

Cabinet – 15 June 2016**Pre-Audit Outturn 2015/16 and Resource Allocation 2017/18 to 2020/21**

Portfolio: Councillor S. Coughlan – Leader of the Council

Related Portfolio: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary of report**1.1 *Pre-audit outturn 2015/16***

The overall net revenue pre-audit outturn is £93.002m against a budget of £93.703m, an underspend variance of £701k (0.11% of gross expenditure) net of recommended carry forwards of £703k. The pre-audit capital outturn is a net underspend of £1.73m, net of council funded carry forwards of £5.44m.

1.2 *Treasury Management*

The report confirms that treasury management activity has been undertaken in accordance with the Code of Practice on Treasury Management and Walsall complied with all statutory Prudential Indicators.

1.3 *Medium Term Financial Strategy and Capital Strategy*

This report seeks Cabinets approval of changes to the medium term financial strategy (MTFS) and Capital Strategy; the framework within which the council's financial planning and management is undertaken. It is good practice to regularly review and update these key strategic documents and obtain formal Cabinet approval.

1.4 *Resource Allocation (Budget) Framework*

The report also sets out the process and timeline for the four year budget process for 2017/18 to 2020/21.

1.5 *Council Budget Amendment 2016/17*

The report rescinds the previous administration's executive decisions in relation to the approved budget amendments in order to implement those amendments.

2. Recommendations

Cabinet are requested to:

- 2.1 Approve the revenue carry forwards recommended by the Chief Finance Officer (CFO) in consultation with the portfolio holder for finance, as set out in table 1 of the report.
- 2.2 Approve the capital re-profiling and carry forwards recommended by the CFO in consultation with the portfolio holder for finance, as set out in the main body of the report and in Appendix 2.
- 2.3 Note the pre-audit revenue outturn underspend of £701k and the pre-audit capital outturn underspend of £1.73m. The capital underspend will be used to support the 2016/17 capital programme as approved by Council in February.
- 2.4 Note the financial health indicators for 2015/16 as summarised in Appendix 1.
- 2.5 Note the 2015/16 prudential indicators in Appendix 3 of this report and Walsall's compliance with these indicators.
- 2.6 Approve the write off of debts as detailed in section 5.
- 2.7 Approve the use of £600k of the investment allocated to Adult Social Care in the 2016/17 budget (to cover the expected costs of care contract uplifts, this element of which is not needed) to offset other pressures within the Directorate as highlighted in Section 6.
- 2.8 Approve the changes to the Medium Term Financial Strategy and Capital Strategy.
- 2.9 Approve the process and timetable for setting the budget – the Resource Allocation Framework.
- 2.10 Note that opening balances will be £13.532m as at 1 April 2016.
- 2.11 Rescind the following decisions of Cabinet:
 - a) Reduce the street cleansing service (saving 66 in Council report).
 - b) Close six libraries (Beechdale, Blakenall, New Invention, Rushall, South Walsall, Walsall Wood) (saving 77).
 - c) Pilot an access control system in Pleck library (saving 77).
 - d) Close one mobile library and retain the other with a revised route and timetable (saving 77) and thereby retaining both mobile libraries.
 - e) Increase the market charge for district markets by £5 a stall (saving 119).
 - f) Reduce Lifestyle Services by £260k (saving 175).
 - g) Withdraw £50k of funding to Walsall CAB for welfare advice (saving 184).
 - h) Invest £101k to support the voluntary and community sector via WVA.

- 2.12 Approve investment of £101,000 to support the voluntary and community sector via a procedure external service.
- 2.13 Approve one-off investment of £60,000 to develop local community based social clubs and activities for people with disabilities.
- 2.14 Delegate authority to the Head of Leisure, Culture and operations to progress access control systems and associated works in Aldridge, Bloxwich, Brownhills and Willenhall libraries, subject to site surveys confirming that this can be achieved within the approved capital budget.

3. Pre-Audit Outturn 2015/16

- 3.1 Cabinet has received financial reports to allow it to monitor the financial position of the council and consider plans for corrective action during 2015/16. Maintaining financial stability is a key requirement. This report contains the pre-audit revenue and capital outturns for 2015/16 along with revenue and capital carry forwards into 2016/17.
- 3.2 The carry forward protocol has been in use for several years. Carry forwards are usually allowed only where the council has outturned on or under budget, and are deemed to be planned for specific purposes.

3.3 Revenue Outturn 2015/16

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 £626.09m. The council wide pre-audit revenue outturn is an underspend of £701k subject to approval of recommended carry forwards.

Revenue carry forwards from 2015/16 to 2016/17

- 3.4 Carry forwards are a means of recognising sound budget management by allowing the carry forward of planned revenue underspends and/or achieved revenue savings, excluding the use of windfalls/ unplanned underspends/savings. This is dependent on achievement of planned service delivery targets/ outcomes. Total revenue carry forward requests of £703k are recommended for approval, as shown in table 1.

Table 1: Revenue carry forwards from 2015/16 to 2016/17	
Use of carry forward	Carry forward £
Change and Governance	
Communities – Moxley medical centre / peoples centre	7,203
ICT – income received to fund support to capital schemes in 2016/17 and to support costs of implementation of revised ICT structure	203,000
Internal Audit – provide a contract contingency sum following the move to an external provider and whilst the new arrangements are embedded	40,000
Legal – support the restructure of Democratic Services, introduction of	42,474

case management system, and funding for heavy duty copier for court papers/case work	
Money Home Job – to fund essential security improvements at Rivers House	88,278
Money Home Job – additional resources to prevent overpayments of housing subsidy, and to aid recovery, and support review of the structure	250,000
Use of carry forward	Carry forward £
Money Home Job – full year effect of a vulnerable adults housing review social worker post	46,822
Total Change and Governance	677,777
Economy and Environment	
Clean & Green – Purchase of 10 HP ElitePad tablets to access a number of complaint management systems for greenspace officers whilst on site	15,289
Leisure & Culture – appointment of consultant to review operations at Forest Arts and Music Support to achieve future savings	10,000
Total Economy and Environment	25,289
Approved revenue carry forwards	703,066

Capital Outturn 2015/16

- 3.5 The capital programme budget for 2015/16 was £103.73m, of which spend was £85.81m, resulting in unspent allocations of £17.92m. Of this, £16.19m has been approved for carry forward into 2016/17, resulting in an adjusted underspend of £1.73m.
- 3.6 The draft pre-audit position is split between council funded schemes, prudential borrowing and external funded schemes, as shown in Appendix 2, and summarised in table 2 below:

Table 2 : Capital Outturn 2015/16					
Funding	Budget £m	Outturn £m	Variance £m	Carry Fwd £m	Underspend £m
Council Funded	17.55	10.38	(7.17)	5.44	(1.73)
Prudential Funded	19.16	18.81	(0.35)	0.35	0
Externally Funded	67.02	56.62	(10.40)	10.40	0
Total	103.73	85.81	(17.92)	16.19	(1.73)

- 3.7 Capital carry forward is defined as a means to carry capital resources from one year to another to cover identifiable commitments that have moved from one year to another, or where a project spans more than one year. Carry forward is not a means to carry forward underspends. In a large organisation, dealing with construction projects, procurement regulations, etc, a level of carry forward is expected and built into resourcing assumptions. It is recognised that capital projects can cross over years and it is often difficult to be accurate in the estimation of which year the expenditure will be incurred. Once approved, the use of capital carry forwards should not be varied without Cabinet approval.
- 3.8 As indicated above, the vast majority of the carry forwards, equating to 64% or £10.40m of the total, relate to grant funded schemes, of which £1.96m relates to schools/children's, £1.78m to major regeneration schemes and £2.38m to

transport schemes. These schemes tend to require carry forward due to the timing of the receipt of the grant versus the actual spend, which in school's is often during the summer of the next financial year.

Financial Health Indicators 2015/16

- 3.9 The annual review of financial health indicators is shown at Appendix 1. This summarises the following:
- Strong treasury management performance for 2015/16.
 - Strong balance sheet financial performance.
 - Council tax and business rate collection rates as expected.
 - Strong sundry debtor collection rates, showing an average of 21 days in the final quarter of 2015/16 to collect debt. The overall average number of days for the year is 23 days.
 - Strong creditor performance, showing an average of 14 days in the final quarter of 2015/16 to pay creditor invoices. The overall average number of days for the year is 15 days.
 - Revenue and capital position for 2015/16– as outlined in this report.

Collection Fund

- 3.10 *Business Rates Retention Scheme.* The new scheme was introduced from 1 April 2013 which was intended to encourage economic growth and transferred risks previously borne by Government to local authorities. A shortfall in income due to changes in rateable value, successful appeals, exemptions and discounts against what was estimated in January 2016 and included within the council's budget for 2016/17 results in a deficit on the collection fund. The council will bear 49% of the overall deficit which will reduce the councils local share income for 2016/17. The actual position for 2015/16 on the collection fund was a deficit of £9.188m of which Walsall has to fund £4.502m.
- 3.11 *Council Tax.* The collection fund showed a surplus in 2015/16 of £2.828m for council tax. Of this £2.767m is to be reimbursed to the council's balances in 2016/17 taking into account any previously assumed surplus which has been included within the 2016/17 budget.

4. Treasury Management

- 4.1 Pre-audit prudential and treasury indicators are to be found in **Appendix 3** of this report. The CFO confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached. During 2015/16, the council complied with its legislative and regulatory requirements. The council also complied with its local indicators.
- 4.2 A comprehensive Annual Treasury Report will be reported to Audit Committee and on to Council.

- 4.3 The outturn includes a one off dividend of £3.71m received on 6 April 2016 but relating to 2015/16. £3.03m of this one-off has been transferred to reserves to ensure that the opening general balance as at 1 April 2016 is in line with that approved by Council in February 2016.

5. Write off of debt

- 5.1 Debt write offs above £10,000 require the approval of Cabinet. There are two cases as follows, both relating to contributions towards the cost of care:
- Case 1 - £23,018.20 - whilst the client paid some contribution (£1,571) this did not cover the full billed cost over the period due (9 years from 2007). The client is now in long stay residential accommodation and is no longer in receipt of community based care, and there is no likelihood of any further recovery.
 - Case 2 - £12,952.69 – the client entered residential care in May 2010, is no longer in receipt of community based care, and there is no likelihood of recovery.

6. 2016/17 Budget

Allocation of 2016/17 Investment

- 6.1 The budget approved by Council in February included a significant amount of investment for Adult Social Care, including;
- c£9m of demand pressures in 2015/16
 - c£4m in relation to contract rate uplifts for residential and nursing, new living wage and domiciliary care costs.

The figures were estimated as at the point the budget was set based on demand pressures as at the December monitoring position and as the tender process for the residential/nursing and domiciliary contracts were still in train in February. The final outturn position for 2015/16 showed demand pressures of c£9.7m, £700k above that provided for in the budget. However, the contract uplift costs amounts for c£3.4m, £600k below the investment provided in the budget. Cabinet are asked to vire this £600k to meet the majority of the £700k additional ongoing pressures arising from 2015/16.

Budget Amendment

- 6.2 A Labour/Liberal Democrat amendment to the 2016/17 budget was approved in February, allocating additional resources to some services. This report therefore rescinds the previous Administration's executive decisions in relation to those services in order to allow the new Administration to deliver services in a different way. The executive changes are set out with the recommendations of this report.

7. Changes to Medium Term Financial Strategy (MTFS) and Capital Strategy

- 7.1 Best practice financial management requires an MTFS and Capital Strategy which is regularly updated to take into account the changing environment within which we work.
- 7.2 The MTFS has been updated to reflect the following:
- Reference to the Corporate Plan as approved by Council on 25 February 2016, and its contents regarding council priorities. It is recognised that this will change again once the new Administration have updated the Plan to reflect their own priorities.
 - Reference to the Corporate Risk Management Strategy as approved by Audit Committee on 18 April 2016.
 - Updated national policy, financial context and the medium term financial outlook, following approval of the 2016/17 budget by Council on 25 February 2016.

The revised MTFS is attached electronically to this report on the Council's Committee Management Information System webpage should members wish to refer to the full document.

- 7.3 The Capital Strategy has been updated to reflect the following:
- Reference to the Corporate Plan as approved by Council on 25 February 2016, and its contents regarding council priorities. It is recognised that this will change again once the new Administration have updated the Plan to reflect their own priorities.
 - Reference to approved capital schemes currently in progress.
 - New guidance on the use of capital receipts
 - Revisions to the capital approval process

The revised Capital Strategy is attached electronically to this report on the Council's Committee Management Information System webpage should members wish to refer to the full document.

8. The Medium Term Financial Outlook (MTFO) and Resource Allocation Framework (including budget 2017/18) 2017/18 – 2020/21 and Timetable

- 8.1 The council's medium term financial outlook has been updated to reflect estimated reductions in government funding and other known cost pressures (contractual inflation, pay and pensions etc) resulting in a forecast funding gap of £86.4m against our current net council tax requirement over the next four years. There is therefore no headroom for new ongoing revenue 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.
- 8.2 Resources are allocated and budgets are set within a framework of protocols and guidelines, in particular the medium term financial strategy, capital strategy and Corporate Plan. Decisions will need to be made about how to achieve a balanced budget, in the context of the needs of the borough and also to ensure that we continue to care for the most vulnerable in our communities. Whilst it is recognised

that Council will only set the council tax bands for 2017/18 in February 2017, the budget will take a four year view, allowing for a more strategic focus to service re-design and savings aligned to the longer term priorities of the council.

8.3 The council is committed to adopting a holistic and collaborative approach, and there is strong consensus that this approach will produce better results than taking a traditional perspective on the financial challenges facing the council. By taking this collaborative approach, using knowledge and understanding of our communities and evidence about the impact of service delivery, proposals will be developed that will be designed to make best use of all of our resources and to make the optimum impact that we can for the residents and businesses of Walsall.

8.4 In considering resource allocation, funding for the development of services will need to be met from the redirection of existing resources and the identification of new or revised income sources. The council will need to be a leaner, more focussed organisation. The process considers:

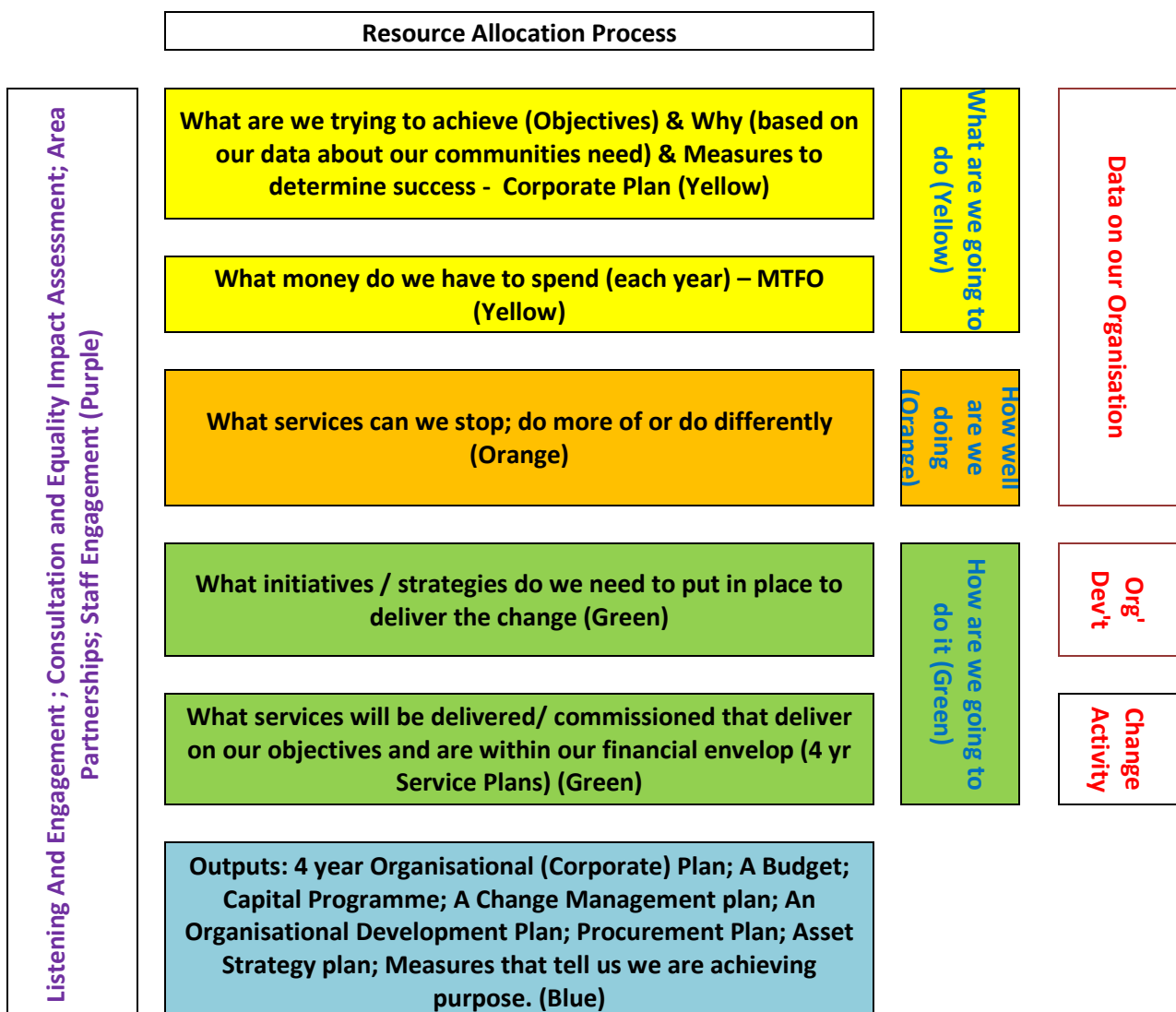
- The council's priorities – what does it want to do, to what standard and what results does it want to achieve and at what cost
- The methods of service delivery that will deliver value for money (e.g.: in-house, partnerships, outsourcing).
- The organisational structure that is needed to support the above.
- The level of council tax increases (subject to Government direction and referendum levels) 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 reserves and contingencies required for financial prudence and to proactively manage the council's risks (set out by the Chief Finance Officer).
- The use of unringfenced grant – it is assumed that all unringfenced grant be pooled to support the corporate good, unless Cabinet approve otherwise during the budget process.
- Stakeholder consultation and lobbying.

8.5 Our approach to Resource Allocation will:

- I. Be first and foremost focussed on purpose and objectives – the Corporate Plan (subject to revisions requested by the Administration). This will drive service delivery.*
- II. Follow a (minimum) four year approach.*
- III. Fit the financial envelope available - funding for the development of services will need to be met from the redirection of existing resources through the implementation and rollout of organisational and service redesigns; and the identification of new or revised income sources.*
- IV. Allow for a strategic focus to cross organisational as well as service re-design.*
- V. Include early and effective engagement, consultation and impact assessment, with our staff, partners, and stakeholders.*
- VI. Seek to use knowledge and understanding of our communities and evidence about the impact of service delivery and revisions to that delivery.*

- VII. *Make best use of all of our resources (including partner resources) and to make the optimum impact that we can for the residents and businesses of Walsall.*
- VIII. *Be aware of and take account of external drivers and be flexible enough to adapt to changes in these.*
- IX. *Identify key change required and ensure this is adequately resourced.*

The outline process is shown overleaf, which aims to provide a framework for officers and members to work collaboratively, within a defined timetable, to ensure that as well as providing the goal of achieving a 4 year organisational delivery plan, it will ensure that a balanced “budget” is set for 2017/18 as required by Statute.



- 8.6 The first stage (yellow) of the process is clearly defining ‘What we are going to do’ - what we are trying to achieve (our objectives) and ‘what money do we have’ to achieve these objectives.

- The council's current Corporate Plan is currently being reshaped by the new Administration.
- The MTFO has been updated – and directorate cash limits will be produced to allow a collaborative approach to formulating resource allocation options which can most effectively meet the revised Corporate Plan Purpose and Objectives.

It is important that measures are put in place so that we know how well we are delivering against the Council's objectives.

- 8.7 The second stage (orange) is assessing current service delivery against the revised objectives and providing options to vary these to better meet purpose and objectives, within the reduced financial envelope. In formulating these delivery options, intelligence and data will be used to inform the most appropriate options to put forward for member consideration. The overall purpose of this stage is to identify: 'What services we can stop doing; do more of; do differently or more efficiently/effectively'.

In order to do that, the council will need to consider;

- What services are we currently delivering/commissioning to achieve those objectives and how much do they cost?
- How well are these services doing in achieving our objectives and meeting need?

- 8.8 Once options have been produced and proposals put forward, a delivery plan is required – supported by a change programme and organisational development plan which are resourced to ensure delivery of the objectives. Therefore the third stage (green) is 'How we deliver the change' with the fourth (blue) being the Corporate Plan; The Financial Plan (the revenue and capital spending plan which will be reported to Cabinet on 8 February 2017 for recommendation to Council (including the council tax and statutory determinations); and associated change management, asset management, and organisational development plans.

- 8.9 The block in purple covers the areas of effective engagement, communication and consultation across staff, partner and stakeholder groups and equality and service impact assessments. It is intended that early engagement in these activities takes place as an integral part of producing delivery options which will aid better and more effective decision making.

8.10 Timetable 2017/18 onwards

The process has commenced. Activity to date includes;

- Update of the revenue MTFO.
- Capital project mandates requesting consideration for capital investment for 2017/18 and future years are currently being produced.

Process and key dates to come include:

- Informal briefings to be held with Cabinet and CMT

- Resource allocation delivery options produced, in consultation with portfolio holders.
- Cabinet meet on 19 October 2016 to approve a draft resource allocation, revenue and capital programme for consultation.
- Scrutiny of the first draft budget proposals, including the draft capital programme, by overview and scrutiny committees from 13 October to 22 November 2016, and feedback to Cabinet on 14 December 2016.
- Cabinet consider recommendations of overview and scrutiny committees on first draft budget and make any amendments.
- Budget briefings for political groups and independents through the year.
- Consultation with the public on proposals for future service delivery, and formal employee and trade union consultation.
- Receipt of the draft 2017/18 settlement estimated in December 2016, and final in late January / early February 2017, along with draft future years allocations if the council agree to take up the governments offer of a four year settlement.
- Approval of the 2017/18 resource allocation, revenue budget and council tax bands, capital programme and Treasury Management Strategy by Cabinet on 8 February 2017 and by Council on 23 February 2017.

9. Council priorities

- 9.1 The resource allocation process will be produced in accordance with the council's priorities as set out in the Corporate Plan.

10. Risk management

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

11. Financial implications

- 11.1 The outturn position will affect the overall financial standing of the council. The aim is to ensure the councils balances are at a level consistent with the requirements of the medium term financial strategy.

12. Legal implications

- 12.1 None directly associated with this report.

13. Property implications

- 13.1 There are no direct implications from this report.

14. Health and wellbeing implications

14.1 There are no direct implications for this report, however the health and wellbeing of communities in Walsall have direct implications on the resources required within the Council and the wider public sector, and how resources are allocated.

15. Staffing implications

15.1 There are no direct implications from this report.

16 Equality implications

16.1 None directly associated with this report.

17. Consultation

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

Background papers: Various financial working papers.

Appendices:-

- 1 Financial Health Indicators 2015/16
- 2 Pre-audit Capital Outturn by scheme for 2015/16
- 3 Pre-audit Prudential and Treasury Indicators 2015/16

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James T Walsh
Chief Finance Officer
3 June 2016

Councillor S. Coughlan
Leader of the Council
3 June 2016

Financial Health Indicators 2015/16

Treasury Management	2014/15 Actual	2015/16 Target	2015/16 Actual
Average Interest Rate (Borrowing)	4.60%	4.60%	4.43%
- Excluding OLA	4.73%	4.73%	4.54%
- Including OLA			
Gearing Effect on Capital Financing Estimates	1.0%	5.0%	3.51%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	13.4%	13.5%	10.67%
Capital Financing Requirement (£m)	Restated 310.335	Restated 329.209	328.018
Authorised limit for external Debt (£m)	349.022	357.585	357.585
Investment Rate Average	1.17%	1.10%	1.29%

Balance Sheet Ratios	2012/13	2013/14	2014/15	2015/16 (pre-audit)
Current Assets : Current Liabilities	2.70	2.75	2.44	1.74
Useable Reserves : General Revenue Expenditure	0.58	0.53	0.66	0.57
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.13	1.71	1.69	1.45
Long Term Assets : Long Term Borrowing	1.84	1.98	2.10	2.28
Total School Reserves : Dedicated School Grant	0.08	0.09	0.09	0.07

Revenues Performance % collected for financial year	2013/14 Actual Collected in total @ 31.03.16	2014/15 Actual Collected in total @ 31.03.16	2015/16	
			Profiled 2015/16	Actual 2015/16
Council tax %	98.3	97.6	94.00%	94.40%
Total Council Tax collected (£m)	95,088,664	96,862,936	101,800,000	102,255,690
National Non Domestic Rate %	98.8	98.1	97.30%	97.70%
Total NNDR collected (£m)	67,261,657	67,482,819	69,200,000	69,498,061

Debtors and Creditors Performance	2014/15 Actual	2015/16	
		Profiled Qtr	Actual Qtr
Sundry Debtors Collection – Average number of days to collect debt	25 days	30 days	21 days
Average number of days to process creditor payments	12 days	14 days	14 days

Management of Resources	2015/16		
Service Analysis	Target	Actual	Variance
Children's Services	53,698,003	53,742,526	44,523
Economy and Environment	55,355,991	54,051,088	(1,304,903)
Adult Social Care	58,673,335	60,405,244	1,731,909
Change and Governance	19,551,989	19,772,647	220,658
Council Wide	29,912,582	28,519,505	(1,393,077)
RSG/NNDR	(123,488,933)	(123,488,933)	0
Total	93,702,967	93,022,077	(700,890)
General Reserves	Minimum £6.3m Maximum £12.5m	£14.131m	N/A
Council Funded Capital Expenditure	17,551,343	10,378,157	(7,173,186)
Grant Funded Capital Expenditure	67,015,433	56,620,208	(10,395,225)
Prudential Expenditure	19,162,959	18,811,350	(351,609)
Total Capital Expenditure	103,729,735	85,809,715	(17,920,020)
Capital Receipts	1,475,000	197,727	1,277,273

Management of Resources	Actual 2014/15 Post-audit		
Service Analysis	Target	Actual	Variance
Children's Services	60,704,177	63,297,898	2,593,721
Economy and Environment	63,081,398	62,488,834	(592,564)
Adult Social Care	64,767,330	66,489,200	1,721,870
Change and Governance	13,846,156	12,435,743	(1,410,413)
Council Wide	30,816,695	30,142,545	(674,150)
RSG/NNDR	(146,452,135)	(146,452,135)	0
Total	86,763,621	88,402,085	1,638,464
General Reserves	Minimum £6.3m Maximum £12.6m	£11.515m	N/A
Council Funded Capital Expenditure	20,682,481	15,057,702	(5,624,779)
Grant Funded Capital Expenditure	29,940,511	22,274,139	(7,666,372)
Prudential Expenditure	10,074,261	8,092,584	(1,981,677)
Total Capital Expenditure	60,697,253	45,424,425	(15,272,828)
Capital Receipts	2,220,000	3,532,888	1,312,888

What this tells us

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

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

	time.
Total School Reserves : Dedicated School Grant	If schools reserves are at an appropriate level.

Revenues Performance	
% Collected for Financial Year	As a percentage the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that its related to, but this won't be included in this figure
Council Tax (%)	
National Non Domestic Rate (%)	As a percentage the amount of Business rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it related to.
Total Council Tax Collected (£m)	This tells us the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Total NNDR Collected (£m)	This tells us the amount of Business Rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Sundry Debtors Collection	How long on average it takes us to collect money owed to us.
Average number of days to collect debt	
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 Change and Governance Council Wide	Shows our forecast for how much we will spend on these services compared to what we planned and compared to how much we spent in the previous year.
General Reserves	Our forecast year end position on reserves against our opening balance.
Contingency	How much we have set aside and for unplanned expenditure, and how much we have left to spend.

Capital Expenditure	Forecast of our spend on capital programmes against our target
Capital Receipts	Forecast of how much money we expect to receive from selling some of our assets, against our target.

APPENDIX 2 – PRE-AUDIT CAPITAL OUTTURN BY SCHEME 2015/16

COUNCIL FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend)/ overspend £
CHILDRENS					
2 year old (RCCO)	1,102,358	1,102,358	0	0	0
Rushall Primary/EDC alterations	1,814,556	709,187	(1,105,369)	1,105,369	0
Targeted Capital bids - Barcroft	51,626	7,321	(44,305)	44,305	0
Social IT Systems Review & Enhancement	1,078,605	961,095	(117,510)	117,510	0
Refurbishment & Upgrade of IT (RCCO)	28,346	28,346	0	0	0
CHILDRENS COUNCIL FUNDED TOTAL	4,075,491	2,808,307	(1,267,184)	1,267,184	0
ECONOMY & ENVIRONMENT					
Acquisition of Art Work (NAG) (RCCO)	26,300	26,300	0	0	0
The New Art Gallery Walsall	42,762	42,761	(1)	0	(1)
Replacement dev management, building control & land charge ICT system	31,655	1,863	(29,792)	29,792	0
Allotment and community garden strategy - Borneo Street	45,957	149	(45,809)	45,809	0
Allotment Improvement Programme	15,312	15,311	(1)	0	(1)
Arboretum Play Area	497	0	(497)	0	(497)
Jerome K Jerome Statue (Council funded)	7,500	0	(7,500)	7,500	0
Leamore Park additional funding	14,000	0	(14,000)	6,000	(8,000)
Mayrise System Mobile Working	138,000	115,685	(22,315)	22,315	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	124,522	116,974	(7,548)	7,548	0
Walsall Green Pathways (RCCO)	23,863	23,863	0	0	0
Willenhall Memorial Park	58,361	35,144	(23,217)	23,217	0
Vehicles purchased	51,290	51,290	0	0	0
Fryers Road Sprinkler System	268,000	0	(268,000)	268,000	0
Acquisition of land-Bodmin Rise	11,607	11,607	0	0	0
Enabling works to Office development (Gigaport)	126,223	126,223	0	0	0
New Homes Bonus	342,620	66,083	(276,537)	276,536	(1)

RCCO (BCPIP)	19,029	19,029	0	0	0
COUNCIL FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend)/ overspend £
Regenerating Walsall	189,504	81,467	(108,037)	108,037	0
Remediation of Lex	405,000	0	(405,000)	0	(405,000)
Rushall Olympic Football Club	116,876	110,100	(6,776)	6,776	0
Shop maintenance	17,049	0	(17,049)	17,049	0
Walsall Market	92,757	92,757	(0)	0	0
Walsall TCTP ring road acquisition	7,188	0	(7,188)	6,000	(1,188)
Additional Highway Maintenance-council funded	100,000	100,000	0	0	0
Black Country Route Highway Safety Barrier	170,000	0	(170,000)	170,000	0
Challenge funding (RCCO)	213,234	213,234	0	0	0
Highways maintenance	1,641,330	1,355,000	(286,330)	286,330	0
Retained Housing Land	52,627	49,323	(3,304)	0	(3,304)
Public Lighting Invest to Save for replacement LED lighting (RCCO)	211,773	211,774	1	0	1
Caldmore Road one way scheme	125,000	33,838	(91,162)	91,162	0
Replacement of obsolete traffic signal control equipment	200,000	200,000	0	0	0
Traffic signals infrastructure conversion LED signal operation (RCCO)	653,982	653,532	(450)	0	(450)
Mill Lane Road Safety (CON47)	39,000	39,000	0	0	0
Headstone safety in Cemeteries (RCCO)	47,022	47,021	(1)	0	(1)
Active Living Bloxwich (Council funded)	252,783	252,783	0	0	0
Active Living Oak Park (Council funded)	172,176	172,176	0	0	0
Gala baths refurbishment	1,000,000	611,897	(388,103)	388,103	0
Willenhall EACT Academy Swimming Pool Changing Provision (RCCO)	75,000	75,000	0	0	0
Forest Arts Centre (renovation of sports hall)	107,646	107,646	0	0	0
Bentley Community Facility	105,000	82,836	(22,164)	10,000	(12,164)
Libraries Universal Digital Offer	54,840	43,716	(11,124)	11,124	0
Pelsall Village (RCCO)	54,938	54,937	(1)	0	(1)
Single Library Management System	210,000	3,472	(206,528)	106,528	(100,000)

ECONOMY & ENVIRONMENT COUNCIL FUNDED TOTAL	7,662,223	5,243,791	(2,418,432)	1,887,825	(530,607)
COUNCIL FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend)/ overspend £
CHANGE & GOVERNANCE					
Improving security in local neighbourhoods	4,225	0	(4,225)	4,225	0
Finance Direct R12 (RCCO)	231,672	231,672	0	0	0
Uninsured Property Damage	24,476	24,476	0	0	0
HR Itrent upgrades (RCCO)	16,358	16,358	0	0	0
Asbestos Removal	296,582	296,582	0	0	0
Demolition of redundant buildings to save on rates	51,653	51,653	0	0	0
Freer Street structural works	11,993	11,747	(246)	0	(246)
Planned property maintenance	21,949	21,949	0	0	0
Replace heating & ventilation system within First Stop Shop	50,000	0	(50,000)	50,000	0
Replace heating & ventilation system within link block	50,000	0	(50,000)	50,000	0
Safe water supplies	93,509	93,509	0	0	0
Solar PV panels	423,344	65,511	(357,833)	157,833	(200,000)
Statutory Testing	118,225	118,225	0	0	0
Civic Centre essential maintenance	566,306	417,601	(148,705)	148,705	0
Fire risk assessment	56,965	56,965	0	0	0
Improving the customer experience when visiting the Council House	350,000	0	(350,000)	350,000	0
Aids and adaptations (statutory element)	50,301	50,301	0	0	0
Health through warmth and related Retro Fit schemes	315,791	78,859	(236,932)	236,932	0
Rivers House	12,406	12,406	0	0	0
Bring your own device security layers	50,525	0	(50,525)	50,525	0
Digital mono printer (RCCO)	4,505	4,505	0	0	0
Essential upgrade to Blackberry Server	16,501	4,521	(11,980)	11,980	0
Essential upgrade to Windows 2003	110,000	33,105	(76,895)	76,895	0
ICT essential software licence charges	9,186	0	(9,186)	9,186	0

ICT requirements to cater for blending transitioned services into WMBC ICT (RCCO)	145,369	145,369	0	0	0
COUNCIL FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend)/ overspend £
Replenish smarter workplaces capital pot	67,666	49,266	(18,400)	18,400	0
Council wide IT planned rolling replacement and upgrade	317,339	154,394	(162,945)	82,945	(80,000)
Central allocation – health & safety, match funding etc	1,684,226	0	(1,684,226)	759,226	(925,000)
CHANGE AND GOVERNANCE COUNCIL FUNDED TOTAL	5,166,572	1,954,410	(3,212,162)	2,006,852	(1,205,310)
ADULT SOCIAL CARE					
Fallings Heath House increased car parking capacity	23,413	23,237	(176)	0	(176)
Goscote increased car parking strategy	28,705	28,705	0	0	0
Hollybank House Flooding & Drainage	1,500	1,500	0	0	0
Preventative adaptations	593,439	318,207	(275,232)	275,232	0
ADULT SOCIAL CARE COUNCIL FUNDED TOTAL	647,057	371,649	(275,408)	275,232	(176)
TOTAL COUNCIL FUNDED	17,551,343	10,378,157	(7,173,186)	5,437,093	(1,736,093)

PRUDENTIAL SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend overspend) £
ECONOMY & ENVIRONMENT					
Primark & Co-op development	992,579	971,366	(21,213)	21,212	
Active Living - Bloxwich (PWLb)	8,140,825	8,140,825	0	0	
Active Living - Oak Park (PWLb)	9,517,616	9,517,616	0	0	
Smarter Workplaces - Property (Prudential)	380,258	69,970	(310,288)	310,288	
ECONOMY & ENVIRONMENT COUNCIL FUNDED TOTAL	19,031,278	18,699,777	(331,501)	331,500	
CHANGE AND GOVERNANCE					
Finance Direct/Oracle	131,681	111,573	(20,108)	20,108	
CHANGE AND GOVERNANCE COUNCIL FUNDED TOTAL	131,681	111,573	(20,108)	20,108	
TOTAL PRUDENTIAL SCHEMES	19,162,959	18,811,350	(351,609)	351,608	

EXTERNALLY FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend overspend) £
CHILDRENS					
14-19 diplomas, SEN and disabilities	107,362	15,275	(92,087)	92,087	
Academies	998,110	558,772	(439,338)	439,338	
Basic need	1,809,241	1,673,379	(135,862)	135,862	
Black Country University Technical College (UTC) - Phase 2	16,000	0	(16,000)	16,000	
Capital maintenance	4,012,511	3,302,829	(709,682)	709,682	
Devolved formula capital	780,408	328,121	(452,287)	452,287	
Two year old capital funding	183,116	183,116	0	0	
Universal infant free school meals	267,684	164,092	(103,592)	103,592	
Youth capital funding	17,927	2,084	(15,843)	15,843	
CHILDRENS EXTERNALLY FUNDED TOTAL	8,192,359	6,227,668	(1,964,691)	1,964,691	
ECONOMY & ENVIRONMENT					
Allotment Improvement Programme External	25,000	0	(25,000)	25,000	
Jerome K Jerome Statue	7,500	5,500	(2,000)	2,000	
King George v playing fields S106	12,806	12,806	0	0	
Palfrey Park	6,994	0	(6,994)	6,994	
Pocket Parks Chuckery Green	20,600	0	(20,600)	20,600	
Pocket Parks Edible Garden	15,200	7,337	(7,863)	7,863	
Reedswood Park	52,914	16,859	(36,055)	36,055	
Rushall skatepark	160,000	48,860	(111,140)	111,140	
Walsall arboretum restoration programme (PRU)	527,236	101,945	(425,291)	425,291	
Waste infrastructure capital grant	236,941	9,961	(226,980)	226,980	
Black Country Business Property Investment Programme (BCPIP)	42,877	42,877	0	0	

Black Country Enterprise Zone	53,691	16,098	(37,593)	37,593	
EXTERNALLY FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend overspend £
Gigaport Partner Contribution	250,000	209,489	(40,511)	40,511	
Old Square - Zurich Contribution	12,193	12,193	0	0	
Regenerating Walsall - Private Contributions	15,353	7,241	(8,112)	8,112	
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	406,716	353,940	(52,776)	52,776	
Black Country Route Highway Safety Barrier (reclaim)	43,882	43,882	0	0	
Challenge funding	1,725,230	1,725,230	0	0	
Development of Highways Asset Management Plan (HAMPS)	80,757	19,905	(60,852)	60,852	
LTP including bridge strengthening 2010/11	300,000	255,557	(44,443)	44,443	
LTP Yorks Bridge	2,002,110	37,262	(1,964,848)	1,964,848	
Managing Short Trips	269,000	249,000	(20,000)	20,000	
Low emission Strategy	609	0	(609)	609	
Black Country New Road-Footpath & Cycle Improvements	7,500	7,500	0	0	
Pedestrian Crossing on Northgate	40,000	31,390	(8,610)	8,610	
Mill Lane Road Safety	18,342	16,521	(1,821)	1,821	
Capital Block DFT Fund	2,104,337	1,879,733	(224,604)	224,604	
Active Living Bloxwich (Grant)	994,339	500,715	(493,624)	493,624	
Active Living Oak Park (Grant)	1,162,503	149,864	(1,012,639)	1,012,639	
Forest Arts Centre (Hall conversion -Arts Council)	99,500	90,590	(8,910)	8,910	
Pelsall Village Centre	136,464	136,464	0	0	
The New Art Gallery Walsall (Grant)	359,530	296,032	(63,498)	63,498	
Police Move Civic Centre	255,000	243,372	(11,628)	11,628	
Accessing Growth	94,519	94,519	0	0	
Goscote - WHG	55,736	55,736	0	0	
Growth Deal	23,700,000	23,700,000	0	0	
Growth Deal - LTB	5,600,000	4,275,144	(1,324,856)	1,324,856	

M6 Junction 10	650,000	650,000	0	0	
Darlaston SDA	10,844,301	10,469,649	(374,652)	374,652	
EXTERNALLY FUNDED SCHEMES	2015/16 Budget £	Estimated Outturn £	Variance £	Carry forward to 2016/17 £	(Underspend or overspend £
Local Transport Plan (LTP)	1,599,333	1,466,426	(132,907)	132,907	
Transport Delivery Excellence	11,916	11,916	0	0	
ECONOMY & ENVIRONMENT EXTERNALLY FUNDED TOTAL	54,000,929	47,251,513	(6,749,416)	6,749,416	
CHANGE AND GOVERNANCE					
Contribution Aids and Adaptations	1,213,661	1,203,330	(10,331)	10,331	
Disabled facilities grant	1,631,541	1,631,541	0	0	
Off Gas Scheme	649,500	0	(649,500)	649,500	
CHANGE AND GOVERNANCE EXTERNALLY FUNDED TOTAL	3,494,702	2,834,871	(659,831)	(659,831)	
ADULT SOCIAL CARE					
Autism Innovation Capital Grant	546	0	(546)	546	
Better Care Fund Community Capacity Grant	1,326,897	306,156	(1,020,741)	1,020,741	
ADULT SOCIAL CARE EXTERNALLY FUNDED TOTAL	1,327,443	306,156	(1,021,287)	1,021,287	
TOTAL EXTERNALLY FUNDED	67,015,433	56,620,208	(10,395,225)	10,395,225	

APPENDIX 3 – PRE-AUDIT PRUDENTIAL AND TREASURY INDICATORS 2015/16

The following tables show performance against statutorily required prudential and local indicators.

Prudential Indicator		Actual 2014/15 £m	Target 2015/16 £m	Position 31-Mar-16 £m	Variance to target	
Prl 1	Capital Expenditure	45.420	103.730	88.935	Cr 14.795	-14%
Prl 2	Ratio of financing costs to net revenue stream	8.46%	10.00%	6.41%	Cr 3.59%	-36%
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£18.19	£30.33	£30.33		0%
Prl 4	Capital Financing Requirement	310.335	325.077	328.018	2.941	1%
Prl 5	Authorised Limit for external debt	349.022	357.585	357.585		0%
Prl 6	Operational Limit for external debt	307.527	316.787	320.488	3.701	1%
Prudential Indicator		Actual 2014/15 £m	Target 2015/16 £m	Position 31-Mar-16		
Prl 7	Gross Borrowing exceeds capital financing requirement	No	No	No		
Prl 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes	Yes		
Prl 9	Total principle sums invested for longer than 364 days must not exceed	15.500	25.000	10.500		
Prudential Indicator		Upper Limit	Lower Limit	Position 31-Mar-15	Position 31-Mar-16	
Prl 10	Fixed Interest Rate Exposure	95%	40%	95%	83%	
Prl 11	Variable Interest Rate Exposure	45%	0%	5%	17%	
Prl 12	Maturity Structure of Borrowing					
	Under 12 months	25%	0%	5%	25%	
	12 months and within 24 months	25%	0%	22%	15%	
	24 months and within 5 years	40%	0%	26%	13%	
	5 years and within 10 years	50%	5%	17%	16%	
	10 years and above	85%	30%	30%	31%	

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

Prl 1 Total capital expenditure - variation of £14.795m

The variation is due to capital carry forwards particularly capital grants which are expected to be spent in 2016/17.

Prl 2 Estimates of the ratio of financing costs to the net revenue stream variation of 3.59%

Compared to other councils, Walsall's ratio of capital financing to total revenue costs is low, which demonstrated good performance. This is favourably less than target due to the early repayment of £20m long term loans and a special airport dividend.

Prl 12 Maturity Structure of Borrowing

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

Council approved the following local performance indicators, all of which were complied with during the year.

Local Indicators		Actual 2014/15 £m	Target 2015/16 £m	Position 31-Mar-16 £m	Variance to target	Met
L1	Full compliance with Prudential Code.	YES	Yes	YES		Y
L2	Average length of debt.	15	15 to 25 years	15		Y
L3a	Net borrowing costs as % of net council tax requirement.	23.7%	25.00%	18.27%	-27%	Y
3b	Net borrowing costs as % of Tax Revenue.	13.40%	13.50%	10.67%	-21%	Y
L4	Net actual debt vs. operational debt.	78%	75 - 90%	72.64%		Y
L5	Average interest rate of external debt outstanding excluding OLA.	4.6%	4.6%	4.43%	-4%	Y
L6	Average interest rate of external debt outstanding including OLA.	4.73%	4.73%	4.54%	-4%	Y
L7	Gearing effect of 1% increase in interest rate.	0.99%	5.00%	3.51%	-14%	Y
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.66%	0.50%	0.89%	77%	Y
L9a	AT call investments.	0.50%	0.40%	0.50%	25%	Y
L9b	Short Term Investments.	1.08%	0.90%	1.30%	44%	Y
L9c	Long Term Investments.	2.04%	1.80%	1.84%	2%	Y
L10	Average interest rate on all ST investments (ST and AT call).	1.02%	0.80%	1.25%	56%	Y

L11	Average rate on all investments.	1.13%	1.10%	1.29%	17%	Y
L12	% daily bank balances within target range.	100%	98.00%	100%	2%	Y