

Cabinet – 19 June 2019

Pre-Audit Outturn 2018/19

Portfolio:	Councillor M. Bird – Leader of the Council (Lead Portfolio)
Related Portfolio:	All
Service:	Finance – council wide
Wards:	All
Key decision:	No
Forward plan:	No

1. Aim

- 1.1 To inform Cabinet of the pre-audit revenue and capital financial outturn position for 2018/19, along with recommended revenue and capital carry forwards into 2019/20 and draft financial and treasury indicators for 2018/19.

2. Summary

2.1 *Pre-audit outturn 2018/19*

The overall net revenue pre-audit outturn is £114.548m against a budget of £114.986m, an underspend variance of £438k (0.07% of gross expenditure) net of carry forwards of £497k. The pre-audit capital outturn is a net underspend of £3.53m, net of council funded carry forwards of £13.96m.

2.2 *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.

3. Recommendations

- 3.1 That the revenue carry forwards set out in table 2 of the report be noted and approved.
- 3.2 That the capital re-profiling and carry forwards set out in **Appendix 1** and **2** be noted and approved.
- 3.3 That the pre-audit revenue outturn underspend of £438k and the pre-audit capital outturn underspend of £3.53m, after carry forwards, be noted. The capital underspend will be used to support the 2019/20 capital programme approved by Council in February 2019.
- 3.4 That the financial health indicators for 2018/19 as summarised in **Appendix 3** be noted.

- 3.5 That the 2018/19 prudential indicators in **Appendix 4** of this report and Walsall's compliance with these indicators be noted.
- 3.6 To note that the opening balances will be £14.85m as at 1 April 2019. This is considered a prudent amount for 2019/20 and is within the parameters required within the current medium term financial strategy (MTFS).

4. Know

Context

- 4.1 Cabinet received regular financial reports to allow it to monitor the financial position of the council and consider plans for corrective action during 2018/19. Maintaining financial stability is a key requirement of the MTFS. This report contains the pre-audit revenue and capital outturns for 2018/19 along with revenue and capital carry forwards into 2019/20.

Revenue Outturn 2018/19

- 4.2 Managers are required to deliver their service targets and improvements within budget. Small variations are normal and insignificant on a gross revenue budget of £619.36m. The council wide pre-audit revenue outturn is an underspend of £438k, and summarised by directorate in **table 1** below.

Table 1: Pre-audit revenue outturn 2018/19			
Directorate	Budget £m	Outturn £m	Variance £m
Adult Social Care	63.56	63.81	0.25
Children's Services	70.67	71.68	1.01
Economy and Environment	61.91	61.98	0.07
Resources and Transformation	22.22	20.89	(1.33)
Capital Financing / Central	(103.37)	(103.81)	(0.44)
Total	114.99	114.55	(0.44)

- 4.3 A robust risk assessment of the 2018/19 budget was undertaken prior to the budget being set in February 2018. Action was taken corporately in year to address ongoing demand and cost pressures with services, mainly within Children's Services and Adult Social Care. Significant investment has been included within the 2019/20 budget to manage the identified demand pressures within Adult Social Care and Looked after Children.
- 4.4 The 2018/19 budget included £12.43m of savings / cost reductions and efficiencies. Of these, 72.7% or £9.04m were achieved, with 27.3% or £3.39m classed as 'red' where they have not been delivered in full, requiring alternate action in year. Action to address the ongoing implications of these savings will be taken in 2019/20, alongside the tracking of the 2019/20 approved savings.

Revenue carry forwards from 2018/19 to 2019/20

- 4.5 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, in accordance with the council's approved carry forward protocol. Carry forwards are usually allowed only where the council has outturned on or under budget, and are deemed to be planned for specific purposes.

- 4.6 Total revenue carry forward requests of £497k are recommended for approval, as shown in **table 2**.

Use of carry forward	Carry forward £
Resources and Transformation	
Council Wide – Internal Audit – completion of 2018/19 audit plan	43,530
Housing standards and Improvement – to support fixed term staffing costs to ensure an increase in housing enforcement to maximise income	71,233
Money Home Job – to fund delay in achievement of approved 2019/20 saving for reorganisation of the service	382,242
Approved revenue carry forwards	497,005

- 4.7 As a result of the above position, opening balances will be £14.85m as at 1 April 2019, which is considered a prudent amount for 2019/20 and is within the parameters required within the current medium term financial strategy (MTFS).

Capital Outturn 2018/19

- 4.8 The capital programme budget for 2018/19 was £106.09m, of which spend was £55.85m, resulting in unspent allocations of £50.24m. Following reprofiling, £46.71m of spend in relation to a number of capital projects will be completed in 2019/20. Adjusting for this leaves an underspend of £3.53m.
- 4.9 The draft pre-audit position is split between council funded schemes (**Appendix 1**) and external funded schemes (**Appendix 2**), and summarised in **table 3** below:

Funding	Budget £m	Outturn £m	Variance £m	Carry Fwd £m	Underspend £m
Council Funded	39.84	22.35	(17.50)	13.96	(3.53)
Externally Funded	66.25	33.50	(32.75)	32.75	0
Total	106.09	55.85	(50.24)	46.71	(3.53)

- 4.10 In year reprofiling, leading to carry forwards into the following year, is a routine and normal practice. 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 for where a project spans more than one year. In any 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.

- 4.11 As indicated above, 65% or £32.75m of the total relate to grant funded schemes. Of these, £22.02m relates to schools/children's, £7.57m to major regeneration schemes, £0.65m for leisure / parks schemes, £1.92m to transport / highways schemes, and £0.59m for other 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 summer of the next financial year.

Financial Health Indicators 2018/19

- 4.12 The annual review of financial health indicators is shown at **Appendix 3**. This summarises the following:
- Strong treasury management performance for 2018/19.
 - Strong balance sheet financial performance.
 - Council tax and business rate collection rates as expected.
 - Strong sundry debtor collection rates, showing an overall average number of 25 days for the year.
 - Strong creditor performance, showing an overall average number of 10 days for the year.
 - Revenue and capital position for 2018/19 – as outlined in this report above.

Collection Fund

- 4.13 *Business Rates Retention Scheme*. 2018/19 was the second year the council participated in the 100% Business Rates Retention pilot with the six other West Midlands Metropolitan Authorities, with each billing authority now retaining 99% of Non-Domestic Rates (NDR) received with the remaining 1% for the West Midlands Fire Service. A shortfall in income due to changes in rateable value, successful appeals, exemptions and discounts resulted in a deficit on the collection fund. The council bears 99% of the overall deficit, which will reduce the councils local share income for 2019/20. The position for 2018/19 on the collection fund was an in year surplus of £0.998m. With the addition of a brought forward deficit of £1.780m and an adjustment to prior year balances of £0.168m, this leaves a carried forward deficit on the NDR Collection fund of £0.950m (£0.856m attributable to Walsall Council).
- 4.14 *Council Tax*. The collection fund showed a total surplus in 2018/19 of £1.853m for council tax including preceptor's amounts. With the addition of a brought forward deficit of £0.532m, the carried forward surplus on the council tax Collection Fund is £1.321m (£1.189m attributable to Walsall Council). The 2019/20 budget has a demand on the collection fund of £1.681m (£1.509m attributable to Walsall Council) based on a statutory forecast as at 15 January 2019. As such the council tax collection fund starts the 2019/20 financial year with a deficit of £0.360m. Any surplus or deficit during 2019/20 will impact the following year's budget setting process and not the in-year general fund position.

Treasury Management

- 4.15 Pre-audit prudential and treasury indicators are contained in **Appendix 4** to this report. The s151 Officer confirms that borrowing was only undertaken for cash flow and capital purposes and the statutory borrowing limit (the authorised limit) was not breached. During 2018/19, the council complied with all legislative and regulatory requirements. The council also complied with its local indicators.
- 4.16 The authorised limit for external debt was approved by Council on the 28th February 2019 and the CIPFA Code of Practice only allows these limits to be changed by Council and therefore the actual limit and the target remain the same. The actual debt position for the Council as at 31st March 2019 is £302.753m.
- 4.17 A comprehensive Annual Treasury Report will be reported to Cabinet and on to Council.

Council Corporate Plan priorities

- 4.18 The allocation of resources is aligned to the council's priorities as set out in the Corporate Plan.

Risk management

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

Financial implications

- 4.20 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 MTFS. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation. This report sets out that the council has delivered on its financial strategy and outturned with reserves intact for 2018/19.

Legal implications

- 4.21 The council will have due regard to its statutory responsibilities in proposing any changes to service provision and its statutory responsibilities in relation to setting a balanced budget.

Procurement Implications / Social Value

- 4.22 None directly associated with this report.

Property implications

4.23 Effective use and management of property related assets is integral to service delivery.

Health and wellbeing implications

4.24 The health and wellbeing of communities in Walsall have direct implications on the resources required within the council and the wider public sector, and how resources are allocated.

Staffing implications

4.25 None directly associated with this report.

Reducing inequalities

4.26 None directly associated with this report.

Consultation

4.27 The report is prepared in consultation with the s151 Officer, relevant managers and directors.

5. Decide

5.1 Subject to approval of the recommended revenue and capital carry forwards outlined in this report, service / project managers will need to ensure that these allocations are solely used for the purpose as set out, and their progress to be managed during 2019/20.

6. Respond

6.1 Approved revenue carry forwards, as outlined in this report, will be set up as earmarked reserves, for which the service will offset any expenditure incurred in 2019/20.

6.2 Approved carry forwards, as outlined in this report, will be allocated as a variation to the 2019/20 capital programme, and managed during 2019/20.

7. Review

7.1 Both revenue and capital approved carry forwards will be managed alongside the approved 2019/20 revenue budget and capital programme.

Background papers: Various financial working papers.

Appendices:-

- 1 Pre-audit Capital Outturn by scheme for 2018/19 – council funded schemes
- 2 Pre-audit Capital Outturn by scheme for 2018/19 – externally funded schemes
- 3 Financial Health Indicators 2018/19
- 4 Pre-audit Prudential and Treasury Indicators 2018/19

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James T Walsh
Executive Director / s151 Officer
19 June 2019



Councillor M. Bird
Leader of the Council
19 June 2019

Appendix 1 – Pre-audit Capital Outturn by Scheme 2018/19 – council funded schemes

COUNCIL FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
CHILDREN'S SERVICES					
Looked after children out of borough placements	140,000	0	(140,000)	140,000	0
2 year old (RCCO)	117,382	117,382	(0)	0	0
Corporate Parenting, Contract & Assessment Hub	697,571	331,548	(366,023)	32,804	(333,219)
Education Health & Care Hub	70,000	70,000	0	0	0
Pinfold Centre	684,630	0	(684,630)	0	(684,630)
PRU Places Provision (RCCO)	40,000	40,000	0	0	0
Rushall Primary/EDC alterations	9,232	9,232	0	0	0
Schools capital using DFG	1,449,754	1,449,754	0	0	0
CHILDREN'S SERVICES COUNCIL FUNDED TOTAL	3,208,569	2,017,915	(1,190,653)	172,804	(1,017,850)
ECONOMY & ENVIRONMENT					
Arboretum Events Field-drainage scheme (RCCO)	99,928	98,495	(1,433)	1,433	0
Broadway West Playing Fields (Council)	92,000	0	(92,000)	92,000	0
Clayhanger Playing Fields	58,000	4,287	(53,713)	53,713	0
Methane Trench Repairs-Kings Hill Park	15,000	14,975	(25)	0	(25)
Open Water	64,650	65,006	356	0	356
St Peter Church repairs to surrounding wall	25,000	569	(24,431)	24,431	0
Walsall Arboretum Car Park	9,106	0	(9,106)	9,106	0
Walsall Arboretum Restoration Programme – illuminated park proposals	5,242	0	(5,242)	5,242	0
Willenhall Memorial Park	13,546	7,378	(6,168)	6,168	0
Fryers Road sprinkler system	14,675	14,675	0	0	0
Headstone safety in Cemeteries (RCCO)	48,759	48,759	0	0	0
Bloxwich Active Living Centre-Interactive Aquatics Play	30,000	30,000	0	0	0
Darlaston Swimming Pool	150,000	150,000	0	0	0
Leisure Management System	17,970	21,630	3,660	0	3,660

COUNCIL FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
Mobile Technology Implementation for Building Control	11,500	9,473	(2,027)	0	(2,027)
Oak Park-Artificial Grass Pitch	150,000	7,610	(142,390)	142,390	0
Oil Tank above Gala Baths	30,876	30,876	0	0	0
Library Redesign - Lichfield Street Hub	4,364,974	4,221,266	(143,708)	143,708	0
Open Plus in Libraries	397,000	125,304	(271,696)	271,696	0
Single Library Management System	93,775	38,865	(54,910)	54,910	0
18/19 Pothole Grant Council Funded Allocation	261,690	261,690	0	0	0
Community Dropped Crossings	21,215	21,687	472	0	472
District Town Centre's Public Realm Improvements	4,000,000	1,594,670	(2,405,330)	2,405,330	0
Highways maintenance	2,844,593	2,796,594	(47,999)	47,999	0
Replacement dev management,building control & land charge ICT system	29,792	29,792	0	0	0
Hatherton Road Car Park	264,114	9,021	(255,093)	255,093	0
Migration of Urban Traffic control analogue comm network	185,000	182,979	(2,021)	0	(2,021)
Promotion of Community Health & Safety	120,000	0	(120,000)	120,000	0
Replacement of obsolete analogue weather stations	40,000	0	(40,000)	30,000	(10,000)
Replacement of obsolete traffic signal control equipment	200,000	198,678	(1,322)	0	(1,322)
Replacement of speed enforcement camera	175,000	0	(175,000)	175,000	0
Challenge Block	33,000	18,332	(14,668)	14,668	0
New Homes Bonus	204,093	0	(204,093)	204,093	0
Regenerating Walsall	233,877	0	(233,877)	233,877	0
Rushall Olympic Football Club	5,833	0	(5,833)	5,833	0
Shop maintenance	7,274	7,274	0	0	0
Town and District Centres Public Realm	870,500	0	(870,500)	770,500	(100,000)
Walsall Market	1,877,496	9,484	(1,868,012)	40,516	(1,827,496)
DSDA	168,584	40,309	(128,275)	44,275	(84,000)
Town and District Centres Public Realm	229,500	0	(229,500)	229,500	0
Active Living - Bloxwich (PWLB)	762	762	0	0	0

COUNCIL FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
Active Living - Oak Park (PWLB)	176,574	176,574	0	0	0
Holmans Strategic Land Acquisition	515,716	515,716	0	0	0
Primark & Co-op development	1,640	0	(1,640)	1,640	0
Saddlers Centre Shopping Centre	559,869	91,425	(468,444)	468,444	0
Acquisition of Reservoir Place	(769,558)	(769,558)	0	0	0
ECONOMY & ENVIRONMENT COUNCIL FUNDED TOTAL	17,948,564	10,074,597	(7,873,967)	5,851,565	(2,022,402)
RESOURCES AND TRANSFORMATION					
Bentley Community Facility	10,000	0	(10,000)	10,000	0
CCTV	255,999	137,488	(118,511)	118,511	0
CCTV (Enviro Crime)	40,000	40,000	0	0	0
Improving security in local neighbourhoods	2,927	0	(2,927)	2,927	0
Refurbishment of Orchard Pavilion	210,000	61,650	(148,350)	148,350	0
Procurement system for (HRMS) and Oracle EBS financials	2,759,854	1,842,383	(917,471)	917,471	0
Uninsured Property Damage	38,453	38,453	0	0	0
Aids and adaptations (statutory element)	434,089	434,175	86	0	86
Health through warmth and related Retro Fit schemes	3,428	3,428	0	0	0
HR Trent upgrades	7,229	7,065	(164)	0	(164)
IT Trent Upgrade 2016	26,806	25,738	(1,069)	0	(1,069)
2018/19 Digital mailroom	113,306	113,306	0	0	0
Data backup system replacement	50,000	0	(50,000)	50,000	0
Data Centre Power Backup	309,220	2,490	(306,730)	266,730	(40,000)
Essential Microsoft upgrades & foundation for Office 365	274,336	0	(274,336)	274,336	0
Essential refurbishment Council's digital data storage facilities	100,000	58,412	(41,588)	41,588	0
Essential upgrade to current supported version of windows server	64,070	53,690	(10,381)	10,381	0
Essential warranty extension & eventual replacement of hardware for Council's finance system	16,325	0	(16,325)	16,325	0
ICT-Safe and Secure Environment	7,374,081	4,584,632	(2,789,449)	2,789,449	0

COUNCIL FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
ICT Wide Area Network	283,661	241,199	(42,462)	12,462	(30,000)
Payment Card Industry Data Security	6,140	0	(6,140)	0	(6,140)
Finance Direct/Oracle	11,382	11,813	431	0	431
Replace Open Software Local Government Online	10,000	0	(10,000)	0	(10,000)
Single mobile devices for use within the new in-Tune platform	51,000	51,000	(0)	0	0
Transformation Programme	455,000	0	(455,000)	455,000	0
Asbestos Removal	94,043	94,043	0	0	0
Council House Cellar Tanking	50,000	6,276	(43,724)	0	(43,724)
Council House Drainage Survey	18,300	3,436	(14,864)	0	(14,864)
Planned property maintenance	35,659	35,659	0	0	0
Replace heating & ventilation system within link block	83,021	77,840	(5,181)	0	(5,181)
Safe water supplies	109,617	109,617	0	0	0
Solar PV panels	142,863	0	(142,863)	0	(142,863)
Statutory Testing	231,866	231,866	0	0	0
Civic Centre essential maintenance	13,526	13,526	0	0	0
Civic Centre heating	1,199,818	53,172	(1,146,646)	1,146,646	0
Community Association Refurbishments	77,958	18,240	(59,718)	59,718	0
Council House BMS	70,000	0	(70,000)	68,296	(1,704)
Council House Rewiring	999,909	16,367	(983,542)	983,542	0
Darlaston Town Hall- asbestos & fire safety works	99,900	41,500	(58,400)	18,400	(40,000)
Fire Risk Assessment	278,815	279,625	810	0	810
High Level Parapet Wall- Sneyd Vernon Way	94,350	91,693	(2,657)		(2,657)
Schools project	483,235	204,230	(279,005)	244,005	(35,000)
Walsall Council House modern secure reception	106,000	450	(105,550)	44,550	(61,000)
Willenhall Lane Travellers Site	85,000	0	(85,000)	85,000	0
Walsall Town Hall-roofing repair system	61,500	0	(61,500)	0	(61,500)
Money home job core IT system	45,651	45,651	0	0	0

COUNCIL FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
Capital Contingency	51,415	0	(51,415)	51,415	0
RESOURCES AND TRANSFORMATION COUNCIL FUNDED TOTAL	17,339,752	9,030,113	(8,309,641)	7,815,102	(494,539)
ADULT SOCIAL CARE					
Mosaic Implementation (Phase 3)	569,930	520,854	(49,076)	49,076	0
Mosaic Mobile Working	774,241	702,406	(71,835)	71,835	0
ADULT SOCIAL CARE COUNCIL FUNDED TOTAL	1,344,171	1,223,260	(120,911)	120,911	0
TOTAL COUNCIL FUNDED SCHEMES	39,841,056	22,345,885	(17,495,172)	13,960,382	(3,534,791)

Appendix 2 – Pre-audit Capital Outturn by Scheme 2018/19 – externally funded schemes

EXTERNALLY FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
CHILDREN'S SERVICES					
Academies	407,438	0	(407,438)	407,438	0
Basic need	23,316,482	5,243,814	(18,072,668)	18,072,668	0
Capital maintenance	2,277,272	1,228,311	(1,048,961)	1,048,961	0
Devolved formula capital	2,523,363	661,406	(1,861,957)	1,861,957	0
Early Year - Reedswood Academy	168,796	168,796	0	0	0
Healthy Pupils Capital Fund	203,185	0	(203,185)	203,185	0
Section 106	205,926	106,199	(99,727)	99,727	0
Special Provision Fund	319,229	0	(319,229)	319,229	0
Universal infant free school meals	13,766	4,156	(9,610)	9,610	0
CHILDREN'S SERVICES EXTERNALLY FUNDED TOTAL	29,435,457	7,412,682	(22,022,775)	22,022,775	0
ECONOMY & ENVIRONMENT					
Allotment Improvement Programme External	10,792	10,792	0	0	0
Broadway West Playing Fields (External)	150,000	0	(150,000)	150,000	0
Clayhanger Playing Fields	38,000	38,000	0	0	0
Palfrey Park	5,494	5,494	0	0	0
Reeds, Wood & Water Project	58,283	53,117	(5,166)	5,166	0
Rethinking Parks (Connecting Walsall Green Spaces)	119,000	0	(119,000)	119,000	0
Walsall arboretum restoration programme (PRU)	146,671	73,064	(73,607)	73,607	0
Willenhall Memorial Park - Artwork	1,200	1,200	0	0	0
Willenhall Memorial Park Heritage & Habitats	31,215	31,215	0	0	0
Waste infrastructure capital grant	226,980	0	(226,980)	226,980	0
Active Living Bloxwich (Grant)	104,486	104,486	0	0	0
Active Living Oak Park (Grant)	52,717	52,717	0	0	0
Oak Park – Artificial Grass Pitch	300,000	0	(300,000)	300,000	0

EXTERNALLY FUNDED SCHEMES	2018/19 Budget £	2018/19 Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
Additional DfT Road / Bridge Maintenance Allocation	1,071,000	1,071,000	0	0	0
Additional Highway Maintenance pothole funding	391,428	391,428	0	0	0
Development of Highways Asset Management Plan (HAMPS)	29,642	20,040	(9,602)	9,602	0
LTP including bridge strengthening 2010/11	200,000	167,637	(32,363)	32,363	0
LTP Yorks Bridge	159,434	159,434	0	0	0
Network Rail Scheme-Level Crossing	121,720	51,105	(70,615)	70,615	0
Pedestrian Crossing Leighswood Road	38,968	38,968	0	0	0
Pedestrian Crossing on Northgate	11,379	0	(11,379)	11,379	0
Capital Block DFT Fund	2,365,669	1,387,400	(978,269)	978,269	0
Growth Deal	22,775,086	15,875,056	(6,900,030)	6,900,030	0
Goscote (Open Space Works)	31,655	31,655	(0)	0	0
Regenerating Walsall - Private Contributions	8,746	0	(8,746)	8,746	0
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	2,160	2,160	(0)	0	0
M6 Junction 10 Highway Improvements	141,526	0	(141,526)	141,526	0
National Productivity Investment Fund	1,689,300	1,028,785	(660,515)	660,515	0
West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	1,786,396	1,107,085	(679,311)	679,311	0
ECONOMY & ENVIRONMENT EXTERNALLY FUNDED TOTAL	32,068,947	21,701,838	(10,367,109)	10,367,109	0
RESOURCES AND TRANSFORMATION					
Disabled facilities grant	3,514,415	3,514,415	0	0	0
Off Gas Scheme	430,602	122,832	(307,771)	307,771	0
RESOURCES AND TRANSFORMATION EXTERNALLY FUNDED TOTAL	3,945,017	3,637,247	(307,771)	307,771	0
ADULT SOCIAL CARE					
Integrated Community Equipment	750,000	750,083	0	0	0
Better Care Fund Community Capacity Grant	51,990	0	(51,990)	51,990	0
ADULT SOCIAL CARE EXTERNALLY FUNDED TOTAL	801,990	750,000	(51,990)	51,990	0
TOTAL EXTERNALLY FUNDED SCHEMES	66,251,411	33,501,767	(32,749,645)	32,749,645	0

Appendix 3 - Financial Health Indicators 2018/19

Treasury Management	2017/18 Actual	2018/19 Target	2018/19 Actual
Average Interest Rate (Borrowing)	3.26%	3.76%	3.69%
- Excluding OLA	3.42%	3.91%	3.83%
- Including OLA			
Gearing Effect on Capital Financing Estimates	3.47%	5.00%	3.89%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.57%	4.76%	4.06%
Capital Financing Requirement (£m)	351.593	367.661	357.672
Authorised limit for external Debt (£m)	362.390	442.096	442.096
Investment Rate Average	1.32%	1.00%	1.37%

Balance Sheet Ratios	2014/15	2015/16	2016/17	2017/18	2018/19 Draft
Current Assets : Current Liabilities	2.44	1.77	1.86	1.03	1.68
Useable Reserves : General Revenue Expenditure	0.66	0.57	0.63	0.65	0.75
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.69	1.45	1.41	1.20	1.36
Long Term Assets : Long Term Borrowing	2.10	2.29	2.29	2.34	2.06
Total School Reserves : Dedicated School Grant	0.09	0.07	0.05	0.05	0.06

Revenues Performance % collected for financial year	2016/17 Actual Collected in total @ 31.03.19	2017/18 Actual Collected in total @ 31.03.19	2018/19	
			Profiled 2018/19	Actual 2018/19
Council tax %	97.5%	96.8%	94.5%	94.4%
Total Council Tax collected (£m)	£111,934,845	£119,474,430	£124,420,000	£124,290,318*
National Non Domestic Rate %	98.5%	98.5%	97.5%	98.2%
Total NNDR collected (£m)	£71,064,306	£69,936,902	£71,250,000	£71,795,841

*The profiled collection amount for 2018/19 was achieved by 2 April 2019.

Debtors and Creditors Performance	2017/18 Actual	2018/19	
		Target	Actual
Sundry Debtors Collection – Average number of days to collect debt	24 days	30 days	25 days
Average number of days to process creditor payments*	11 days	14 days	10 days

Management of Resources	2018/19		
Service Analysis	Target	Actual	Variance
Children's Services	70,664,015	71,669,960	1,005,945
Economy and Environment	61,914,032	61,985,735	71,703
Adult Social Care	63,562,891	63,818,184	255,293
Resources and Transformation	22,222,583	20,886,323	(1,336,260)
Council Wide	(5,722,918)	(6,157,256)	(434,338)
NNDR/Top Up	(97,654,687)	(97,654,687)	0
Total Net Revenue Expenditure	114,985,916	114,548,259	(437,657)
General Reserves	Minimum £6.2m Maximum £15.5m	15,231,303	N/A
Council Funded Capital Expenditure	39,841,056	22,345,885	(17,495,172)
External Funded Capital Expenditure	66,251,411	33,501,767	(32,749,645)
Total Capital Expenditure	106,092,467	55,847,652	(50,244,817)
Capital Receipts	2,081,800	1,130,132	(951,668)

Management of Resources	Post-audit 2017/18		
Service Analysis	Target	Actual	Variance
Children's Services	99,899,320	101,546,519	1,647,199
Economy and Environment	47,904,884	47,149,865	(755,019)
Adult Social Care	67,102,350	67,240,674	138,324
Resources and Transformation	14,715,678	14,185,945	(529,733)
Council Wide	(16,610,459)	(17,341,497)	(731,038)
NNDR/Top Up	(104,540,337)	(104,540,337)	0
Total	108,471,436	108,241,169	(230,267)
General Reserves	Minimum £6.2m Maximum £15.5m	15,226,035	N/A
Council Funded Capital Expenditure	42,537,293	28,036,740	(14,500,553)
External Funded Capital Expenditure	61,109,314	51,823,004	(9,286,310)
Total Capital Expenditure	103,646,607	79,859,744	(23,786,863)
Capital Receipts	2,600,000	2,018,190	(581,810)

Notes to Management of Resources

The figures for 2017/18 and 2018/19 represent the actual budget and spend for each area within the authority. This will include all internal recharges such as office accommodation, central support services, and accounting adjustments for pension liability in line with FRS17 and capital charges. Capital charges and pension liability year end transactions can change substantially at year end as this is when revaluations of assets and figures from the actuary are received and budgets updated to reflect any changes.

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.
Net Borrowing Costs / Tax Requirement	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's Services Economy and Environment Adult Social Care Resources and Transformation 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 4 – Pre-audit Prudential and Treasury Indicators 2018/19

National Indicators – as per CIPFA Prudential Code

These indicators are nationally set and provide an indication of the council's exposure to interest rate risks, the proportion of the council's budget used to finance capital expenditure and the borrowing limits for the current year.

All of these indicators were met in 2017/18 and 2018/19.

Ref	Prudential Indicator Description	2017/18 Actual £m	2018/19 Target £m	2018/19 Actual £m	Variance to Target	
Prl 1	Capital Expenditure	75.49	98.63	57.07	-41.56	-42%
Prl 2	Ratio of financing costs to net revenue stream	8.75%	4.50%	4.46%	0.00%	-1%
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£12.90	£24.14	£24.14	0.000	0%
Prl 4	Capital Financing Requirement	351.59	367.66	357.66	-10.000	3%
Prl 5	Authorised Limit for external debt	362.39	442.09	442.09	0.000	0%
Prl 6	Operational Limit for external debt	329.24	401.90	401.90	0.000	0%

Ref	Prudential Indicator Description	2017/18	2018/19
Prl 7	Gross Borrowing exceeds capital financing requirement	No	No
Prl 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes

Ref	Prudential Indicator Description	2017/18 Actual £m	2018/19 Target £m	2018/19 Actual £m
Prl 9	Total principle sums invested for longer than 365 days must not exceed	14.0	25.0	15.0

Ref	Prudential Indicator Description	Upper Limit	Lower Limit	Actual 2017/18	Actual 2018/19
Prl 10	Fixed Interest Rate Exposure	95.00%	40.00%	93.85%	93.51%
Prl 11	Variable Interest Rate Exposure	45.00%	0.00%	6.15%	6.49%
Prl 12	Maturity Structure of Borrowing:				
	Under 12 months	25.00%	0.00%	26.22%	12.91%
	12 months and within 24 months	25.00%	0.00%	12.31%	4.87%
	24 months and within 5 years	40.00%	0.00%	21.03%	26.41%
	5 years and within 10 years	50.00%	5.00%	11.34%	8.20%
	10 years and above	85.00%	30.00%	29.10%	47.61%

Local Indicators – As recommended by Treasury Management Panel

These indicators have been set in consultation with the Treasury Management Panel which is chaired by the s151 Officer, to provide further assurances to the authority that borrowing and investment is being undertaken in a sound and prudent manner.

Ref	Prudential Indicator Description	2017/18 Actual	2018/19 Target	2018/19 Actual	Numerical Variance to Target	% Variance to Target	Met
L1	Full compliance with Prudential Code.	Yes	Yes	Yes	N/A	N/A	Y
L2	Average length of debt.	13.14 years	Lower Limit 15 Years, Upper Limit 25 Years	18.37 years	N/A	N/A	Y
L3a	Net borrowing costs as % of net council tax requirement.	7.61%	7.67%	6.54%	-1.13	-14.73%	Y
3b	Net borrowing costs as % of Tax Revenue.	4.57%	4.76%	4.06%	-0.70	-14.71%	Y
L4	Actual debt vs. operational debt.	99.66%	85.00%	75.20%	-9.80	-11.53%	Y
L5	Average interest rate of external debt outstanding excluding former WMCC debt	3.26%	3.76%	3.69%	-0.07	-1.86%	Y
L6	Average interest rate of external debt outstanding including former WMCC debt	3.42%	3.91%	3.83%	-0.08	-2.05%	Y
L7	Gearing effect of 1% increase in interest rate (expressed as the potential increase to the rate shown in L6 i.e. shows what the rate included in L6 would change to).	3.47%	5.00%	3.89%	-1.11	-22.20%	Y
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.76%	0.50%	0.77%	0.27	54.00%	Y
L9	Average interest rate received:						
L9a	AT call investments.	0.23%	0.20%	0.55%	0.35	175.00%	Y
L9b	Short Term Investments.	1.06%	0.70%	1.09%	0.39	55.71%	Y
L9c	Long Term Investments.	1.85%	1.05%	1.37%	0.32	30.48%	Y
L10	Average interest rate on all ST investments (ST and AT call)	0.65%	0.65%	0.98%	0.33	50.76%	Y
L11	Average rate on all investments.	1.32%	1.00%	1.37%	0.37	37.00%	Y
L12	% daily bank balances within target range.	100%	99.00%	100%	1.00	1.01%	Y

Key variances to these targets are due to the following reasons:

L3b Net borrowing costs as % of Tax Revenue (variance of -14.71%). The target figure of 12.5% represents a upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

L8, L9, L10 & L11 – Interest Rates received – all 7 of the indicators within L8, L9, L10 and L11 are currently being exceeded. This is in the main due to the ongoing negotiations being undertaken by the service to secure favourable rates when considering investment options, and through the review and identification of new and appropriate opportunities for investment