

Cabinet – 21 June 2017

Pre-Audit Outturn 2016/17 and Resource Allocation 2018/19+

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 2016/17*

The overall net revenue pre-audit outturn is £100.54m against a budget of £100.99m, an underspend variance of £448k (0.07% of gross expenditure) net of recommended carry forwards of £425k. The pre-audit capital outturn is a net underspend of £1.68m, net of council funded carry forwards of £6.25m.

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 2018/19+ budget process.

2. Recommendations

Cabinet is requested to:

2.1 Approve the revenue carry forwards set out in table 1 of the report.

2.2 Approve the capital re-profiling and carry forwards set out in Appendix 2.

2.3 Note the pre-audit revenue outturn underspend of £448k and the pre-audit capital outturn underspend of £1.68m, after approval of carry forwards. The capital

underspend will be used to support the 2017/18 capital programme approved by Council in February 2017.

- 2.4 Note the financial health indicators for 2016/17 as summarised in Appendix 1.
- 2.5 Note the 2016/17 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 passporting of grant as set out in section 6.
- 2.8 Approve the amendments to the Medium Term Financial Strategy and Capital Strategy.
- 2.9 Approve the process and timetable for setting the 2018/19+ budget – the Resource Allocation Framework.
- 2.10 Note that opening balances will be £13.9m as at 1 April 2017, which is considered a prudent amount to carry for 2017/18 and within the parameters required within the revised MTFS.

3. Pre-Audit Outturn 2016/17

- 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 2016/17. Maintaining financial stability is a key requirement. This report contains the pre-audit revenue and capital outturns for 2016/17 along with revenue and capital carry forwards into 2017/18.

3.2 Revenue Outturn 2016/17

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 £617.88m. The council wide pre-audit revenue outturn is an underspend of £448k subject to approval of recommended carry forwards.

A robust risk assessment of the 2016/17 budget was undertaken prior to the budget being set in February 2016; however, a series of significant and ongoing demand and cost pressures, mainly with Children's Services and Adult Social Care, arose during the financial year, which, if left unaddressed, would have depleted general reserves by year-end.

Robust action has been taken on a corporate basis to address these pressures, including:

- Service action plans to address overspending areas, where viable
- A corporate review of all spend and introduction of a "making every penny count" exercise to review spend against corporate plan priorities and reduce this as far as possible
- Additional mitigating actions (use of alternative funding sources, reserves, etc.)

The above delivered £9.68m of reductions in spend / increased income. Additionally, windfall income was pooled centrally and utilised to reduce the overspend by a further £1.58m.

After the above actions, an overspend of £2.49m was still forecast. Cabinet on 8 February 2017 and subsequently Council on 23 February 2017 approved a revision to services original budgets, along with the use of £2.49m of general reserves, to create a revised budget, which was in line with the expected costs arising in services.

The actual corporate outturn, after revision of the cash limits, was an underspend of £450k, therefore if action had not been taken in year the corporate overspend would have been £13.3m (£9.68m + £1.58m + £2.49m - £450k) which would have exhausted general reserves.

As indicated, many of these pressures could not be managed from within existing cash limits, and as such, significant investment has been included within the 2017/18 budget.

Revenue carry forwards from 2016/17 to 2017/18

- 3.3 The carry forward protocol has been in use for several years. 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. Carry forwards are usually allowed only where the council has outturned on or under budget, and are deemed to be planned for specific purposes.
- 3.4 Total revenue carry forward requests of £425k are recommended for approval, as shown in table 1.

Table 1: Revenue carry forwards from 2016/17 to 2017/18	
Use of carry forward	Carry forward £
Economy and Environment	
Clean and Green – to fund drainage works to the main events field at Walsall Arboretum.	65,000
Clean and Green - to reduce unauthorised encampments.	47,576
New Art Gallery - to fund the remaining consultant costs relating to NAG review	12,000
Regeneration - to fund remaining costs of a regeneration project	24,800
Change and Governance	
Human Resources - to fund costs of Adult Social Care training which will now take place in early 2017/18	37,000
Finance – to fund interim staffing costs	20,000
ICT – to part fund 2 temporary posts to support the work of the ICT Strategy	38,500
Money, Home, Job – to fund part year effect of the closure of banking hall due for closure in October 2017	60,000
Money, Home, Job - to fund social worker to undertake reviews of supported accommodation	60,000
Money, Home, Job - development / training staff to do wider roles and invest in updates to website / technology for customers to "self-serve"	60,000
Approved revenue carry forwards	424,876

Capital Outturn 2016/17

- 3.5 The capital programme budget for 2016/17 was £98.12m, of which spend was £78.23m, resulting in unspent allocations of £19.89m. Of this, £18.21m has been recommended for carry forward into 2017/18, resulting in an adjusted underspend of £1.68m.

- 3.6 The draft pre-audit position is split between council funded schemes and external funded schemes, as shown in Appendix 2, and summarised in table 2 below:

Table 2 : Capital Outturn 2016/17					
Funding	Budget £m	Outturn £m	Variance £m	Carry Fwd £m	Underspend £m
Council Funded	21.39	13.46	(7.93)	6.25	(1.68)
Externally Funded	76.73	64.77	(11.96)	11.96	0.00
Total	98.12	78.23	(19.89)	18.21	(1.68)

- 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 65.7% or £11.96m of the total, relate to grant funded schemes. Of these, £5.38m relates to schools/children's, £3.84m to major regeneration schemes, £1.28m for leisure / parks schemes and £0.51m 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 2016/17

- 3.9 The annual review of financial health indicators is shown at Appendix 1. This summarises the following:
- Strong treasury management performance for 2016/17.
 - Strong balance sheet financial performance.
 - Council tax and business rate collection rates as expected.
 - Strong sundry debtor collection rates, showing an overall average number of 27 days for the year.
 - Strong creditor performance, showing an overall average number of 12 days for the year.
 - Revenue and capital position for 2016/17– as outlined in this report above.

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 risk 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 2017 and included within the council's budget for 2017/18 resulted in a deficit on the collection fund. The council bears 49% of the overall deficit, which will reduce the councils local share income for 2017/18. The position for 2016/17 on the collection fund was a deficit of £0.223m, of which Walsall has to fund £0.099m.

3.11 *Council Tax*. The collection fund showed a total surplus in 2016/17 of £6.581m for council tax including preceptor's amounts. This arose primarily as a result of an in-year review of the calculation of bad debt and is a one-off. The council's share of this is £5.918m. The 2017/18 budget has a demand on the collection fund of £6.007m based on a statutory forecast as at 15 January 2017 meaning the collection fund will start 2017/18 with a small deficit of £0.089m.

4. Treasury Management

4.1 Pre-audit prudential and treasury indicators are contained in Appendix 3 to 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 2016/17, 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.

5. Write off of debt

5.1 Debt write offs above £10,000 require the approval of Cabinet. Cabinet is requested to authorise the write off of the following irrecoverable debt totalling £56,804.42 as follows -

- £33,485.45 relating to rental charges owed by a tenant, which was dissolved with no dividends paid to unsecured creditors (relates to 5 invoices).
- £23,318.97 relating to contributions to the cost of care to two clients. Both clients are now deceased with no estate to recover the debt from.

The write-off will be charged against the council's bad debt provision and will not affect the outturn position. This write off represents less than 0.05% of total debt collected in a year. A write off only occurs if all possible mechanisms for collection have been exhausted and the debt is either impossible to collect or it is uneconomical to do so.

Note: Any discussion of individual cases is likely to require that the press and public be excluded from the meeting. For that reason, the name of the debtor has been omitted.

6. 2017/18 Budget

Passporting of specific grants received in 2017/18

6.1 The budget approved by Council in February included provision for notified grant income. Since the budget was approved, we have been notified of the following additional sources of grant income:

- A Flexible homelessness support grant of £297,592.57 (originally part of Housing benefit subsidy grant) to support homeless people.
- B Right benefit initiative grant of £82,648 relating to fraud and error reduction incentive scheme to combat incorrect earnings.
- C Housing benefit review grant of £896.63.
- D High needs strategic planning grant of £126,244 - s31 un-ringfenced grant for a high needs strategic planning fund in 2016/17, which can be applied in 2017/18. The Children and Families Act 2014 requires local authorities to

keep the provision for children and young people with special educational needs and disabilities under review (including its sufficiency), working with parents, young people and providers. SENDI proposes to utilise the funding towards additional resource and capacity in order to undertake this review and to focus on specific activity within SENDI in Children's Services.

Cabinet are asked to approve the passporting of 'A', 'B' and 'C' above to Money Home Job to supplement Housing Benefit activity, and for 'D' to Children's Services, to which they relate.

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

7.1 Best practice financial management requires an MTFS and Capital Strategy, which are 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 23 February 2017, and its contents regarding council priorities.
- Reference to the Walsall Plan – Health and Wellbeing Strategy 2017-2020 as approved by Council on 22 May 2017.
- Addition of reference to the council's Tax Strategy
- An increase in the upper limit of the level used in setting the level of general reserves, from 2% to 2.5%, as recommended by the CFO, to reflect an increase in risk in relation to the current financial environment. The lower level remains at 1%.
- Updates to the national policy, financial context and the medium term financial outlook, following approval of the 2017/18 budget by Council on 23 February 2017.

The revised MTFS is included on the Council's Committee Management Information System webpage (underneath the electronic link to this report) 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 23 February 2017, and its contents regarding council priorities.
- Reference to the Walsall Plan – Health and Wellbeing Strategy 2017-2020 as approved by Council on 22 May 2017.
- Reference to approved capital schemes currently in progress.
- Alignment of the capital programme process to the revenue budget.

The revised Capital Strategy is included on the Council's Committee Management Information System webpage (underneath the electronic link to this report) should members wish to refer to the full document.

8. The Medium Term Financial Outlook (MTFO) and Resource Allocation Framework 2018/19+ and Timetable

8.1 The council's medium term financial outlook (MTFO) is currently being updated to reflect estimated reductions in government funding and other known cost pressures (contractual inflation, pay and pensions etc.) for the period beyond 2019/20. 2019/20

is the last year for which the council has available published information from government on estimated funding and therefore it will need to make a number of assumptions in relation to funding in 20/21 and beyond.

- 8.2 The council produced an Efficiency Plan in October 2016 covering the period 2016/17 to 2019/20 and since then has outturned under budget for 2016/17 by £450k and set a balanced budget for 2017/18.
- 8.3 The council has published plans to consult on a further £33m of savings over the period 2018/19 to 2019/20.
- 8.4 Resources are allocated and budgets are set within a framework of protocols and guidelines, in particular the MTFs, 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 2018/19 in February 2018, the budget will continue to take a four year view (current year plus three), allowing for a more strategic focus to service re-design and savings aligned to the longer term priorities of the council.
- 8.5 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.
- 8.6 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.
- 8.7 Our approach to Resource Allocation will:

- I. Be first and foremost focussed on purpose and objectives – the Corporate Plan. 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 as part of the emerging transformation plan for how the council will change the way it delivers its services in the future as part of an integrated approach to planning.
- 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 and supported by a transformation programme, workforce strategy and appropriate performance systems.

The outline process is shown below, 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 2018/19 as required by Statute.

- 8.8 The first stage 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 Corporate Plan 2017-2020 ‘Reducing inequalities, maximising potential’ as approved by Council on 23 February 2017.
 - The MTFO is currently being 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.

- 8.9 The second stage 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?

8.10 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 is 'How we deliver the change' with the fourth being the Corporate Plan; The Financial Plan (the revenue and capital spending plan which will be reported to Cabinet on 14 February 2018 for recommendation to Council (including the council tax and statutory determinations); and associated change management, asset management, and organisational development plans.

8.11 Timetable 2018/19 onwards

The process has commenced. Activity to date includes;

- MTFs and Capital Strategy updated.
- The revenue MTF is currently being updated.
- Capital project mandates requesting consideration for capital investment for 2018/19 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 25 October 2017 to consider options to balance the 2018/19 revenue budget and capital programme for consultation.
- Scrutiny of the first draft budget proposals, including the draft capital programme, by overview and scrutiny committees from 26 October to 23 November 2017, and feedback to Cabinet on 13 December 2017.
- 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 2018/19 settlement estimated in December 2017, and final in late January / early February 2018, along with future years allocations.
- Budget consultation feedback, equality impact assessment and service policy decisions to be reported to Cabinet on 7 February 2018.
- Recommendation of the 2018/19 revenue budget and council tax bands, capital programme and Treasury Management Strategy by Cabinet on 14 February 2018 for consideration by Council on 28 February 2018.

9. Council priorities

9.1 The resource allocation process will be undertaken 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. The Council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

12. Legal implications

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

13. Property implications

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

14. Health and wellbeing implications

- 14.1 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, however there will be staffing implications in relation to resource allocation and service delivery changes and these will be assessed and consulted on as proposals emerge.

16. Equality implications

- 16.1 None directly associated with this report. Equality impact will be an integral part of the budget setting process.

17. Consultation

- 17.1 The report is prepared in consultation with the Chief Finance Officer, relevant managers and directors. Comprehensive consultation will be undertaken during the budget process and feedback used to inform final decisions.

Background papers: Various financial working papers.

Appendices:-

- 2 Pre-audit Capital Outturn by scheme for 2016/17
- 3 Pre-audit Prudential and Treasury Indicators 2016/17

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James T Walsh
Chief Finance Officer
12 June 2017



Councillor S. Coughlan
Leader of the Council
12 June 2017

Financial Health Indicators 2016/17

Treasury Management	2015/16 Actual	2016/17 Target	2016/17 Actual
Average Interest Rate (Borrowing)	4.43%	4.61%	3.80%
- Excluding OLA	4.54%	4.72%	3.94%
- Including OLA			
Gearing Effect on Capital Financing Estimates	3.5%	5.0%	1.8%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	10.67%	13.5%	10.88%
Capital Financing Requirement (£m)	328.019	322.971	335.150
Authorised limit for external Debt (£m)	357.585	360.965	360.965
Investment Rate Average	1.08%	1.10%	0.89%

Balance Sheet Ratios	2012/13	2013/14	2014/15	2015/16	2016/17 (Draft)
Current Assets : Current Liabilities	2.70	2.75	2.44	1.77	1.86
Useable Reserves : General Revenue Expenditure	0.58	0.53	0.66	0.57	0.63
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.13	1.71	1.69	1.45	1.41
Long Term Assets : Long Term Borrowing	1.84	1.98	2.10	2.29	2.34
Total School Reserves : Dedicated School Grant	0.08	0.09	0.09	0.07	0.05

Revenues Performance % collected for financial year	2014/15 Actual Collected in total @ 31.03.17	2015/16 Actual Collected in total @ 31.03.17	2016/17	
			Profiled 2016/17	Actual 2016/17
Council tax %	98.20%	96.90%	94.40%	94.60%
Total Council Tax collected (£m)	97,503,317	104,959,217	108,160,000	108,379,010
National Non Domestic Rate %	98.60%	98.40%	97.50%	97.20%
Total NNDR collected (£m)	67,031,703	69,139,228	70,445,000	70,234,711

Debtors and Creditors Performance	2015/16 Actual	2016/17	
		Profiled Qtr	Actual Qtr
Sundry Debtors Collection – Average number of days to collect debt	21 days	30 days	27 days
Average number of days to process creditor payments*	15 days	12 days	11 days

Management of Resources	Pre-Audit 2016/17 Actual		
Service Analysis	Target	Actual	Variance
Children's Services	50,384,893	50,731,394	346,501
Economy and Environment	46,738,475	46,441,584	(296,891)
Adult Social Care	72,754,136	70,349,870	(2,404,266)
Change and Governance	15,837,731	14,658,879	(1,178,852)
Council Wide	24,767,589	27,852,988	3,085,399
RSG/NNDR	(109,491,931)	(109,491,931)	0
Total	100,990,893	100,542,784	(448,109)
General Reserves	Minimum £6.2m Maximum £12.4m	N/A	N/A
Council Funded Capital Expenditure	21,394,512	13,463,467	(7,931,046)
External Funded Capital Expenditure	76,732,202	64,768,242	(11,963,960)
Total Capital Expenditure	98,126,714	78,231,709	(19,895,006)
Capital Receipts	2,770,000	1,673,099	1,096,901

Management of Resources	Actual 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	36,714,302	29,189,507	(7,524,795)
External 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

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 on borrowing 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 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 2016/17

COUNCIL FUNDED SCHEMES	2016/17 Budget £	Estimated Outturn £	Variance £	Carry forward to 2017/18 £	(Underspend)/ overspend £
CHILDREN'S SERVICES					
2 year old (RCCO)	61,881	61,881	0	0	0
Rushall Primary/EDC alterations	1,105,369	515,209	(590,160)	590,160	0
Schools Capital using DFG	2,976,152	2,976,152	0	0	0
Targeted Capital bids - Barcroft	44,305	0	(44,305)	44,305	0
Social IT Systems Review & Enhancement	21,100	21,100	0	0	0
Refurbishment & Upgrade of IT (RCCO)	149,010	149,010	0	0	0
CHILDREN'S SERVICES COUNCIL FUNDED TOTAL	4,357,817	3,723,352	(634,465)	634,465	0
ECONOMY & ENVIRONMENT					
Active Living - Bloxwich (PWLB)	513,999	326,954	(187,045)	187,045	0
Active Living - Oak Park (PWLB)	1,367,307	998,458	(368,849)	368,849	0
Acquisition of Art Work (NAG) (RCCO)	37,504	37,504	0	0	0
Additional bins	653,470	626,369	(27,101)	0	(27,101)
Allotment and community garden strategy - Borneo Street	70,809	0	(70,809)	70,809	0
Bentley Community facility	20,000	10,000	(10,000)	10,000	0
Black Country Route Highway Safety Barrier	170,000	170,000	0	0	0
Brownhills Land Acquisition	414,928	414,928	0	0	0
Caldmore Road one way scheme	91,162	91,162	0	0	0
Challenge funding (Match funded)	197,657	197,657	0	0	0
Darlaston SDA (Prudential)	265,878	0	(265,878)	265,878	0
Fryers Road Sprinkler System	268,000	0	(268,000)	268,000	0
Gala baths refurbishment	388,102	388,102	0	0	0
Hatherton Road Car Park	80,000	6,265	(73,735)	73,735	0
Headstone safety in cemeteries	38,367	38,367	0	0	0
Highways maintenance	3,097,075	2,996,248	(100,827)	100,827	0

COUNCIL FUNDED SCHEMES	2016/17 Budget £	Estimated Outturn £	Variance £	Carry forward to 2017/18 £	(Underspend)/ overspend £
Jerome K Jerome Statue (Council funded)	2,000	2,000	0	0	0
Leamore Park additional funding	6,000	195	(5,805)	5,805	0
Leisure Management System	51,000	27,453	(23,547)	23,547	0
Mayrise System Mobile Working	28,186	28,186	0	0	0
Migration of Urban Traffic control analogue comm network	125,000	125,000	0	0	0
New Homes Bonus	276,536	20,950	(255,586)	255,586	0
Open Plus in Libraries	409,000	12,000	(397,000)	397,000	0
Pocket Parks Chuckery Green (council)	3,796	3,796	0	0	0
Pocket Parks Edible Garden (council)	3,001	3,001	0	0	0
Primark & Co-op development	21,212	17,698	(3,514)	3,514	0
Public Lighting Invest to Save for replacement LED lighting	49,125	49,125	0	0	0
Regenerating Walsall	258,037	23,776	(234,261)	234,261	0
Replacement devpt mgt, building control & land charge ICT system	29,792	0	(29,792)	29,792	0
Replacement of obsolete traffic signal control equipment	150,000	150,000	0	0	0
Rushall Olympic Football Club	6,776	944	(5,833)	5,833	0
Rushall Skate Park	12,343	12,343	0	0	0
Shop Maintenance	17,049	9,775	(7,274)	7,274	0
Single Library Management System	106,528	6,484	(100,044)	100,044	0
Smarter Workplaces ICT	306,645	0	(306,645)	306,645	0
Smarter Workplaces - Property (Prudential)	530,288	25,007	(505,281)	505,281	0
St Peter's Church repairs to surrounding wall	25,000	0	(25,000)	25,000	0
Trim Trail King George V playing fields	18,843	18,843	0	0	0
Upper Rushall Street Car Park Repairs	100,000	55,922	(44,078)	44,078	0
Vehicles purchased	50,864	50,864	0	0	0
Walsall Arboretum Car Park	434,242	425,136	(9,106)	9,106	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	7,548	2,306	(5,242)	5,242	0
Walsall Green Pathways	2,748	2,642	(106)	106	0
Walsall Market	500,000	0	(500,000)	500,000	0
COUNCIL FUNDED SCHEMES				Carry	

	2016/17 Budget £	Estimated Outturn £	Variance £	forward to 2017/18 £	(Underspend)/ overspend £
Walsall TCTP ring road acquisition	6,000	0	(6,000)	6,000	0
Willenhall Memorial Park	23,217	3,915	(19,302)	19,302	0
ECONOMY & ENVIRONMENT COUNCIL FUNDED TOTAL	11,235,034	7,379,375	(3,855,660)	3,828,559	(27,101)
CHANGE & GOVERNANCE					
Aids and adaptations (statutory element)	798,439	798,439	0	0	0
Asbestos Removal	124,989	124,989	0	0	0
Bring your own device security layers	50,525	50,525	0	0	0
Civic Centre essential maintenance	148,704	75,882	(72,822)	72,822	0
Civic Centre Roof Ladders	35,000	0	(35,000)	35,000	0
Council House Cellar Tanking	50,000	0	(50,000)	50,000	0
Council House Drainage Survey	50,000	0	(50,000)	50,000	0
Council wide IT planned rolling replacement and upgrade	82,945	34,080	(48,865)	48,865	0
Customer facing services being accessed by citizens (SQL)	53,000	0	(53,000)	53,000	0
Darlaston Recreation Ground	30,000	30,390	390	0	390
Data backup system replacement	220,000	0	(220,000)	220,000	0
Data Centre Power Backup	310,000	780	(309,220)	309,220	0
Essential upgrade to Blackberry Server	11,980	0	(11,980)	11,980	0
Essential upgrade to Windows 2003	76,895	12,825	(64,070)	64,070	0
Finance Direct/Oracle	20,108	671	(19,437)	19,437	0
Fire risk assessment	188,205	188,205	0	0	0
Health through warmth and related Retro Fit schemes	46,068	37,396	(8,672)	8,672	0
HR I-Trent upgrades	25,000	15,772	(9,228)	9,228	0
ICT essential software licence charges	9,186	0	(9,186)	9,186	0
ICT requirements to cater for blending transitioned services into WMBC	46,175	44,618	(1,557)	1,557	0
Improving the customer experience when visiting the Council House	772,561	12,833	(759,728)	0	(759,728)
Improving security in local neighbourhoods	4,225	570	(3,655)	3,655	0
IT Trent Upgrade 2016	30,000	0	(30,000)	30,000	0
COUNCIL FUNDED SCHEMES	2016/17	Estimated		Carry forward to	(Underspend)/

	Budget £	Outturn £	Variance £	2017/18 £	overspend £
Money home job core IT system	51,500	0	(51,500)	51,500	0
Payment Card Industry Data Security	6,140	0	(6,140)	6,140	0
Planned property maintenance	142,809	142,809	0	0	0
Proposed Car Park - Buxton Road	119,909	119,909	0	0	0
Replace heating & ventilation system within First Stop Shop	100,000	0	(100,000)	100,000	0
Replace heating & ventilation system within link block	100,000	6,180	(93,820)	93,820	0
Replace Open Software Local Government Online	10,000	0	(10,000)	10,000	0
Replenish smarter workplaces capital pot	18,400	18,004	(396)	0	(396)
Safe water supplies	135,011	135,011	0	0	0
Service Improvement Cyber Security (Virus Protection)	81,000	0	(81,000)	81,000	0
Solar PV panels	157,833	14,970	(142,863)	142,863	0
Statutory Testing	282,780	282,780	0	0	0
Uninsured Property Damage	24,918	24,918	0	0	0
Wide Format Printer/Laminator	21,550	21,550	0	0	0
Capital Earmarked Reserves centrally held	309,341	0	(309,341)	309,341	0
CHANGE AND GOVERNANCE COUNCIL FUNDED TOTAL	4,745,196	2,194,106	(2,551,090)	1,791,356	(759,734)
ADULT SOCIAL CARE					
Fallings Heath House increased car parking capacity	2,788	2,788	0	0	0
Goscote increased car parking strategy	3,445	3,445	0	0	0
Preventative adaptations	1,050,232	160,401	(889,831)	0	(889,831)
ADULT SOCIAL CARE COUNCIL FUNDED TOTAL	1,056,465	166,634	(889,831)	0	(889,831)
TOTAL COUNCIL FUNDED	21,394,512	13,463,467	(7,931,046)	6,254,380	(1,676,666)

EXTERNALLY FUNDED SCHEMES	2016/17	Estimated		Carry forward to	(Underspend)/
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	Budget £	Outturn £	Variance £	2017/18 £	overspend £
CHILDRENS					
14-19 diplomas, SEN and disabilities	92,087	0	(92,087)	92,087	0
Academies	439,338	27,081	(412,257)	412,257	0
Basic need	6,713,147	3,777,726	(2,935,421)	2,935,421	0
Black Country University Technical College (UTC) - Phase 2	16,000	0	(16,000)	16,000	0
Capital maintenance	2,932,069	1,932,547	(999,522)	999,522	0
Devolved formula capital	1,506,059	647,066	(858,993)	858,993	0
Section 106 capital spend	242,327	242,327	0	0	0
Universal infant free school meals	103,592	57,626	(45,966)	45,966	0
Youth capital funding	15,843	0	(15,843)	15,843	0
CHILDRENS EXTERNALLY FUNDED TOTAL	12,060,462	6,684,373	(5,376,089)	5,376,089	0
ECONOMY & ENVIRONMENT					
Active Living Bloxwich (Grant)	537,736	433,250	(104,486)	104,486	0
Active Living Oak Park (Grant)	1,111,686	973,868	(137,818)	137,818	0
Additional Highway Maintenance pothole funding	140,000	140,000	0	0	0
Allotment Improvement Programme External	25,000	6,515	(18,485)	18,485	0
Black Country Enterprise Zone	45,779	45,779	0	0	0
Capital Block DFT Fund	2,373,574	2,373,574	0	0	0
Challenge funding	1,632,503	1,632,500	(3)	0	0
Darlaston SDA	1,240,806	1,053,012	(187,794)	187,794	0
Development of Highways Asset Management Plan (HAMPS)	60,852	17,850	(43,002)	43,002	0
Forest Arts Centre (Hall conversion -Arts Council)	8,797	8,797	0	0	0
Gigaport Partner Contribution	40,511	20,900	(19,611)	19,611	0
Goscote (Open Space Works)	1,300,000	718,104	(581,896)	581,896	0
Growth Deal	47,626,813	44,003,545	(3,623,268)	3,623,268	0
Local Transport Plan (LTP)	1,316,570	1,125,506	(191,064)	191,064	0
EXTERNALLY FUNDED SCHEMES	2016/17	Estimated		Carry forward to	(Underspend)/

	Budget £	Outturn £	Variance £	2017/18 £	overspend £
Low emission Strategy	609	609	0	0	0
LTP including bridge strengthening 2010/11	244,443	213,643	(30,800)	30,800	0
LTP Yorks Bridge	100,000	14,592	(85,408)	85,408	0
M6 Junction 10 Highway Improvements	263,088	141,395	(121,693)	121,693	0
Managing Short Trips	800,075	800,075	0	0	0
Mill Lane Road Safety	1,821	1,445	(376)	376	0
Network Rail Scheme-Level Crossing	100,000	69,653	(30,347)	30,347	0
Palfrey Park	6,994	0	(6,994)	6,994	0
Pedestrian Crossing on Northgate	18,610	7,231	(11,379)	11,379	0
Pelsall Village Centre	5,824	5,824	0	0	0
Pocket Parks Chuckery Green	20,600	20,600	0	0	0
Pocket Parks Edible Garden	7,863	7,863	0	0	0
Reedwood Park	36,055	25,841	(10,214)	10,214	0
Regenerating Walsall - Private Contributions	12,716	3,970	(8,746)	8,746	0
Rushall skatepark	111,140	111,140	0	0	0
The New Art Gallery Walsall (Grant)	63,498	17,931	(45,567)	45,567	0
Walsall arboretum restoration programme (PRU)	425,291	54,720	(370,572)	370,572	0
Waste infrastructure capital grant	226,980	0	(226,980)	226,980	0
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	52,776	51,762	(1,014)	1,014	0
ECONOMY & ENVIRONMENT EXTERNALLY FUNDED TOTAL	59,959,010	54,101,494	(5,857,516)	5,857,516	0
CHANGE AND GOVERNANCE					
Contribution Aids and Adaptations	146,730	146,730	0	0	0
Disabled facilities grant	2,145,213	2,145,213	0	0	0
Off Gas Scheme	649,500	368,463	(281,037)	281,037	0
CHANGE AND GOVERNANCE EXTERNALLY FUNDED TOTAL	2,941,443	2,660,406	(281,037)	281,037	0
EXTERNALLY FUNDED SCHEMES	2016/17	Estimated		Carry	(Underspend)/

	Budget £	Outturn £	Variance £	forward to 2017/18 £	overspend £
ADULT SOCIAL CARE					
Autism Innovation Capital Grant	546	546	0	0	0
Better Care Fund Community Capacity Grant	1,020,741	571,423	(449,318)	449,318	0
Integrated Community Equipment	750,000	750,000	0	0	0
ADULT SOCIAL CARE EXTERNALLY FUNDED TOTAL	1,771,287	1,321,969	(449,318)	449,318	0
TOTAL EXTERNALLY FUNDED	76,732,202	64,768,242	(11,963,960)	11,963,960	0

APPENDIX 3 – PRE-AUDIT PRUDENTIAL AND TREASURY INDICATORS 2016/17

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

Ref	Prudential Indicator	Actual 2015/16	Target 2016/17	Position 31-Mar-17	Variance to target	
		£m	£m	£m		
Prl 1	Capital Expenditure	88.935	71.966	78.230	Dr6.264	9%
Prl 2	Ratio of financing costs to net revenue stream	6.41%	10.50%	5.50%	Cr5.00%	-48%
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£30.33	£7.98	£7.98		0%
Prl 4	Capital Financing Requirement	328.018	322.971	335.150	Dr12.179	4%
Prl 5	Authorised Limit for external debt	357.585	360.965	360.965		0%
Prl 6	Operational Limit for external debt	320.488	328.150	328.150		0%
Ref	Prudential Indicator	Actual 2015/16 £m	Target 2016/17 £m	Position 31-Mar-17 £m		
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	10.5	25.0	5.0		
Ref	Prudential Indicator	Upper Limit	Lower Limit	Actual 2016/17	Position 31-Mar-17	
Prl 10	Fixed Interest Rate Exposure	95%	40%	83%	93%	
Prl 11	Variable Interest Rate Exposure	45%	0%	17%	7%	
Prl 12	Maturity Structure of Borrowing:					
	Under 12 months	25%	0%	25%	22%	
	12 months and within 24 months	25%	0%	15%	13%	
	24 months and within 5 years	40%	0%	13%	19%	
	5 years and within 10 years	50%	5%	16%	12%	
	10 years and above	85%	30%	31%	34%	

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

Prl 1 Total capital expenditure - variation of £6.264m

The £71.966m target for 2016/17 is based on the figure for the 2016/17 capital programme reported in the budget report presented to full council on the 25th February 2016. In addition to this there were £16.183m of carry forwards from 2015/16 and an in year budget adjustment of £1.266m which is mainly a result of changes in capital grant allocations during the year. This therefore led to a final budgeted capital programme for 2016/17 of £89.415m. Actual expenditure for the year was £78.230m, resulting in an

underspend against the revised budget of £11.185m which is a result of capital programme slippages which will be carried forward to 2017/18 and forecast to be fully utilised.

Pr1 2 Estimates of the ratio of financing costs to the net revenue stream variation of 48%
Walsall's ratio of capital financing to total revenue costs is low, which demonstrated good performance. This is favourably less than target due to a prudency review of MRP during the year.

Pr1 4 Capital Financing Requirement variation of 4%

Increase in actual Capital investment being financed from borrowing was higher than capital expenditure target in Pr11 for 2016/17.

Pr1 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.

Ref	Local Indicators	Actual 2015/16 £m	Target 2016/17 £m	Position 31-Mar-17 £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	15.37		Y
L3a	Net borrowing costs as % of net council tax requirement.	18.27%	25.00%	17.74%	-7.26%	Y
3b	Net borrowing costs as % of Tax Revenue.	10.67%	13.50%	10.88%	-2.62%	Y
L4	Net actual debt vs. operational debt.	73%	65%-80%	81.00%		Y
L5	Average interest rate of external debt outstanding excluding OLA.	4.43%	4.61%	3.80%	-0.81%	Y
L6	Average interest rate of external debt outstanding including OLA.	4.54%	4.72%	3.94%	-0.78%	Y
L7	Gearing effect of 1% increase in interest rate.	3.51%	5.00%	1.80%	-3.20%	Y
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.89%	0.50%	0.75%	0.25%	Y
L9	Average interest rate received:					
L9a	AT call investments.	0.50%	0.40%	0.30%	-0.10%	Y
L9b	Short Term Investments.	1.30%	0.90%	0.90%	0.00%	Y
L9c	Long Term Investments.	1.84%	1.80%	1.56%	-0.24%	Y
L10	Average interest rate on all ST investments (ST and AT call).	1.25%	0.80%	0.86%	0.06%	Y
L11	Average rate on all investments.	1.29%	1.10%	0.89%	-0.21%	Y
L12	% daily bank balances within target range.	100%	98.00%	100%	2.00%	Y