

Audit Committee – 24 June 2013

Financial Health Indicators 2012/13 Outturn (Pre-Audit)

1. Summary of report

- 1.1 This report details the financial health indicators for the year ended 31 March 2013 as shown at Appendix 1 including the pre-audit outturn position for 2012/13 for both revenue and capital.

2. Recommendations

Audit Committee is requested to consider and note the financial health indicators.



James T Walsh
Chief Finance Officer
13 June 2013

3. Governance

- 3.1 Financial health indicators are currently reported on a quarterly basis by the Chief Finance Officer, CMT, Audit Committee, Independent Members and published on the council's website for transparency.
- 3.2 Corporate financial performance is reported to Cabinet throughout the financial year. Scrutiny panels and Audit Committee also receive updates on the financial position for services within their remit. Where overspends are reported, these are required to be managed in year wherever possible. Corrective actions plans are drawn up and reported to CMT, senior management teams and members.
- 3.3 The primary purpose of this report is to advise Audit Committee of the current financial health of the authority in order to provide assurance to the Audit Committee in their role, and the mechanisms and controls by which the council is managing a challenging national financial position.

4. Resource and legal considerations

- 4.1 The indicators set out in Appendix one cover a number of areas as follows:
- 4.2 Treasury Management
The indicators show the actual borrowing and investment rates for 2011/12 and 2012/13 against target all of which were over achieved or on target.

4.3 Balance Sheet

This details ratios for the last 3 financial years 2009/10 to 2011/12 which shows the liquidity of the authority.

4.4 Revenue performance

This section shows collection rates for council tax and business rates, average number of days to collect sundry debt and the number of days to process creditor payments for 2011/12 and 2012/13. The collection of debt and creditor payments have exceeded their target, representing improved performance.

4.5 Corporate financial performance

This section details the actual outturn position for 2011/12 and the pre-audit outturn for 2012/13 for revenue and capital. This shows a revenue underspend of £1.49m. Capital projects funded from the council's own resources are under budget by c£1.36m and c£6.38m of projects have been re-phased into 2013/14 due to unavoidable delays. This equates to the £7.74m variance in the table. Prudential borrowing also has £3.02m re-phasing into 2013/14 and a further £31.58m of capital grant funded projects to be re-phased into 2013/14, of which £21.4m relates to schools. These schemes tend to require carry forward due to the timing of the receipt of the grant versus the actual spend, which is often during the next summer of the next financial year. Capital receipts exceeded target by £867k which will be used to fund the 2013/14 capital programme. General reserves are currently in line with the medium term financial strategy.

5. Performance and risk management issues

5.1 Managers are required to deliver service and improvement targets on time, to standard and within budget. The performance management system uses a red, amber, green (RAG) indicator to show the current status. The outturn position for the authority as a whole is green with sound financial management resulting in an underspend for 2012/13. A small number of services pressures could not be fully offset within their own areas and these will continue to be managed if on-going during 2013/14.

5.2 Risk management is embedded in budget preparation, monitoring and forecasting to enable variances and risks to be identified early and addressed.

6. Equality implications

6.1 None directly associated with this report.

7. Consultation

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

8. Background papers

8.1 Various financial performance and budget monitoring reports.

Contacts

Vicky Buckley – Head of Finance, ☎ 01922.652470, buckleyv@walsall.gov.uk

Jennie Collier – Senior Accountancy Officer, ☎ 01922.652350, collierj@walsall.gov.uk

Financial Health Indicators

Treasury Management	2011/12 Actual	2012/13 Target	2012/13 Actual
Average Interest Rate (Borrowing)			
Excluding Other LA	4.53%	4.52%	4.53%
Including Other LA	4.69%	4.63%	4.67%
Gearing Effect on Capital Financing Estimates	3%	5%	2%
Net Borrowing Costs / Net Budget Requirement	4%	4%	3%
Capital Financing Requirement £m	293.247	304.499	299.452
Authorised limit for external Debt (£m)	373.730	319.724	319.724
Investment Rate Average	1.8%	1.3%	2.1%

Balance Sheet Ratios	2009/10 Audited	2010/11 Audited	2011/12 Audited	2012/13 Pre-audit
Current Assets : Current Liabilities	1.22	2.28	2.70	2.68
Useable Reserves : General Revenue Expenditure				
Assuming Revenue Expenditure is equal to Net Operating Expenditure (2008/09)	0.28	0.29	0.49	0.60
IFRS introduction in 2009/10 changes general revenue expenditure to = net cost of service + other operating expenditure + finance and investment expenditure (2009/10 and 2010/11)				
Long Term Borrowing : Tax Revenue				
Using only council tax for tax revenue	2.58	2.63	2.45	2.43
Using both council tax and NNDR for tax revenue	1.26	1.25	1.25	1.13
Long Term Assets : Long Term Borrowing	2.85	1.83	1.89	1.85
Total School Reserves : Dedicated School Grant	0.06	0.06	0.07	0.08

Revenues Performance	Actual 2011/12	2012/13	
% Collected for Financial Year		Target	Actual
Council Tax %	97.1%	N/A	96.4%
National Non Domestic Rate %	97.3%	N/A	96.6%
Total Council Tax Collected (£m)	£89,200,617	N/A	£89,214,510
Total NNDR Collected (£m)	£65,789,403		£66,830,057
Sundry Debtors Collection Average number of days to collect debt	27 days	30 days	26 days
Average number of days to process creditors payments	13.35 days	14 days	11.92 days

Management of Resources	Actual 2011/12	2012/13		
Service Analysis	Post-audit	Target	Actual (pre-audit)	Variance
Children's Services	75,624,678	51,826,897	52,524,229	697,332
Neighbourhood Services	64,696,154	61,131,187	60,547,614	(583,573)
Regeneration	15,461,631	17,439,686	17,277,644	(162,042)
Social Care & Inclusion	72,895,813	67,117,988	67,500,397	382,409
Resources	3,022,328	8,922,890	7,798,112	(1,124,778)
Council Wide	13,807,829	31,971,949	31,268,628	(703,321)
Formula Grant	N/A	(129,164,992)	(129,164,992)	0
Total	245,508,433	109,245,605	107,751,632	(1,493,973)
General Reserves	12,617,667	N/A	N/A	N/A
Council funded Capital Expenditure	18,698,647	21,987,527	14,233,567	(7,753,960)
Grant Funded Capital Expenditure	41,352,358	63,305,399	31,719,243	(31,586,156)
Prudential Expenditure	967,934	7,892,293	4,874,928	(3,017,365)
Total Capital Expenditure	61,018,939	93,185,219	50,827,738	(42,357,481)
Capital Receipts	2,092,660	2,500,000	3,181,843	(681,843)

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 <div style="text-align: right; font-size: small;"> Using only council tax for tax revenue Using both council tax and NNDR for tax revenue </div>	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	
Council Tax (%)	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
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.
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.