will be called.

L.3a and L.3b. Net borrowing costs as % of council and tax revenue

These measures of net borrowing costs as a % of council and tax revenue is a favourable variance due to the additional investment income generated in 2013/14.

L.5 and L.6 Average rate on debt

Both are slightly above target. There were no borrowing nor rescheduling activities due to the economic conditions in 2013/14. Thus there was no opportunity to reduce the average borrowing rate. The scheduled repayment of £10m PWLB also had negative effect on this indicator.

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

This shows continued good performance. L9c was not met due to the unavailability of long term investment opportunities with sufficient credit worthiness during the financial year.