

## **Cabinet – 13 February 2019**

### **Corporate Financial Performance 2018/19**

**Portfolio:** Councillor M Bird – Leader of the Council

**Related Portfolios:** All

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### **1. Summary of report**

- 1.1 The report provides the latest forecast of the revenue and capital position for 2018/19 as at 31 December 2018.
- (i) A forecast revenue overspend of £1.24m, after use of reserves and assuming successful delivery of corrective action plans identified to date. On-going pressures identified in section 3.3 have been addressed as part of the 2019/20 budget process.
  - (ii) A number of amendments to the capital programme for approval, as set out in section 3.6 of the report.
  - (iii) The forecast for the council funded capital programme, which is an underspend of £2.5m, of which £2.36m has been utilised to fund the 2019/20 capital programme as reported to Cabinet on 24 October 2018. The balance will be set aside for part funding of enhancements to car parking provision at Oak Park Active Living Centre.
  - (iv) Performance against an agreed set of financial health indicators, which are forecast to be achieved.
  - (v) Performance against an agreed set of prudential indicators, which are forecast to be achieved.

#### **2. Recommendations**

Cabinet are requested to:

- (i) Note the forecast revenue overspend of £1.24m, after use of reserves and successful delivery of corrective action plans identified to date. On-going pressures identified in section 3.3 have been addressed as part of the 2019/20 budget process.
- (ii) Approve amendments to the capital programme as set out in section 3.6.
- (iii) Note the forecast council funded capital programme variance of £2.5m, of which £2.36m has been utilised to fund the 2019/20 capital programme.
- (iv) Note financial health indicator performance as set out in Appendix 1.
- (v) Note prudential indicators as set out in Appendix 2.

- (vi) Approve the write off of debt as set out in section 3.5.
- (vii) Approve the reallocation of capital funding to support the purchase of a new IT system for Children's Services, and enhancement to car parking provision at Oak Park Active Living Centre as set out in 3.6.

### 3. Report Detail

3.1 Cabinet receives regular financial reports to allow it to oversee the financial performance of the council and consider plans for corrective action, and therefore is familiar with the significant level of demand pressures faced by Adult Social Care and Children's in particular.

#### 3.2 Revenue Forecast 2018/19

3.2.1 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures, however demand pressures within Adult Social Care and Children's continue to exist. The current council wide forecast shows an overspend of £1.24m and work continues to ensure the council outturns within budget by year-end.

3.2.2 Table 1 below summarises the 2018/19 budget and the draft outturn after successful delivery of corrective actions.

<b>Table 1: Forecast revenue analysis 2018/19 by Directorate</b>			
<b>Directorate</b>	<b>Net Budget £m</b>	<b>Year end forecast £m</b>	<b>Forecast Variation to Budget (Under) / Over £m</b>
Adult Social Care	60.03	61.16	1.13
Children's Services	54.12	54.53	0.41
Economy & Environment	31.01	31.16	0.15
Resources & Transformation	30.00	29.55	(0.45)
<b>Services Position</b>	<b>175.16</b>	<b>176.40</b>	<b>1.24</b>
Capital Financing	18.67	18.67	0.00
Central budgets	(78.84)	(78.84)	0.00
<b>Total council tax requirement</b>	<b>114.99</b>	<b>116.23</b>	<b>1.24</b>

#### 3.3 Directorate Summary and Significant Changes

##### 3.3.1 *Children's Services*

The current forecast overspend prior to any mitigating action and use of reserves is £2.81m. Corporate and earmarked reserves are being utilised to fund specific agreed items, reducing the forecast overspend to £1.73m. The directorate has implemented an action plan of (£1.32m), reducing the net forecast position to an overspend of £407k.

The main areas causing the over spend are:

- Undelivered savings of £212k, which is being mitigated via the directorate action plan.
- Demand for Home to School Transport has continued to increase both in the number of children being transported along with their transport needs. This has created a pressure of £492k.

- Children social care demand pressures of £271k. This includes increases in the need of legal support, social care support and social care assessments.
- Additional costs towards management and support to the transformation programme across the directorate of £302k.
- Extending agency and temporary posts within the SEN assessment team at cost of £109k. This resource is required to comply with Education, Health and Care plan (EHCP) requirements.
- Looked after children overspend of £171k against budget due to 15 new entrants into the care system of a more complex nature, which is resulting in higher individual cost placements and support, although there was an overall reduction of 2 in the number of young people in the care of the authority.
- £191k due to increased demand for SEN educational psychologists and non-recruitment of permanent posts.
- £127k children's social care - professional fees mainly relating to assessments and therapies in the Regional Adoption Agency and agency costs in the Fostering and Adoption team.
- (£180k) Early Help - This underspend has arisen due to vacant posts across Early Help and the Youth Justice Service.

### 3.3.2 *Economy and Environment*

Economy and Environment are currently forecasting an overspend of £148k. The main reasons for the variance are:

- Clean & Green (£330k) - forecast overspends on domestic and garden waste collection services, the comingled waste contract, the clinical waste contract and other small overspends across the area. These are offset by general projected underspends on other disposal costs, lower than anticipated performance fee on the HWRC contract and additional W2R income.
- Economy & Environment Management £125k - mainly relating to non-delivery of 2016/17 and 2018/19 savings.
- Regeneration & Development £263k – non achievement of savings for both 2018/19 and 2017/18 in relation to asset management, partly offset with additional income within shops and commercial premises and use of reserve.
- Planning, Engineering & Transportation £201k –overspend on depot charges that could not be capitalised and underachievement of planning applications income.

### 3.3.3 *Resources and Transformation*

The forecast revenue outturn is an underspend of £448k. The major variances are:

- IFM £451k overspend relating to centralised maintenance, cleaning and energy partly offset by underspends within service.
- Money Home Job (£870k) underspend relating to increased overpayment recovery income based on income to date and additional court cost income, net of increased IT system, housing and agency costs.
- ICT (£105k) underspend relating to reduced outwork on print and design, increased traded income from schools and underspend on corporate assurance staffing.

### 3.3.4 *Adult Social Care*

The current net forecast position, after the net use of reserves and prior to any mitigating action, would be an overspend of £3.75m, which results from unachieved/delayed delivery of savings and areas of spend which carry a high risk. After mitigating actions of £1.72m the forecast position is an over spend of £2.03m. Due to reporting timescales it was not possible to include the impact of the 2018/19 £1.43m of Winter Funding grant on the December 2018 position.

The main reasons for the over spend are:

- Demand management £3.68m - due to unachieved savings of £1.77m and full year impact of continuing health care income reductions of £2.85m offset by (£940k) of one-off forecasted deferred payments income.
- Community alarms service (CAS) £890k – following the decision by Cabinet to cease this service, this is a one off pressure for 2018/19 only.
- Staffing position (£190k) following a detailed review of vacant posts and agency cover.

### 3.3.5 *Capital Financing*

Currently forecast to be on budget.

## 3.4 Business Rates Retention Scheme

The cost to the general fund in 2018/19 is £2.21m, calculated by taking the actual deficit from 2016/17 and then adjusting for the estimated deficit for 2017/18. In line with the 100% Business Rates Retention Pilot Walsall funds 99% of the deficit with the Fire Authority funding the remaining 1%. The rolling MTFO takes this into account.

## 3.5 Write off of debt

The following write offs of historic debt above £10,000 requires the approval of Cabinet;

- £10,799 relating to benefits based charging – client is now deceased and there is no estate to recover the debt from.
- £15,991 relating to benefits/community based charging – client is now deceased and there is no estate to recover the debt from.
- £28,473 relating to benefits/community based charging – client is fully dependant on income with no savings or capital funds.
- £17,089 relating to benefits based charging and direct payments overpayment - client significantly indebted and no capital funds.
- £36,647 relating to residential care arrears - client is now deceased and there is no estate to recover the debt from.
- £33,823 relating to benefits based charging - client is S117 and has no liable financial representative with legal powers.
- £13,546 relating to benefits based charging and direct payment contributions – client does not have any means to repay the debt.
- £12,898 relating to respite care and Housing 21 long stay residential care charges - client is now deceased and there is no estate to recover the debt from.

### 3.6 Capital Programme 2018/19

The capital programme as reported to Cabinet on 24 October 2018 totalled £110.55m. **Table 2** summarises amendments, resulting in a programme of £111.81m.

<b>Table 2 : Amendments to Capital Programme 2018/19</b>	
<b>Project</b>	<b>£m</b>
<b>Capital programme 2018/19 per Cabinet 24 October 2018</b>	<b>110.55</b>
<b>Council Funded Resources</b>	
Capital Contingency	(0.02)
Methane Trench Kings Hill Park	0.02
Darlaston SDA (Prudential)	(0.26)
2018/2019 Pothole Grant	0.26
Preventative / Aids and Adaptations and Supporting Independence	(0.26)
Arboretum Events Field-drainage scheme (RCCO)	0.04
Aids and adaptations (statutory element)	(0.04)
Challenge Block	0.03
Oil Tank Gala Baths	(0.01)
<b>Externally Funded Resources</b>	
Goscote Open Spaces	(0.35)
Capital Maintenance	0.15
National Productivity Investment Fund Programme for junction and cycling improvements - Cycling Improvements	0.66
Devolved formula capital school allocation	(0.07)
Pedestrian Crossing Leighswood Road	0.04
Additional Dft Road/Bridge Maintenance Allocation	1.07
<b>Revised capital programme 2018/19</b>	<b>111.81</b>

**Table 3** summarises the 2018/19 capital programme and forecast outturn after the re-phasing of projects into 2019/20.

<b>Table 3: Forecast capital analysis 2018/19</b>					
<b>Directorate</b>	<b>Budget £m</b>	<b>Predicted year end forecast £m</b>	<b>Variance before Carry forward £m</b>	<b>Carry Forward £m</b>	<b>Variance Over / (Under) £m</b>
Council funded	45.86	37.32	(8.54)	6.04	(2.50)
Externally Funded	65.95	56.05	(9.90)	9.90	0.00
<b>Total</b>	<b>111.81</b>	<b>93.37</b>	<b>(18.44)</b>	<b>15.94</b>	<b>(2.50)</b>

The council funded element of the capital programme currently shows a predicted underspend of £2.5m after carry forwards of £6.04m as shown in table 3. £2.36m of the underspend has been allocated to fund the 2019/20 capital programme as reported to Cabinet on 24 October 2018. The balance of £0.14m will be set aside to part fund the enhancements to car parking provision at Oak Park Active Living Centre.

<b>Table 4: (Underspends)/Overspend 2018/19</b>	
<b>Project</b>	<b>£m</b>
Schemes that support essential works including health and safety	0.03
Aids and Adaptations – maximising grant	(0.05)
Darlaston Town Hall – asbestos and fire safety works	(0.04)
Council House – modern secure reception	(0.07)
Replacement of obsolete analogue weather stations	(0.01)
Walsall Market pending master plan	(1.83)
Darlaston SDA	(0.08)
Walsall Town Centre Public Realm	(0.10)
Data Centre power backup	(0.04)
ICT wide area network	(0.03)
ICT payment card data security	(0.01)
ICT open software Government on line	(0.01)
Council House Cellar tanking	(0.01)
Council House drainage survey	(0.01)
Solar PV panels	(0.14)
Schools kitchen project	(0.04)
Walsall Town Hall roofing	(0.06)
<b>Total</b>	<b>(2.50)</b>

The council funded element of the capital programme currently shows predicted re-phasing of £6.04m from 2018/19 to 2019/20 as shown in table 5. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control as awaiting funding or Government approval, etc.

<b>Table 7: Re-phasing of Council funded schemes 2018/19 to 2019/20</b>	
<b>Project</b>	<b>£m</b>
Fryers Road Sprinkler System	0.25
District Town Centre's Public Realm Improvements	1.26
Walsall Market	0.03
Town and District Centres Public Realm – to be used to support Town Centre master plan	0.77
Hatherton Road Car Park	0.21
Civic Centre heating	0.90
Council House rewiring	0.75
Procurement system for (HRMS) and Oracle EBS financials	1.14
Broadway West Playing Fields	0.04
Regenerating Walsall	0.20
Saddlers Centre Shopping Centre	0.40
St Peter Church repairs to surrounding wall	0.02
Challenge Block	0.02
Rushall Olympic Football Club	0.01
Mosaic Implementation (Phase 3)	0.04
<b>Total</b>	<b>6.04</b>

There are 2 amendments to the 2018/19 capital programme for which Cabinet are requested to approve the reallocation of funds.

#### Purchase new IT system within Children's Services

To purchase Idox Open Objects Education and Health Care Hub, in order to support the assessment and delivery of Education, Health and Care Plans in Walsall at a cost of £70k. The implementation of this system will aid the Authority in moving from a heavily paper based process to a secure online digital solution, supporting the delivery of efficiencies within Children's services administrative function, releasing savings to contribute towards its £200k proposal. To be funded from the release of £60k previously allocated to Children's Services in 2018/19 to support transformation by creating a 2/3 bedroom small residential home to accommodate children - funding will not be required during 2018/19 for this purpose whilst the transformation programme is refreshed. The remaining balance of £10k will be funded from the £150k capital funding allocated to increase in borough bed capacity that remains un-committed for 2018/19.

#### Enhancement to car parking provision at Oak Park Active Living Centre

Creation of a new 200 space car park to cope with increased demand for the facilities at a cost of £626k. It is proposed to fund this from £150k previously set aside for a second 3G pitch at Oak Park, £334k remaining capital allocation for Active Living, and £142k use of the remaining 2018/19 capital underspend. The service will continue to seek external funding to fund the 3G pitch.

### **3.7 Financial Health Indicators**

Appendix 1 contains financial health indicator performance as at quarter 3 as at 31 December 2018. The primary purpose of these is to advise Cabinet of the current financial health of the authority in order to provide assurance to them in their role. The indicators cover a number of areas as follows:

#### **3.7.1 Treasury Management**

The indicators show the actual borrowing and investment rates for 2018/19 and the forecast for the year against set targets. Proactive and robust management of the council's debt and investment portfolios is forecast to result in positive variances against the financial health indicator targets for 2018/19.

Average interest rates on borrowing show a significant improvement against targets as a result of the council taking out new borrowing at favourable rates, whilst repaying older loans at maturity at higher interest rates.

Despite low interest rates the council is currently achieving an average investment rate of 1.32% against a target of 1.00% through negotiations to secure favourable rates when considering investment options, and through the review and identification of new and appropriate opportunities for investment.

#### **3.7.2 Balance Sheet**

This details ratios for the last 4 financial years 2013/14, 2014/15, 2015/16, 2015/16 and post-audit figures for 2017/18 which show the liquidity of the authority.

### 3.7.3 Revenue performance

This section shows collection rates for council tax and business rates, the average number of days to collect sundry debt and the number of days to process creditor payments for 2017/18 and the performance against profile for 2018/19. Sundry debt collection is better than the target by 3 days with performance in relation to the processing of creditor payments also better by 4 days. Council tax collection is on target with business rates showing a small over achievement against target.

### 3.7.4 Corporate financial performance - revenue

This section details the outturn position for 2017/18 (post audit) and 2018/19 year-end forecast for revenue and capital, which is based on the financial position as at 31 December 2018. The current revenue forecast for 2018/19 is an overspend of £1.24m after successful delivery of corrective action plans.

### 3.7.5 Corporate financial performance – capital

Mainstream capital (funded from the council's own resources) as at 31 December 2018 is forecast to be underspent by £2.5m after £6.04m of projects are re-phased into 2019/20. Capital receipts are currently showing a shortfall of £977k against funding target.

## 3.8 **Prudential Indicators**

Appendix 2 contains the prudential indicators as at quarter 1. The primary purpose of these is to provide assurance to Cabinet that the authority is borrowing and investing in a sound and prudent manner. Indicators are approved by Council on an annual basis.

### 3.8.1 National Indicators

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 are forecast to be met in 2018/19.

### 3.8.2 Local Indicators

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

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

*L3b Net borrowing costs as % of Tax Revenue* (variance of -61.52%). The target figure of 12.5% represents an 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

#### **4. Council Corporate Plan Priorities**

- 4.1 The annual budget process is designed to ensure that resources follow council priorities as set out in the Corporate Plan.

#### **5. Risk Management**

- 5.1 Risk management is embedded in budget monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed. A number of assumptions have been made in the forecast figures by managers. Significant risks have been identified, monitored and reported on throughout the year, as appropriate. Some significant risks are currently being managed; if they occur, further action may be required.

#### **6. Financial Implications**

- 6.1 The implications are as set out in the main body of this report. Any deficit at year-end will require funding from general reserves, reducing the level of reserves available for future use.

#### **7. Legal implications**

- 7.1 The council is required to set and operate within a balanced budget.

#### **8. Property implications**

- 8.1 None directly associated with this report.

#### **9. Health and wellbeing implications**

- 9.1 This report is prepared with consideration of health and wellbeing implications.

#### **10. Staffing Implications**

- 10.1 None directly associated with this report.

#### **11. Reducing Inequalities**

- 11.1 None directly associated with this report.

#### **12. Consultation**

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

Background papers: Various financial working papers.

**Contacts:**

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Signed:

A handwritten signature in black ink, appearing to be 'James T Walsh', with a stylized, cursive script.

James T Walsh  
Executive Director – Resources & Transformation  
13 February 2019

Signed:

A handwritten signature in black ink, appearing to be 'M Bird', with a stylized, cursive script.

Councillor M Bird  
Leader of the Council  
13 February 2019

# **Financial Health Indicators – Qtr 3 2018/19**

<b>Treasury Management</b>	<b>2017/18 Actual</b>	<b>2018/19 Target</b>	<b>2018/19 Actual</b>
Average Interest Rate (Borrowing)	3.26%	3.76%	3.42%
- Excluding OLA	3.42%	3.91%	3.58%
- Including OLA			
Gearing Effect on Capital Financing Estimates	3.47%	5.00%	3.64%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.57%	12.5%	4.81%
Capital Financing Requirement (£m)	351.593	367.661	367.661
Authorised limit for external Debt (£m)	362.390	442.096	442.096
Investment Rate Average	1.32%	1.00%	1.32%

<b>Balance Sheet Ratios</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18 Post-Audit</b>
Current Assets : Current Liabilities	2.75	2.44	1.77	1.86	1.03
Useable Reserves : General Revenue Expenditure	0.53	0.66	0.57	0.63	0.65
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.71	1.69	1.45	1.41	1.20
Long Term Assets : Long Term Borrowing	1.98	2.10	2.29	2.29	2.34
Total School Reserves : Dedicated School Grant	0.09	0.09	0.07	0.05	0.05

<b>Revenues Performance</b> % collected for financial year	<b>2016/17 Actual Collected in total @ 30.12.18</b>	<b>2017/18 Actual Collected in total @ 30.12.18</b>	<b>2018/19</b>	
			<b>Profiled 2018/19</b>	<b>Actual 2018/19</b>
Council tax %	97.4%	96.5%	77.5%	77.4%
Total Council Tax collected (£m)	£111,780,711	£119,139,229	£102,000,000	£101,919,505
National Non Domestic Rate %	98.5%	98.6%	82.3%	82.8%
Total NNDR collected (£m)	£71,037,428	£69,893,747	£60,500,000	£60,856,119

<b>Debtors and Creditors Performance</b>	<b>2017/18 Actual</b>	<b>2018/19</b>	
		<b>Target</b>	<b>Actual Qtr</b>
Sundry Debtors Collection – Average number of days to collect debt	24 days	30 days	27 days
Average number of days to process creditor payments	11 days	14 days	10 days

<b>Management of Resources</b>	<b>2018/19</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
Children's Services	54,115,078	54,522,895	407,817
Economy and Environment	31,009,407	31,156,915	147,508
Adult Social Care	60,034,953	61,168,703	1,133,750
Resources and Transformation	30,004,098	29,556,007	-448,091
Council Wide	37,477,067	37,477,067	0
NNDR/Top Up	-97,654,687	-97,654,687	0
<b>Total Net Revenue Expenditure</b>	<b>114,985,916</b>	<b>116,226,900</b>	<b>1,240,984</b>
General Reserves	<b>Minimum £6.2m Maximum £15.5m</b>	<b>N/A</b>	<b>N/A</b>
Council Funded Capital Expenditure	45,856,248	37,316,759	(8,539,489)
External Funded Capital Expenditure	65,951,921	56,056,105	(9,895,816)
<b>Total Capital Expenditure</b>	<b>111,808,169</b>	<b>93,372,864</b>	<b>(18,435,305)</b>
Capital Receipts	2,081,800	1,105,132	(976,668)

<b>Management of Resources</b>	<b>Post-audit 2017/18</b>		
<b>Service Analysis</b>	<b>Target</b>	<b>Actual</b>	<b>Variance</b>
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
<b>Total</b>	<b>108,471,436</b>	<b>108,241,169</b>	<b>(230,267)</b>
General Reserves	<b>Minimum £6.2m Maximum £15.5m</b>	<b>15,226,035</b>	<b>N/A</b>
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)
<b>Total Capital Expenditure</b>	<b>103,646,607</b>	<b>79,859,744</b>	<b>(23,786,863)</b>
Capital Receipts	2,600,000	2,018,190	(581,810)

## **Notes to Management of Resources**

The figures for 2017/18 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.

The figures reported for 2018/19 are presented as budget for monitoring. This is where we exclude some internal recharges such as office accommodation, central support services, capital charges and accounting adjustments for pension liability in line with FRS17 and include them within the area that manages them. For example, all central support services costs are shown within Resources and Transformation. This ensures that only the service that manages the area reports on variances against budget.

### **What this tells us**

<b>Treasury Management</b>	
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.



## Prudential Indicators – Qtr 3 2018/19

National Indicators – as per CIPFA Prudential Code

Ref	Prudential Indicator Description	2017/18 Actual £m	2018/19 Target £m	2018/19 Actual £m	Variance to Target	
Prl 1	Capital Expenditure	75.498	111.81	93.37	-17.23	-16%
Prl 2	Ratio of financing costs to net revenue stream	8.75%	4.50%	4.50%	0.00%	0%
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	351.593	367.661	367.661	0.000	0%
Prl 5	Authorised Limit for external debt	362.390	442.096	442.096	0.000	0%
Prl 6	Operational Limit for external debt	329.240	401.905	401.905	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%	<b>93.85%</b>
Prl 11	Variable Interest Rate Exposure	45.00%	0.00%	6.15%	<b>6.15%</b>
Prl 12	<b>Maturity Structure of Borrowing:</b>				
	Under 12 months	25.00%	0.00%	26.22%	<b>15.45%</b>
	12 months and within 24 months	25.00%	0.00%	12.31%	<b>12.31%</b>
	24 months and within 5 years	40.00%	0.00%	21.03%	<b>21.95%</b>
	5 years and within 10 years	50.00%	5.00%	11.34%	<b>11.34%</b>
	10 years and above	85.00%	30.00%	29.10%	<b>38.95%</b>

## **Local Indicators – As recommended by Treasury Management Panel**

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	15.69 years	N/A	N/A	Y
L3a	Net borrowing costs as % of net council tax requirement.	7.61%	7.67%	7.66%	-0.02	-0.26%	Y
3b	Net borrowing costs as % of Tax Revenue.	4.57%	12.50%	4.81%	-7.76	-62.08%	Y
L4	Actual debt vs. operational debt.	99.66%	85.00%	80.89%	-4.11	-4.84%	Y
L5	Average interest rate of external debt outstanding excluding former WMCC debt	3.26%	3.76%	3.42%	-0.34	-9.04%	Y
L6	Average interest rate of external debt outstanding including former WMCC debt	3.42%	3.91%	3.58%	-0.33	-8.44%	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%	3.64%	-1.36	-37%	Y
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.76%	0.50%	0.79%	0.24	48.00%	Y
L9	<b><i>Average interest rate received:</i></b>						
L9a	AT call investments.	0.23%	0.20%	0.65%	0.43	215.00%	Y
L9b	Short Term Investments.	1.06%	0.70%	1.13%	0.38	54.29%	Y
L9c	Long Term Investments.	1.85%	1.05%	2.14%	1.09	103.81%	Y
L10	Average interest rate on all ST investments (ST and AT call)	0.65%	0.65%	1.09%	0.40	61.54%	Y
L11	Average rate on all investments.	1.32%	1.00%	1.32%	0.27	27.00%	Y
L12	% daily bank balances within target range.	100%	99.00%	100%	1.00	1.01%	Y

### APPENDIX 3a – COUNCIL FUNDED CAPITAL SCHEMES AS AT 31 DECEMBER 2018

COUNCIL FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend) / overspend £
<b>CHILDRENS</b>					
Looked after children out of borough placements	150,000	150,000	0	0	0
2 year old (RCCO)	1,871,278	1,871,278	0	0	0
Rushall Primary/EDC alterations	9,232	9,232	0	0	0
LAC Small Residential Home	60,000	60,000	0	0	0
Pinfold Centre	684,630	684,630	0	0	0
Corporate Parenting, Contract & Assessment Hub	697,571	697,571	0	0	0
<b>CHILDRENS COUNCIL FUNDED TOTAL</b>	<b>3,472,711</b>	<b>3,472,711</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ECONOMY &amp; ENVIRONMENT</b>					
Arboretum Events Field-drainage scheme (RCCO)	99,928	99,928	0	0	0
Broadway West Playing Fields (Council)	150,000	108,000	(42,000)	42,000	0
Methane Trench Repairs-Kings Hill Park	15,000	15,000	0	0	0
Open Water	64,650	64,650	0	0	0
St Peter Church repairs to surrounding wall	25,000	3,000	(22,000)	22,000	0
Trim Trail King George V playing fields (RCCO)	771	771	0	0	0
Walsall Arboretum Car Park	9,106	9,106	0	0	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	5,242	5,242	0	0	0
Willenhall Memorial Park	13,546	13,546	0	0	0
Fryers Road Sprinkler System	268,000	15,000	(253,000)	253,000	0
Headstone safety in Cemeteries (RCCO)	48,000	48,000	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	17,970	0	0	0
Mobile Technology Implementation for Building Control	11,500	11,500	0	0	0
Oak Park-Artificial Grass Pitch	150,000	150,000	0	0	0

<b>COUNCIL FUNDED SCHEMES</b>	<b>2018/19 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2019/20 £</b>	<b>(Underspend) / overspend £</b>
Oil Tank above Gala Baths	30,876	30,876	0	0	0
Active Living - Bloxwich (PWLb)	762	762	0	0	0
Active Living - Oak Park (PWLb)	176,574	176,574	0	0	0
Library Redesign - Lichfield Street Hub	4,364,974	4,364,974	0	0	0
Open Plus in Libraries	397,000	397,000	0	0	0
Single Library Management System	93,775	93,775	0	0	0
18/19 Pothole Grant Council Funded Allocation	261,690	261,690	0	0	0
Community Dropped Crossings	21,215	21,215	0	0	0
District Town Centre's Public Realm Improvements	4,000,000	2,745,000	(1,255,000)	1,255,000	0
Highways maintenance	2,844,593	2,844,593	0	0	0
Replacement dev management, building control & land charge ICT system	29,792	29,792	0	0	0
Hatherton Road Car Park	264,114	50,000	(214,114)	2,14114	0
Migration of Urban Traffic control analogue comm network	185,000	185,000	0	0	0
Promotion of Community Health & Safety	120,000	120,000	0	0	0
Replacement of obsolete analogue weather stations	40,000	30,000	(10,000)	0	(10,000)
Replacement of obsolete traffic signal control equipment	200,000	200,000	0	0	0
Replacement of speed enforcement camera	175,000	175,000	0	0	0
Challenge Block	33,000	15,000	(18,000)	18,000	0
New Homes Bonus	204,093	204,093	0	0	0
Regenerating Walsall	233,877	11,254	(222,623)	222,623	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	12,484	(1,865,012)	37,516	(1,827,496)
Aldridge Manor House	4,766,607	4,766,607	0	0	0
Holmans Strategic Land Acquisition	515,716	515,716	0	0	0
Primark & Co-op development	1,640	1,640	0	0	0
Saddlers Centre Shopping Centre	559,869	150,000	(409,869)	409,869	0

<b>COUNCIL FUNDED SCHEMES</b>	<b>2018/19 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2019/20 £</b>	<b>(Underspend)/ overspend £</b>
DSDA	168,584	84,584	(84,000)	0	(84,000)
Town and District Centres Public Realm	229,500	229,500	0	0	0
<b>ECONOMY &amp; ENVIRONMENT FUNDED TOTAL</b>	<b>23,738,067</b>	<b>18,466,116</b>	<b>(5,271,951)</b>	<b>3,250,455</b>	<b>(2,021,496)</b>
<b>RESOURCES AND TRANSFORMATION</b>					
Bentley Community Facility	10,000	10,000	0	0	0
CCTV	255,999	255,999	0	0	0
Improving security in local neighbourhoods	2,927	2,927	0	0	0
Refurbishment of Orchard Pavilion	100,000	100,000	0	0	0
Procurement system for (HRMS) and Oracle EBS financials	2,759,854	1,659,845	(1,100,009)	1,100,009	0
Finance Direct/Oracle	11,382	11,382	0	0	0
Aids and adaptations (statutory element)	453,382	410,000	(43,382)	0	(43,382)
Health through warmth and related Retro Fit schemes	134,135	134,135	0	0	0
HR Itrent upgrades	7,229	7,229	0	0	0
IT Trent Upgrade 2016	26,806	26,806	0	0	0
2018.19 Digital Mailroom	113,306	113,306	0	0	0
Data backup system replacement	50,000	50,000	0	0	0
Data Centre Power Backup	309,220	269,220	(40,000)	0	(40,000)
Essential microsoft upgrades & foundation for Office 365	274,336	274,336	0	0	0
Essential refurb Council's digital data storage facilities	100,000	100,000	0	0	0
Essential upgrade to current supported version of windows server	64,070	64,070	0	0	0
Essential warranty extension & eventual replacement of hardware for Council's finance system	16,325	16,325	0	0	0
ICT-Safe and Secure Environment	7,374,081	7,374,081	0	0	0
ICT Wide Area Network	283,661	253,661	(30,000)	0	(30,000)
Payment Card Industry Data Security	6,140	0	(6,140)	0	(6,140)
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	455,000	0	0	0

<b>COUNCIL FUNDED SCHEMES</b>	<b>2018/19 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2019/20 £</b>	<b>(Underspend)/ overspend £</b>
Council House Cellar Tanking	50,000	40,000	(10,000)	0	(10,000)
Council House Drainage Survey	18,300	3,436	(14,864)	0	(14,864)
Replace heating & ventilation system within link block	83,021	83,021	0	0	0
Solar PV panels	142,863	0	(142,863)	0	(142,863)
Civic Centre essential maintenance	13,526	13,526	0	0	0
Civic Centre heating	1,199,818	299,954	(899,864)	899,864	0
Community Association Refurbishments	77,958	77,958	0	0	0
Council House BMS	70,000	70,000	0	0	0
Council House rewiring	999,909	249,978	(749,931)	749,931	0
Darlaston Town Hall-asbestos & fire safety works	99,900	59,900	(40,000)	0	(40,000)
High Level Parapet wall-Sneyd Vernon Way	94,350	94,350	0	0	0
Schools Project	483,235	448,235	(35,000)	0	(35,000)
Walsall Council House-modern secure reception	106,000	36,000	(70,000)	0	(70,000)
Walsall Town Hall-roofing repair system	61,500	0	(61,500)	0	(61,500)
Willenhall Lane Travellers Site	85,000	85,000	0	0	0
Money home job core IT system	45,651	45,651	0	0	0
Allocation of health and safety works	723,836	749,852	26,016	0	26,016
Capital Contingency	51,415	51,415	0	0	0
Risk Management	3,710	3,710	0	0	0
Uninsured Property Damage	22,454	22,454	0	0	0
<b>RESOURCES AND TRANSFORMATION COUNCIL FUNDED TOTAL</b>	<b>17,301,299</b>	<b>14,073,762</b>	<b>(3,227,537)</b>	<b>2,749,804</b>	<b>(477,733)</b>
Mosaic implementation (Phase 3)	569,930	529,930	(40,000)	40,000	0
Mosaic mobile working	774,241	774,241	0	0	0
<b>ADULT SOCIAL CARE COUNCIL FUNDED TOTAL</b>	<b>1,344,171</b>	<b>1,304,171</b>	<b>(40,000)</b>	<b>40,000</b>	<b>0</b>
<b>TOTAL COUNCIL FUNDED</b>	<b>45,856,248</b>	<b>37,316,759</b>	<b>(8,539,489)</b>	<b>6,040,259</b>	<b>(2,499,229)</b>

# APPENDIX 3b – EXTERNALLY FUNDED CAPITAL SCHEMES AS AT 31 DECEMBER 2018

EXTERNALLY FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
<b>CHILDRENS</b>					
Academies	407,438	407,438	0	0	0
Basic need	23,316,482	15,706,482	(7,610,000)	7,610,000	0
Capital maintenance	2,277,272	1,968,272	(309,000)	309,000	0
Devolved formula capital	1,600,758	1,600,758	0	0	0
Early Year- Reedswood Academy	168,796	168,796	0	0	0
Healthy Pupils	203,185	0	(203,185)	203,185	0
Section 106	205,926	205,926	0	0	0
Special Provision Fund	319,229	0	(319,229)	319,229	0
Universal infant free school meals	13,766	0	(13,766)	13,766	0
<b>CHILDRENS EXTERNALLY FUNDED TOTAL</b>	<b>28,512,852</b>	<b>20,057,672</b>	<b>-8,455,180</b>	<b>8,455,180</b>	<b>0</b>
<b>ECONOMY &amp; ENVIRONMENT</b>					
Allotment Improvement Programme External	10,792	10,792	0	0	0
Broadway West Playing Fields (External)	150,000	0	(150,000)	150,000	0
Palfrey Park	5,494	5,494	0	0	0
Reeds, Wood & Water Project	31,850	31,850	0	0	0
Walsall arboretum restoration programme (PRU)	146,671	146,671	0	0	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	10,000	(216,980)	216,980	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	300,000	0	0	0
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

<b>EXTERNALLY FUNDED SCHEMES</b>	<b>2018/19 Budget £</b>	<b>Estimated Outturn £</b>	<b>Variance £</b>	<b>Carry forward to 2019/20 £</b>	<b>(Underspend)/ overspend £</b>
Development of Highways Asset Management Plan (HAMPS)	29,642	20,040	(9,602)	9,602	0
LTP including bridge strengthening 2010/11	200,000	200,000	0	0	0
LTP Yorks Bridge	70,056	70,056	0	0	0
Network Rail Scheme-Level Crossing	121,720	121,720	0	0	0
Pedestrian Crossing Leighswood Road	38,000	38,000	0	0	0
Pedestrian Crossing on Northgate	11,379	11,379	0	0	0
Capital Block DFT Fund	2,365,669	1,573,038	(792,631)	792,631	0
Growth Deal	22,775,086	22,775,086	0	0	0
M6 Junction 10 Highway Improvements	1,312,247	1,312,247	0	0	0
Goscote (Open Space Works)	31,655	31,655	0	0	0
Regenerating Walsall - Private Contributions	8,746	8,746	0	0	0
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	1,014	1,014	0	0	0
A461 National Productivity Investment Fund (NPIF)	0	(0)	0	0	0
M6 Junction 10 Highway Improvements	141,526	141,526	0	0	0
National Productivity Investment Fund	1,689,300	1,689,300	0	0	0
West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	1,786,396	1,514,973	(271,423)	271,423	0
Clayhanger Parks	157,000	157,000	0	0	0
<b>ECONOMY &amp; ENVIRONMENT EXTERNALLY FUNDED TOTAL</b>	<b>33,263,269</b>	<b>31,822,633</b>	<b>-1,440,636</b>	<b>1,440,636</b>	<b>0</b>
<b>RESOURCES AND TRANSFORMATION</b>					
Disabled facilities grant	2,943,208	2,943,208	0	0	0
Off gas scheme	430,602	430,602	0	0	0
<b>RESOURCES AND TRANSFORMATION EXTERNALLY FUNDED TOTAL</b>	<b>3,373,810</b>	<b>3,373,810</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ADULT SOCIAL CARE</b>					
Integrated Community Equipment	750,000	750,000	0	0	0
Better Care Fund Community Capacity Grant	51,990	51,990	0	0	0
<b>ADULT SOCIAL CARE EXTERNALLY FUNDED TOTAL</b>	<b>801,990</b>	<b>801,990</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNALLY FUNDED</b>	<b>65,951,921</b>	<b>56,056,105</b>	<b>-9,895,816</b>	<b>9,895,816</b>	<b>0</b>



**Detailed breakdown of Children's Capital Maintenance allocations within external funded schemes of capital programme  
(Appendix 3c)**

<b>School</b>	<b>Project</b>	<b>Budget £</b>	<b>Forecast £</b>
Fullbrook Nursery	Replacement Boiler House Plant/Removal of tanked water storage	27,391	27,391
Lindens Primary	Roofing and asphalt works Final Phase	13,320	13,320
Blackwood Primary	Phase 2 Roofing	222,000	222,000
Brownhills Comp	Rewire Final Phase	277,500	277,500
Kings Hill	Phase 2 Pitched Roofing	198,680	198,680
Kings Hill	Nursery Playground development	37,340	37,340
Meadow View	Phase 2 Roofing and playground	174,605	174,605
Jane Lane	Phase 2 Roofing	222,248	222,248
St Johns	Replace Emitters	133,200	133,200
Various	Kitchen Ventilation Upgrades Butts/St Giles x 4	46,724	46,724
Whitehall Infants	Bell Tower Renovation	177,600	177,600
Whitehall Juniors	Playground Repairs	36,164	36,164
Pool Hayes	Mobile replacements	180,000	180,000
Jane Lane	Mineshaft / ground remediation works	166,500	166,500
Lindens Primary	Security Fencing	55,000	55,000
Unallocated		309,000	309,000
<b>Total</b>		<b>2,277,272</b>	<b>2,277,272</b>

Detailed breakdown of Children's Basic Need allocations within external funded schemes of capital programme (Appendix 3d)			
School	Project	Budget £	Forecast £
Fibbersley Primary	Primary expansion	1,011,782	1,011,782
King Charles Primary School	Primary expansion	133,989	133,989
St Giles Primary	Primary expansion	1,165,303	1,165,303
Kings Hill Primary School	Primary expansion	48,064	48,064
Rosedale / Short Heath Federation	Primary expansion	175,000	175,000
Old Hall Special School	Primary expansion	1,996,502	1,996,502
Shepwell	Primary expansion	2,607,636	2,607,636
Castle Special School	Primary expansion	1,943,934	1,943,934
Jane Lane Special School	Primary expansion	650,000	650,000
Manor Primary School	Primary expansion	1,020,118	1,020,118
Old Church C of E Primary School	Primary expansion	1,190,390	1,190,390
St Michael's C of E Primary School	Primary expansion	610,256	610,256
Oakwood School	Primary expansion	1,736,439	1,736,439
Mary Elliot School	Primary expansion	1,417,069	1,417,069
Unallocated to be re-phased into 2019/20	Primary expansion	7,610,000	7,610,000
		<b>23,316,482</b>	<b>23,316,482</b>