

Cabinet – 27 July 2011

Corporate Financial Performance - Outturn 2010/11 (pre-audit), Treasury Management Performance 2010/11, Quarter 1 Monitoring 2011/12 and Budget Planning for 2012/13 onwards

Portfolio: Councillor Towe – Finance and Personnel

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

1.1 *Final pre-audit outturn 2010/11*

The overall net revenue pre-audit outturn after approval of carry forwards and earmarked reserves is an operational underspend of £0.414m, with reserves intact.

The overall net capital pre-audit outturn is an underspend of £52.695m, with approved carry forwards of £51.554m into 2011/12, leaving a net underspend of £1.141m.

- 1.2 The report provides an update on sundry debt collection for 2010/11 and requests write-off of a number of items above £10,000.

Treasury Management

- 1.3 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.

1.4 *Budget Monitoring 2011/12 – 1st quarter financial forecast*

The predicted revenue forecast for 2011/12 is an overspend of £0.386m. Corrective action is taking place to mitigate this. Small variances to budget in year are normal.

The revised capital programme is shown in table 8, along with anticipated carry forward of £0.580m from 2011/12 to 2012/13.

1.5 *Budget process 2012/13 onwards*

The report sets out the process and timeline for the budget process for 2012/13.

2. Recommendations

Cabinet are requested:

- 2.1 To endorse the recommendations of the Chief Finance Officer for revenue carry forwards as set out in table 2 of the report.
- 2.2 To endorse the recommendations of the Chief Finance Officer for capital reprofiling/ and carry forward of £51.554m, as set out in table 3 of the report
- 2.3 Subject to 2.1 and 2.2 above, to note the pre-audit revenue outturn underspend of £0.414m and the pre-audit capital outturn underspend of £1.141m.
- 2.4 To authorise the write off of debts as referred to in table 5 of the report.
- 2.5 To note the 2010/11 prudential and treasury indicators in Appendix 3 of this report and Walsall's compliance with these indicators.
- 2.6 To note the quarter one 2011/12 outturn and approve amendments to the capital programme.
- 2.7 To approve the process and timetable for setting the annual budget 2012/13.

3. Background information

- 3.1 Cabinet have received quarterly financial reports to allow it to monitor the financial position of the council and consider plans for corrective action during 2010/11. Maintaining financial stability is a key requirement. This report illustrates the final pre-audit revenue and capital outturn for 2010/11 along with the recommended revenue and capital carry forwards into 2011/12.
- 3.2 The council has experienced a number of difficult service challenges this year, arising from the economic situation and the emergency budget in June 2010, which resulted in some significant financial pressures. A forecast overspend of c£2.2m was reported in early 2010/11. Corrective action plans were put in place council wide, including a non-essential expenditure restraint and additional recruitment controls to reduce this overspend. A review of corporate budgets such as the insurance fund and leasing budget was also undertaken and subjected to the same restraint on spend, resulting in underspends which have assisted the council's overall position.
- 3.3 The revenue carry forward protocol has been in use for several years. Reporting of a council wide overspend in 2010/11 necessitated a non-essential spend instruction, requiring planned underspends to be managed in all services to mitigate the position. 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 service improvements.

- 3.4 The current financial forecast for 2011/12 is contained within this report as at the end of quarter 1 (June 2011), along with an update on treasury management activity and outturn 2010/1, sundry debt collection performance and debts recommended for write offs.

4. Financial Outturn 2010/11

Revenue Outturn 2010/11

- 4.1 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 £749.782m. Action taken to reduce the initially predicted overspend has resulted in a council wide pre-audit revenue outturn underspend of £1.421m. This reduces to £0.414m following endorsement of carry forwards. These are proposed by the CFO after consultation with the portfolio holder for finance and personnel.
- 4.2 Central budgets include leasing, central contingency, treasury management, and insurances, and planned transfers to reserves, such as pay and grading/back pay and insurance costs.
- 4.3 An analysis of the final pre-audit revenue outturn 2010/11 by directorate (after the use of earmarked reserves and after carry forwards) is shown in Table 1 below (full detail by service is attached at Appendix 1):-

Table 1: Final pre-audit Revenue Outturn 2010/11 by Directorate					
Directorate	Budget £m	Actual £m	Final Variance £m	Carry Forwards £m	Adjusted Variance £m
Regeneration	21.195	20.395	(0.800)	0.063	(0.737)
Neighbourhood Services	72.935	71.483	(1.452)	0.541	(0.911)
Children's Services	108.450	109.402	0.952	0.170	1.122
Social Care & Inclusion	79.475	79.383	(0.092)	0.000	(0.092)
Resources	6.843	4.902	(1.941)	0.233	(1.708)
Central budgets	(43.402)	(41,490)	1.912	0.000	2.380
Total	245.496	244.075	(1.421)	1.007	(0.414)

- 4.4 The council ends 2010/11 with its balances at a level consistent with the requirements of the medium term financial strategy.

Carry forward of revenue underspends from 2010/11 to 2011/12

- 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 and no overspends appearing elsewhere within the service and a balanced position council wide at year end. Approval for under/overspend carry forwards rests with Cabinet, on the advice of the CFO or Deputy CFO.

- 4.6 Carry forwards were not actively sought for 2010/11 due to uncertainty around the corporate position, however directorate management teams were advised that where there was a genuine slippage of planned projects / initiatives due to the need for an in-year general restraint on expenditure, then, provided the council wide position outturned on or below budget, then a limited amount of such carry forwards would be considered.
- 4.7 Total revenue carry forward requests of £1.007m have been reviewed and are recommended for approval by the CFO, following consultation with the portfolio holder for finance and personnel, as shown in Table 2:-

Table 2: Revenue carry forwards from 2010/11 to 2011/12 recommended for approval	
	£
Regeneration	
Darlaston baths roof – slippage of approved contingency	(44,256)
Real time energy monitoring system – slippage of approved contingency	(17,000)
Acquisition of 14 Freer Street – slippage of approved contingency	(1,740)
Neighbourhood Services	
Street Pride – Fleet management system planned in 2010/11	(60,000)
Walsall Partnerships – underspend on area partnerships (Cabinet has approved this carry forward)	(191,910)
Walsall Partnerships – delay in area partnerships becoming operational (Cabinet has approved this carry forward)	(238,205)
Community Safety – match funding required to obtain Home Office grant in 2011/12	(20,000)
Leisure & Culture – bespoke software package for greenspaces planned	(31,500)
Resources	
HRD – Sickness absence centre – to meet costs of pilot	(20,000)
Legal – planned for time recording system to improve performance management of cases	(80,000)
Procurement – Adoption of a planned category management approach	(75,000)
Revenues – fixed term post to oversee single persons discount and achieve budgeted income projections on the collection fund	(28,000)
Internal Audit – web based portal for audit access - planned for DRFS self service	(30,000)
Children's Services	
Prevention & Locality Services - £50k for contract review and transition activity in education contract, £20k to support commissioning function in new GP practices.	(70,000)
Integrated Young People Support Services – to cover spend in 2011/12 (to continue the funding of an ISS worker post in 2011/12 (Integrated Support Services) following reduced grant funding. If alternate funding cannot be found, then the post will be made redundant at the end of the year).	(40,000)
Integrated Young People Support Services – to cover spend in 2011/12 (to assist with the revenue costs of the myplace project, whilst alternate funding is sought for future years).	(60,000)
Revenue carry forwards recommended for approval	(1,007,611)

- 4.8 The above can be funded in 2010/11. After carry forwards are taken into account the final pre-audit revenue outturn is an underspend of £414k, with general reserves being intact.

Capital Outturn 2010/11

- 4.9 The capital programme budget for 2010/11 was £109.882m, of which spend was £57.187m, resulting in unspent allocations of £52.695m. Of this, £51.554m is recommended for carry forward into 2011/12. Further information is in Appendix 2.
- 4.10 The pre-audit position is shown below:
- The mainstream (council's own resources) programme currently shows unspent resources of £21.447m, of which requests for carry forwards required to complete schemes of £21.000m are recommended for approval.
 - The prudential programme currently shows unspent resources of £0.967m, of which requests for carry forwards required to complete schemes of £0.720m are recommended for approval.
 - The non-mainstream (grant) programme currently shows unspent projects funded from grant of £30.282m, of which requests for carry forwards totalling £29.834m are required. The terms of the grants mean they must be carried forward for use on the same scheme or must be paid back in full.
- 4.11 Table 3 below shows the proposed capital carry forward into 3 categories:-
- profiled/planned – where schemes were planned to spend over a period of more than one financial year (e.g. for school based schemes where spend is usually over the academic rather than financial year, or retention payments)
 - forced – schemes not completed in year and will be completed in 2011/12 due to specific reasons generally outside of the schemes control
 - unplanned – schemes identified to be slipped that were not originally planned to be.

Table 3: Capital Carry Forwards from 2010/11 to 2011/12 recommended for approval							
	Recommended Slippage £m	Profiled / Planned £m	%	Forced £m	%	Unplanned £m	%
Mainstream	21.000	11.103	52.87	9.764	46.50	0.133	0.63
Prudential	0.720	0.720	100.00	0	0.00	0	0.00
Non Mainstream	29.834	25.564	85.69	4.266	14.30	0.004	0.01
Total	51.554	37.387	72.52	14.030	27.21	0.137	0.27

Sundry Debt Collection

- 4.12 Walsall's sundry debt collection in 2010/11 was above the benchmarking average. The balance outstanding at year end was £10.864m (Table 4 below). £4.742m related to current debt with Walsall PCT for a number of new and existing partnership programmes undertaken within Social Care and Inclusion and has now been paid.

Table 4 : Summary of outstanding debts				
Age of Debt	31 March 2008 £ m	31 March 2009 £ m	31 March 2010 £ m	31 March 2011 £ m
Over 1 year	3.283	2.604	2.288	1.991
Between 1 and 12 months	2.589	2.183	2.162	1.888
Debt under 1 month	2.855	2.914	3.304	2.243
Total	8.727	7.701	7.754	6.122
Walsall PCT debt	0.188	0.922	1.619	4.742
Total	8.915	8.623	9.373	10.864

- 4.13 Thus excluding the Walsall PCT debt, the table shows the continued reduction in year-end debt outstanding. The council participates in benchmarking activities with other council's. Debt collection performance indicators also show a year on year improvement above the benchmarked average.

Performance Indicator – within 3 Months	2009/10	2010/11
Walsall proportion of debts raised / paid – value	78%	94%
Walsall proportion of debts raised / paid – number	91%	90%
Benchmarking average – value	87%	87%
Benchmarking average – number	85%	86%

- 4.14 Cabinet is requested to authorise the write off of the following irrecoverable debts totalling £191,691 (referred to in Table 5 below). The write-offs will be charged against the council's bad debt provision and will not affect the outturn position reported in this report. This write off represents less than 0.25% of total debt collected in 2010/11. A write off only occurs if all possible mechanisms for collection have been exhausted and the debt is either impossible to collect or it is uneconomical to do so.

Table 5: List of debts recommended for write off		
Invoice No	Date	Amount
312445	29.10.99	11,676.91
543010	06.03.01	11,421.05
919531	22.04.05	10,346.42
969519	19.04.07	14,928.75
121940	21.01.09	15,862.50
964892	27.02.07	16,703.80
907848	01.12.04	18,523.28
907849	01.12.04	
907850	01.12.04	
927972	31.08.05	
934182	23.11.05	
937025	11.01.06	
938141	30.01.06	

100258	01.05.08	18,942.64
122400	27.01.09	
153047	28.10.09	
909076	15.12.04	18,132.73
933549	15.11.05	15,129.31
232172	12.06.02	13,159.72
922472	10.06.05	26,864.32
Total		191,691.43

Not: Any discussion of individual cases is likely to require that the press and public be excluded from the meeting. For that reason, the name of the debtor has been omitted.

Treasury Management

- 4.15 During 2010/11, the council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are shown in Table 6:-

Table 6 : Prudential and Treasury Indicators			
Actual prudential and treasury indicators	2009/10 Actual £000	2010/11 Update £000	2010/11 Actual £000
Actual capital expenditure	91.691	109,882	57,187
Capital Financing Requirement:			
Including PFI and finance leases	315,344	315,591	292.978
Excluding PFI and finance leases	301.593	304,380	280.737
External debt	255.886	270.976	273.328
Investments	98.403	89.002	156.635

- 4.16 The capital programme is routinely updated during the year from the original approved by Council due to capital carry forward from the previous year and change to or additional grants allocations received during the year.
- 4.17 Other prudential and treasury indicators are to be found in Appendix 3 of this report. The Assistant Director of Finance also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit), was not breached.
- 4.18 The financial year 2010/11 continued the challenging environment of previous years; low investment returns and continuing counterparty risk continued. Additional borrowing of £20m was taken out to manage the risk of the predicted interest rate rises and in October 2010 the government, as part of its budget package, raised borrowing rates by 1%. A comprehensive Annual Treasury Report will be reported to September's Cabinet along with a review of Treasury Management policies.
- 4.19 Cabinet is recommended to endorse the actual 2010/11 prudential and treasury indicators in Appendix 3 of this report.

5. Budget Monitoring 2011/12

Forecast Revenue Outturn 2011/12

- 5.1 Table 7 summarises the adjusted approved 2011/12 budget, and provides an early forecast outturn based on the review of the benefits realisation model, and known service pressures. This currently predicts a revenue overspend of £0.386m:-

Table 7: Forecast revenue analysis 2011/12 by directorate			
Directorate	Adjusted Approved budget £m	Predicted year end forecast £m	Variance £m
Children's Services	42.144	42.148	0.004
Neighbourhood Services	45.205	45.354	0.149
Regeneration	8.676	8.676	0.000
Resources	28.920	29.074	0.154
Social Care & Inclusion	66.419	66.314	(0.105)
Central budgets	54.726	54.910	0.184
Total	246.090	246.476	0.386

- 5.2 Service managers and finance officers are working closely together to ensure that services are delivered on time and to budget and cost pressures are managed, thus action plans will need to be agreed within services to mitigate any overspends in year where available to do so.
- 5.3 Reasons for the predicted variances as shown in table 7 above :-

Children's Services – predicted overspend of £0.004m - Overspend on agency cover within Vulnerable Children of £0.069m offset by £0.075m underspend on vacancy management within Safeguarding, with minor variations elsewhere within the directorate

Neighbourhood Services – predicted overspend of £0.149m – Overspend of £0.144m expected within Engineering from the anticipated shortfall in car parking income, with a minor overspend on legal costs within Trading standards

Resources – predicted overspend of £0.154m – Overspend of £0.4m on under-achievement of external income within Print and Design, anticipated shortfall in savings of £0.085m for Human Resources restructure due to delay in full implementation, both partly offset by £0.070m addition elections grant income and £0.261m anticipated underspends on vacant posts within Internal Audit, Legal and Programme Delivery.

Social Care & Inclusion – predicted underspend of £0.105m – Overspend of £0.76m within Provider Services from the shortfall in roll out of community alarms, emergency support for Southern Cross, and Transport costs; overspend within mental health of £0.427m due mainly to placement costs; agency support of £0.143m to management, all offset by reductions in Strategic Development and Commissioning for placement costs.

Central budgets – predicted overspend of £0.184m - Relates to the shortfall in management savings approved in 2009/10 – to be addressed as part of the budget process for 2012/13 onwards.

Forecast Capital Outturn 2011/12

- 5.4 The capital programme approved by Council on 24 February 2011 totalled £55.448m. Further amendments have taken place since Council which are detailed in **Table 8** below, resulting in a revised programme of £112.670m. This includes £51.556m slippage from 2010/11 to 2011/12 which is included on the basis that Cabinet approve the recommendations of the CFO for carry forward as set out earlier in this report.

Table 8 : Amendments to Capital Programme 2011/12	
	£m
Programme as reported to Council 24 February 2011	55.448
Mainstream resources	
Reprofiling from 2010/11 due to be approved by Cabinet 27 July 2011	21.000
Planned carry forward of resources	0.500
Shop maintenance 2010/11 Planned Underspend	-0.100
General Planned property maintenance 2010/11 Planned Underspend	-0.350
Prudential	
Reprofiling from 2010/11 due to be approved by Cabinet 27 July 2011	0.720
Smarter workplaces – new borrowing	2.698
Specifically Funded / Grant Schemes	
Reprofiling from 2010/11 due to be approved by Cabinet 27 July 2011	29.836
Disabled Facilities Grant - confirmation of grant	0.136
Low emission strategy - confirmation of grant	0.060
Pleck Park Senior Citizens Bowling Club – new funding	0.017
Kings Hill park improvement – use of s106 funding	0.184
Rushall Parks Footpath Works – use of s106 funding	0.024
Walsall Town Centre 'Way Finding' – use of s106 funding	0.106
Joseph Leckie Community Technology College Art Block Upgrade - use of s106 funding	0.180
Myplace at Joseph Leckie – confirmation of grant	1.264
Darlaston SDA (Moxley and Whitworth Close) – confirmation of grant	0.020
Traffic Signal energy/carbon saving measures - RCCO	0.053
Local Transport Package – confirmation of funding	1.500
Red Routes - confirmation of grant	-2.044
Black Country University Technical College (UTC) - new funding	1.418
Revised capital programme	112.670

- 5.5 The mainstream capital programme currently shows predicted slippage of c£0.580m from 2011/12 to 2012/13 as shown in **Table 9**.

Table 9 : Predicted Slippage from 2011/12 to 2012/13	
Project	£m
Integrated Children's system – system due to be complete in 2013	0.040
Freer Street structural works – delays due to planning issues	0.340
Darlaston baths roof – disputes over ownership	0.200
Total	0.580

- 5.6 To date there are no predicted underspends on the mainstream capital programme. In 2011/12 the capital programme included assumptions that we would generate £1.5m in capital receipts to part fund the in year capital programme. To date £0.399m of receipts have been generated.

6. The Medium Term Financial Plan

- 6.1 The settlement for 2012/13 is known, with Formula Grant set at £126.420m, a reduction of £10.686m on 2011/12 funding. The council's medium term financial plan has been updated to reflect this reduction and other known cost pressures (contractual inflation, pay and grading costs, pensions revaluation etc) resulting in a funding gap of £12.751m against our current net budget requirement. Formula Grant is not yet known for 2013/14 and 2014/15, therefore assumptions have had to be made. The total savings required to be delivered over the next 4 years amount to c£77m.
- 6.2 There is therefore no headroom for new investment, unless financial capacity is liberated from existing financial resources. This is due to cost pressures being higher than the additional resources that will be received in income to the council via the Government settlement and external fees and charges. The Government has already helped to freeze council tax for one year from April 2011 which Cabinet have endorsed, but have not announced the practicalities of how this will be governed from 2012/13 onwards.
- 6.3 The medium term financial plan currently reflects the following resources and costs.

Table 9 : MTFP 2011/12 – 2015/16					
	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Net Budget Requirement	246.089	247.923	245.745	246.767	244.595
Funded by:					
Collection Fund (Surplus) / Deficit	000.000	000.250	000.000	000.000	000.000
Formula Grant	(137.107)	(126.440)	(123.911)	(115.237)	(107.170)
Council Tax*	(108.982)	(108.982)	(108.982)	(108.982)	(108.982)
Total Funding	246.089	235.172	232.893	224.219	216.152
Shortfall / (Surplus) Funds	0	12.751	12.852	22.548	28.443

* Assumes no council tax increase

7 Resource Allocation (Budget) Framework and Timetable 2012/13

7.1 Resources are allocated and budgets are set within a framework of protocols and guidelines, in particular the medium term financial strategy, and is delivered as part of the resource allocation project stream of the council's working smarter programme. The model is to be used to promote and encourage cost leadership (increased efficiency and value for money) and is linked to Cabinet priorities. The objectives for Working Smarter are:

1. Take out waste and spend less
2. Improve customer service
3. Change the way we do our business.

7.2 Resource allocation is now focussed on delivering the council's value for money strategy, approved by Cabinet last year. An approach to delivering best in class cost performance within the next 4 years across all council services has been developed. All council service managers have been interviewed about their plans to deliver best in class cost and value for money services by March 2015.

7.3 All service managers were required to identify cost efficiency comparators. Where comparators were not available (due to a lack of appropriate benchmarking data), then a forced comparator has been calculated and agreed with service heads. Notional draft cash limits for 3 years have thus been developed based on the council's approved vfm strategy.

7.4 Savings to meet these notional cash limits are now being identified by service managers and Cabinet and CMT will consider these with a view to presenting a draft revenue budget for consultation in September 2011.

7.5 In considering resource allocation and savings, funding for the development of services will need to be met from the redirection of existing resources through the implementation and rollout of the working smarter programme and systems thinking approach; and the identification of new income sources. The budget process considers:

- The council's priorities – what does it want to do, to what standard and what results does it want to achieve and at what cost (i.e. what services will it fund, what can it afford). Cabinet has formally adopted a VFM strategy as set out above.
- The level of council tax increases (subject to Government direction) and what this means for the council's overall budget.
- Income that can be generated (through the charging policy, increased charges, new charges, new grants, etc).
- The levels of balances required for financial prudence and to proactively manage the council's risks.
- The methods of service delivery that will deliver value for money (e.g.: in-house, partnerships, outsourcing).
- Stakeholder consultation and lobbying.

7.6 Timetable 2012/13 onwards

The process has commenced. Activity to date includes;

- Update of the medium term financial plan

- Value for money challenge interviews held with heads of service and above to identify service aims and objectives, comparisons and potential savings to become at least average cost performing by 2012/13 and to achieve best in class cost performance by 2015/16.
- Production of draft notional cash limits for 3 years based on above.
- Briefing held with Cabinet and CMT on 29 June to agree the approach to setting the 2012/13 budget.

7.7 Further activity and key dates include:

- All portfolio holders will review the outcome of the value for money interviews, and will present savings proposals to allow a draft revenue budget to be prepared for stakeholder consultation in September.
- Cabinet meet on 14 September to approve a draft revenue budget for consultation.
- Scrutiny of the first draft budget proposals by scrutiny and performance panels from 20 September to 27 October, and feedback to Cabinet on 9 November.
- Cabinet consider recommendations of scrutiny panels on first draft budget and make any amendments.
- Scrutiny of the second draft budget proposals, including draft capital programme, by scrutiny and performance panels from 25 November to 9 December.
- Cabinet consider recommendations of scrutiny panels on second draft budget.
- Cabinet approve the council tax base on 21 December.
- Budget briefings for political groups during the year.
- Budget consultation with stakeholders between September 2011 and January 2012.
- Receipt of the final settlement late January / early February.
- Approval of the budget by Cabinet on 8 February 2012 and by Council on 23 February 2012.

8. Legal

Under the Local Government Act, an authority must set a council tax and balanced budget, giving 14 days notice of the council tax level prior to the date of billing. Walsall bills from the 1st April of each year, therefore must set its council tax by 15 March in order to meet this statutory deadline.

9. Staffing:

There are no direct implications from this report, although staffing implications may arise as the resource allocation process progresses.

10. Citizen impact

Demonstration of financial stability and sound financial management promotes public confidence and credibility.

11. Community safety

None directly associated with this report, although implications may arise as the resource allocation process progresses.

12. Environmental impact

None directly associated with this report, although implications may arise as the resource allocation process progresses.

13. Performance and risk management issues

13.1 Managers are required to deliver service and improvement targets on time, to standard and within budget.

13.2 The budget process is governed by the overarching medium term financial strategy and will be delivered within the Working Smarter Programme approved by Cabinet. 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.

14. Equality implications

None directly associated with this report. An equality impact assessment is undertaken on all policy items and on the overall budget.

15. Consultation

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

15.2 Consultation is an integral part of the budget process and arrangements are in hand to consult with a wide range of stakeholders (i.e.: councillors, residents, service users, business sector, voluntary and community organisations, etc.).

Background papers: Various financial working papers.

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James Walsh - Chief Finance Officer

19 July 2011



**Councillor Chris Towe
Finance and Personnel**

19 July 2011

FINAL 2010/11 CORPORATE REVENUE OUTTURN (PRE-AUDIT)

SERVICE	ANNUAL BUDGET	DRAFT OUTTURN	DRAFT YEAR END OVER/(UNDER) SPEND		USE OF 2009/10 CARRY FORWARDS	VARIANCE AFTER USE OF CARRY FORWARDS	USE OF OTHER EARMARKED RESERVES 2010/11	TRANSFERS TO RESERVES 2010/11	DRAFT OUTTURN AFTER TRANSFER TO / FROM RESERVES	DRAFT YEAR END VARIANCE PRE-AUDIT TOTAL	DRAFT RECOMMENDED CARRY FORWARDS 2010/11 to 2011/12 Underspends	DRAFT VARIANCE AFTER CARRY FORWARDS
	£	£	£	%	£	£	£	£	£	£	£	£
Regeneration												
Regeneration	10,386,296	9,988,937	-397,359	-3.83	0	-397,359	-332,247	543,328	10,200,018	-186,278	1,740	-184,538
Housing	5,832,183	4,982,637	-849,546	-14.57	0	-849,546	0	568,375	5,551,012	-281,171	0	-281,171
Property Services	4,938,532	4,888,783	-49,749	-1.01	0	-49,749	-283,006	0	4,605,777	-332,755	61,256	-271,499
New Deal	205	205	0	0.00	0	0	0	0	205	0	0	0
Building schools for the future	37,399	37,939	540	1.44	0	540	0	0	37,939	540	0	540
Total Regeneration	21,194,615	19,898,501	-1,296,114	-6.12	0	-1,296,114	-615,253	1,111,703	20,394,951	-799,664	62,996	-736,668
Neighbourhood Services												
Street Pride	21,350,082	21,015,999	-334,083	-1.56		-334,083		82,901	21,098,900	-251,182	60,000	-191,182
Public Safety	4,512,843	4,354,602	-158,241	-3.51	-3,260	-161,501	-80,635	48,360	4,319,067	-193,776	20,000	-173,776
Engineers	21,211,896	19,862,840	-1,349,056	-6.36		-1,349,056	-121,624	1,694,568	21,435,784	223,888	0	223,888
Leisure and Culture	17,131,094	14,318,580	-2,812,514	-16.42		-2,812,514	-98,811	2,237,923	16,457,692	-673,402	31,500	-641,902
Partnerships	8,728,738	8,312,997	-415,741	-4.76	-98,143	-513,884	-293,958	250,500	8,171,396	-557,342	430,115	-127,227
Total Neighbourhood Services	72,934,653	67,865,018	-5,069,635	-6.95	-101,403	-5,171,038	-595,028	4,314,252	71,482,839	-1,451,814	541,615	-910,199
Children Services												
Prevention & Locality Services	394,757	143,515	-251,242	-63.64	0	-251,242			143,515	-251,242	70,000	-181,242
Integrated Young People Support Service(inc YOS)	7,176,770	6,817,081	-359,689	-5.01	0	-359,689	-48,843	5,688	6,773,926	-402,844	100,000	-302,844
Strategy and Governance (Incl WCF)	760,309	570,135	-190,174	-25.01	0	-190,174			570,135	-190,174	0	-190,174
Univ Mgt & CSS	1,005,338	976,942	-28,396	-2.82	0	-28,396			976,942	-28,396	0	-28,396
Vulnerable Children	4,938,160	5,277,563	339,403	6.87	0	339,403		74,973	5,352,536	414,376	0	414,376
Childrens Management	3,161,764	3,275,662	113,898	3.60	0	113,898		164,347	3,440,009	278,245	0	278,245
Corporate Parenting	21,536,569	23,144,386	1,607,817	7.47	0	1,607,817		5,016	23,149,402	1,612,833	0	1,612,833
Safeguarding	2,168,003	1,841,559	-326,444	-15.06	0	-326,444			1,841,559	-326,444	0	-326,444
Education	67,308,757	67,091,644	-217,113	-0.32	0	-217,113	-235,145	297,557	67,154,056	-154,701	0	-154,701
Total Children Services	108,450,427	109,138,487	688,060	0.63	0	688,060	-283,988	547,581	109,402,080	951,653	170,000	1,121,653
Social Care & Inclusion												
Adults	79,474,630	77,192,719	-2,281,911	-2.87	0	-2,281,911	-577,650	2,767,042	79,382,111	-92,519	0	-92,519
Total Social Care & Inclusion	79,474,630	77,192,719	-2,281,911	-2.87	0	-2,281,911	-577,650	2,767,042	79,382,111	-92,519	0	-92,519
Resources												
Finance	390,358	93,696	-296,662	-76.00	-37,200	-333,862	-295,396	0	-238,900	-629,258	0	-629,258
Revenues	4,095,038	3,766,559	-328,479	-8.02		-328,479	0	0	3,766,559	-328,479	28,000	-300,479
Benefits	1,060,604	180,557	-880,047	-82.98	-55,801	-935,848	-30,000	45,715	140,471	-920,133	0	-920,133
Internal Audit	126,774	0	-126,774	-100.00		-126,774	0	0	0	-126,774	30,000	-96,774
Legal	191,024	1	-191,023	-100.00		-191,023	-17,501	0	-17,500	-208,524	80,000	-128,524
Constitutional & Mayoral	68,230	-2	-68,232	-100.00		-68,232	0	0	-2	-68,232	0	-68,232
Electoral Services	604,250	672,468	68,218	11.29		68,218	0	0	672,468	68,218	0	68,218
Human Resources & Development	124,641	-10	-124,651	-100.01		-124,651	-103,789	205,031	101,232	-23,409	20,000	-3,409
Communications	55,144	0	-55,144	-100.00		-55,144	0	0	0	-55,144	0	-55,144
Business Solutions	324,847	-7	-324,854	-100.00		-324,854	-21,476	87,500	66,017	-258,830	0	-258,830
Programme Delivery	196,086	0	-196,086	-100.00	-20,097	-216,183	-4,390	0	-24,487	-220,573	0	-220,573
Business Support	-656,107	-2	656,105	-100.00		656,105	-29,027	0	-29,029	627,078	0	627,078
ICT	-2,202	-3	2,199	-99.86		2,199	0	100,000	99,997	102,199	0	102,199
Print and Design	177,368	382,382	205,014	115.59		205,014	-16,768	0	365,614	188,246	0	188,246
Procurement	87,060	0	-87,060	-100.00		-87,060	0	0	0	-87,060	75,000	-12,060
Total Resources	6,843,115	5,095,639	-1,747,476	-25.54	-113,098	-1,860,574	-518,347	438,246	4,902,440	-1,940,675	233,000	-1,707,675
Sub Total Services	288,897,440	279,190,364	-9,707,076	-3.36	-214,501	-9,921,577	-2,590,266	9,178,824	285,564,421	-3,333,019	1,007,611	-2,325,408
Capital Financing (inc FRS17)	-63,892,948	-64,786,250	-893,302	1.40	0	-893,302	0	827,551	-63,958,699	-65,751	0	-65,751
Central Items - e.g. insurance,leasing	45,869,900	31,876,897	-13,993,003	-30.51	0	-13,993,003	-534,427	13,514,236	44,856,706	-1,013,194	0	-1,013,194
- VAT (one-off windfall)			0	0.00	0	0			0	0	0	0
- replenishment / creation of reserves			0	0.00	0	0		3,458,836	3,458,836	3,458,836	0	3,458,836
Council Wide	-42,168,596	-40,365,995	1,802,601	-4.27		1,802,601	-2,270,850	0	-42,636,845	-468,249	0	-468,249
Levies												
PTE	13,717,864	13,717,864	0	0.00	0	0			13,717,864	0	0	0
Environment Agency	80,626	80,626	0	0.00	0	0			80,626	0	0	0
SUB TOTAL	242,504,286	219,713,506	-22,790,780	-37	-214,501	-23,005,281	-5,395,543	26,979,447	241,082,909	-1,421,377	1,007,611	-413,766
Net Position as at 31.03.11 prior to recommended transfer to Earmarked Reserves	242,504,286	219,713,506	-22,790,780	539.48	-214,501	-23,005,281	-5,395,543	26,979,447	241,082,909	-1,421,377	1,007,611	-413,766
Budgeted allocation to reserves (planned underspend)	2,991,935	2,991,935	0	0.00	0	0			2,991,935	0	0	0
Net Position as at 31.03.11 - trf to general reserves	245,496,221	222,705,441	-22,790,780	1,848.97	-214,501	-23,005,281	-5,395,543	26,979,447	244,074,844	-1,421,377	1,007,611	-413,766

Scheme	Recommended Slippage to 2011/12	Detail
Children's Services		
Barcroft school	2.896	Delays due to legislative and funding issues
Basic Need	3.034	Grant to be utilised first due to time restrictions
Eldon House reprovision	1.028	Delay due to design decisions and budget constraints
ICS (Integrated Childrens System)	0.067	Final government guidance will not be available until 2011/12.
Modernisation - all schools	2.170	Funding allocation period is 17 months
New Pupil Places - Fibbersley Park school	0.003	Grant to be utilised first due to time restrictions
Schools Access Initiative	0.874	Various projects at different stages of completion
Targeted Capital	0.087	Final retention payment
Children's Services mainstream total	10.159	
Neighbourhood Services		
Allotment improvement programme	0.001	Delay due to new site being identified
Beacon Road landslip	0.108	Delay due to extensive investigation work and negotiation of price
Combined wind turbine and street lighting	0.025	Delay due to resourcing of new supplier
Demolition of Willenhall Leisure Centre	0.205	Decision still to be made as to whether demolition goes ahead or market with building intact
Essential repair works to Norfolk Place depot	0.167	Delay due to bad weather
George Rose park development	0.299	Funding not awarded until January 2011
Hatherton Road multi storey car park	0.200	Delay due to specialised contractor being sourced and weather conditions
Highways maintenance	0.450	Planned rephasing of works into 2011/12
Improving security in local neighbourhoods programme	0.030	Project delayed due to establishing ownership, planning permission and land registration
Library modernisation plan	0.054	Minor remedial works and final payments to contractors
Local Transport Plan	0.551	Works to be completed in 2011/12
Palfrey park	0.041	Project to be delivered in 11/12 following confirmation of funding package
Pelsall library, childrens centre and health centre	0.390	Project delayed due to negotiations with NHS and SERCO
Purchase of hot jet pavement cleaning machine	0.116	Delay due to restructure of service
Relocation of CCTV room	0.150	Delay due to BT lead time
Relocation of depot	1.007	Delay due to bad weather
Streetly crematorium mercury abatement	0.046	Tendering process took longer than expected
Town centre on street parking	0.059	Works delayed due to change in government data transfer protocols
Walsall arboretum lido	0.175	Work to commence in 2011/12
Walsall Arboretum restoration programme	0.468	Delivery programme has been developed and revised
Walsall TCTP ring road land acquisition	0.630	Final agreed land compensation ongoing
Neighbourhood Services mainstream total	5.172	
Regeneration		
Acquisition of Cool Trader	0.677	Acquisition took longer than anticipated
Aids and adaptations	0.662	The 2010/11 programme was delayed by prolonged adverse weather
Civic building air conditioning replacement	0.089	Delays due to equipment delivery
Darlaston baths roof	0.200	Legal process ongoing relating to contractor liability
Demolition of redundant buildings	0.002	Delay due to bad weather
Environmental regeneration	0.115	Required as match funding for grant related schemes.
Freer Street structural works	0.340	Liaison with English Heritage to agree a solution to deal with the structure
Planned property maintenance	0.017	Delay during legal negotiations
Provision of leased accommodation to release leased premises	1.831	Delays in moves - connected to Smarter Workplaces
Regenerating Walsall	0.489	Schemes slower than anticipated due to economic conditions
Shop maintenance	0.030	Planned re-phasing of works into 2011/12
Statutory testing of mechanical and electrical supplies	0.045	Design delayed due to volume of work
Strategic acquisitions	0.546	Acquisition is taking longer than anticipated
Strategic corridors & gateways	0.115	Change in priorities as a result of the economic downturn
Town, district and local centres	0.120	Change in priorities as a result of the economic downturn
Regeneration mainstream total	5.278	
Resources		
Bloxwich Library Comms Room	0.009	Retention payment to contractor
Risk management	0.087	Projects at various stages of completion
Self-insured property damage	0.145	Projects at various stages of completion
Software to automate benefit application forms	0.009	Delays due to work required with software developer to ensure module fit for purpose
Resources mainstream total	0.250	
Social Care and Inclusion		
Hollybank rehabilitation centre	0.008	Final payment
Refurbishment of Goscote adult training centre	0.133	Planning delays
Social Care and Inclusion mainstream total	0.141	
Grand Total mainstream schemes	21.000	

Scheme	Recommended Slippage to 2011/12	Detail
Resources		
Finance Direct	0.720	Completion due 31 March 2012
Resources prudential total	0.720	
Grand Total prudential schemes	0.720	

FINAL CAPITAL OUTTURN 2010/11 - RECOMMENDED CARRY FORWARDS FROM 2010/11 TO 2011/12 (SPECIFICALLY FUNDED / GRANT SCHEMES)

Scheme	Recommended Slippage to 2011/12	Detail
Children's Services		
14-19 diplomas, SEN and disabilities	4.948	Schemes at various stages of completion
Academies	6.931	Planning and development complete and schemes now on site
Barr Beacon language college - s106	0.575	Planning and development complete and will be on site June 2011
Brownhills community technology college	0.013	Retention only
Devolved capital	5.118	Schools have 3 years to spend their allocation
Extended schools	0.084	All schemes on target for completion prior to funding deadline of August 2011
Harnessing technology	0.225	Schools have 17 months to spend their allocation
Primary capital programme	3.846	New construction/remodelling of various schools with works either complete or on site
School travel plans	0.128	Schools have 3 years to spend their allocation
Targeted capital - Short heath schools	0.038	Retention only
Youth capital funding	0.061	To be used to fund the Myplace project
Children's Services specifically funded total	21.967	
Neighbourhood Services		
Bloxwich Fountain Restoration Project	0.001	Retention only
Bradbury park improvements	0.002	Retention only
Contaminated land grant - Oakridge Drive	0.004	DEFRA grant has no time restrictions
Depot relocation - Waste Infrastructure grant	0.491	National waste strategy has been delayed until Summer 2011
Development of Highways Asset Management Plan (HAMPS)	0.162	Asset inventory being developed over a period of time
King George V pathfinder project	0.001	Retention only
Kings Hill park improvement - phase 1	0.001	Retention only
Kings Hill park improvement - phase 2	0.001	Re-phasing of works
Low emission strategy - Air quality grant	0.040	Project delayed due to key staff absences
NOF for PE & Sport - Aldridge Airport	0.046	Main works complete. This funding will provide the landscaping and additional adventure elements
Palfrey Park - HLF	0.295	Re-phasing of works to 2011/12
Pelsall library, childrens centre and health centre	3.400	Building work due to commence Spring 2011 and completion due June 2012
Play builders programme	0.020	Retention only
Programme Paragon - PRG	0.019	Re-phasing of project to 2011/12
Ride on mower	0.005	Awaiting delivery of final part of mower
Streetly crematorium mercury abatement	0.107	Tendering process took longer than expected
Walsall Arboretum restoration project	0.547	Delivery programme has been developed and revised
Walsall childrens play fund	0.369	Legal Complications with project. Big Lottery have granted an extension to 31 August 2011
Waste infrastructure capital grant	0.163	National waste strategy has been delayed until Summer 2011
Willenhall Memorial Park - contribution	0.015	Retention only
Neighbourhood Services specifically funded total	5.689	
Regeneration		
Bridge Street/Ablewell Street THI - HLF	0.083	Grant take up slower than anticipated
Growth Points - Heathfield Lane West	0.071	Agreement with grant provider that funds will be spent in 2011/12
Kickstart	0.175	Schemes delayed due to prolonged adverse weather conditions
LTP grant	0.984	Retention payments and re-phasing of some schemes
Relocation of Pleck boxing club	0.035	Work slightly delayed but completed in April 2011
Willenhall THI - HLF	0.150	Delays in obtaining matchfunding now resolved
Willenhall THI - VIEW contribution	0.075	Delays in obtaining matchfunding now resolved
Regeneration specifically funded total	1.573	
Resources		
Investing in working smarter	0.340	Full and detailed programme not completed in 2010/11
Resources specifically funded total	0.340	
Social Care and Inclusion		
Adult Social Care Property Rationalisation	0.098	Teams still waiting to relocate
Information for Social Care Grant + ESAP Contribution	0.023	Equipment relating to relocation still outstanding
Mental Health (incl CFR 587 Redesign of Street Corner)	0.144	Teams still waiting to relocate
Social Care and Inclusion specifically funded total	0.265	
Grand Total non-mainstream schemes	29.834	

Treasury Prudential and Local Indicators 2010/11 Performance

Indicator		Actual 2009/10 £'000	Target 2010/11 £'000	Actual 2010/11 £'000	Variance to target		Met
					£'000	%	
Prl 1	Capital Expenditure (10/11 target revised due to slippage from 09/10. Target revised from £60,739 to £109,882)	43,239	109,882	57,187	-52,695	-48%	Y
Prl 2	Ratio of financing costs to net revenue stream	8.88%	10.61%	9.33%	-1.28%	-12%	Y
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£14.73	£9.42	£9.42	£0.00	0%	Y
Prl 4	Capital Financing Requirement	308,680	304,380	280,841	- 23,539	8%	Y
Prl 5	Authorised Limit for external debt	301,991	353,047	353,047	-	0%	Y
Prl 6	Operational Limit for external debt	274,537	298,140	298,140	-	0%	Y

Indicator		Actual 2009/10 £'000	Target 2010/11 £'000	Actual 2010/11 £'000	Met
Prl 7	Net Borrowing exceeds capital financing requirement	No	No	No	Y
Prl 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes	Yes	Y
Prl 9	Total principle sums invested for longer than	12,000	25,000	23,750	Y

Indicator		Upper Limit	Lower Limit	Actual 2009/10	Actual 2010/11	Met
Prl 10	Fixed Interest Rate Exposure	95%	40%	92%	93%	Y
Prl 11	Variable Interest Rate Exposure	45%	0%	8%	7%	Y
Prl 12	Maturity Structure of Borrowing					
	Under 12 months	15%	0%	14%	9%	Y
	12 months and within 24 months	20%	0%	2%	13%	Y
	24 months and within 5 years	25%	0%	23%	15%	Y
	5 years and within 10 years	50%	10%	6%	17%	Y
	10 years and above	85%	40%	55%	47%	Y

All Prudential indicators were complied with.

Capital expenditure was 52% of the updated capital programme. Carry forwards to 2011/12 of £20.9m is to be funded by borrowing and £29.8m to be funded by grant. The capital financing requirement (CFR) calculation assumed £10m slippage on projects funded by borrowing.