

Cabinet – 20 June 2018

Pre-Audit Outturn 2017/18

Portfolio:	Councillor M. Bird – 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 2017/18*

The overall net revenue pre-audit outturn is £108.24m against a budget of £108.47m, an underspend variance of £230k (0.04% of gross expenditure) net of carry forwards of £1.41m. The pre-audit capital outturn is a net underspend of £0.17m, net of council funded carry forwards of £14.33m.

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.

2. Recommendations

Cabinet is requested to:

- 2.1 Note and approve the revenue carry forwards set out in table 2 of the report.
- 2.2 Note and approve the capital re-profiling and carry forwards set out in **Appendix 1** and **2**.
- 2.3 Note the pre-audit revenue outturn underspend of £230k and the pre-audit capital outturn underspend of £0.17m, after carry forwards. The capital underspend will be used to support the 2018/19 capital programme approved by Council in February 2018.
- 2.4 Note the financial health indicators for 2017/18 as summarised in **Appendix 3**.
- 2.5 Note the 2017/18 prudential indicators in **Appendix 4** of this report and Walsall's compliance with these indicators.

2.6 Note that opening balances will be £15.23m as at 1 April 2018, which is considered a prudent amount to carry for 2018/19 and is within the parameters required within the current medium term financial strategy (MTFS).

3. Pre-Audit Outturn 2017/18

3.1 Cabinet received regular financial reports to allow it to monitor the financial position of the council and consider plans for corrective action during 2017/18. Maintaining financial stability is a key requirement of the MTFS. This report contains the pre-audit revenue and capital outturns for 2017/18 along with revenue and capital carry forwards into 2018/19.

3.2 Revenue Outturn 2017/18

Managers are required to deliver their service targets and improvements within budget. Small variations are normal and insignificant on a gross revenue budget of £620.51m. The council wide pre-audit revenue outturn is an underspend of £230k, and summarised by directorate in **table 1** below.

Table 1: Pre-audit revenue outturn 2017/18			
Directorate	Budget £m	Outturn £m	Variance £m
Adult Social Care	67.10	67.24	0.14
Children's Services	99.90	101.55	1.65
Economy and Environment	47.90	47.15	(0.75)
Resources and Transformation	14.72	14.19	(0.53)
Capital Financing / Central	(121.15)	(121.89)	(0.74)
Total	108.47	108.24	(0.23)

A robust risk assessment of the 2017/18 budget was undertaken prior to the budget being set in February 2017, and ongoing demand and cost pressures, mainly within Children's Services and Adult Social Care, managed during the financial year.

Significant investment has been included within the 2018/19 budget to manage the identified demand pressures within Adult Social Care and Looked after Children.

Revenue carry forwards from 2017/18 to 2018/19

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 £1.41m are recommended for approval, as shown in **table 2**.

Table 2: Revenue carry forwards from 2017/18 to 2018/19

Use of carry forward	Carry forward £
Adult Social Care	
Management Support - Mosaic revenue underspend to fund revenue implications of the new capital bid	44,216
Safeguarding – Deprivation of Liberty assessments – to fund staffing resources to ensure backlog of referrals for assessments are completed	77,168
Total Adult Social Care	121,384
Children’s Services	
Access and Achievement Management – School Improvement for delays in implementation of inclusion project	100,000
Children’s Social Care – Family drugs and alcohol black country fixed term post into 2018/19	33,889
Early Help – contract underspend to fund delay in implementation of 2018/19 operational savings	95,000
Performance Services – mosaic licence costs and further costs associated with phase 3b mosaic financials	61,526
Total Children’s Services	290,415
Economy and Environment	
Clean and Green – completion of greenspaces strategy consultation	2,092
Clean and Green – UNESCO officer delayed start until March 2018 (funded from contingency)	16,250
Clean and Green – securing greenspaces against unauthorised encampments	100,000
Clean and Green – resource to manage and reduce fly tipping	26,551
Clean and Green – contribution to specialist web designer to facilitate the transformation of Clean and Green web pages	5,833
Leisure, Culture and Operations – fund remaining costs of library service redesign (funded from contingency)	48,000
Regulatory Services – fixed term posts to manage unauthorised encampments	146,656
Regulatory Services – taxi driver training (funded from contingency)	40,500
Total Economy and Environment	385,882
Resources and Transformation	
Democratic Services – traffic regulation orders (funded from contingency)	5,811
Finance – completion of Internal Audit plan	107,934
Housing Standards – to fund consultation for selective licensing and pre-publicity work on mandatory HMO licences	50,000
Human Resources - to fund capacity in support of organisational change in 2018/19	70,000
ICT Communications – additional capacity and training	7,500
Legal – disclosure and barring service checks (funded from contingency)	1,500
Legal – procurement of software to produce electronic legal files (funded from contingency)	13,338
Legal – purchase of software to enable electronic bundling of legal documents and other secure forms of sending legal files to courts	35,000
Money Home Job - to extend the housing first scheme for reducing homelessness in the borough	105,000
Money Home Job – continuation of psychologically informed environment training for front line staff	100,000

Use of carry forward (Continued)	Carry forward £
Money Home Job – Additional specialist support for reducing homelessness in the borough	100,000
Payroll – to support additional processing work due to legislation changes relating to school payroll information	11,948
Total Resources and Transformation	608,031
Approved revenue carry forwards	1,405,712

3.5 As a result of the above position, opening balances will be £15.23m as at 1 April 2018, which is considered a prudent amount to carry for 2018/19 and is within the parameters required within the current medium term financial strategy (MTFS).

Capital Outturn 2017/18

3.6 The capital programme budget for 2017/18 was £103.65m, of which spend was £79.86m, resulting in unspent allocations of £23.79m. Of this, £23.62m is required to carry forward into 2018/19, resulting in an adjusted underspend of £0.17m.

3.7 The draft pre-audit position is split between council funded schemes (**Appendix 1**) and external funded schemes (**Appendix 2**), and summarised in **table 3** below:

Funding	Budget £m	Outturn £m	Variance £m	Carry Fwd £m	Underspend £m
Council Funded	42.54	28.04	(14.50)	14.33	(0.17)
Externally Funded	61.11	51.82	(9.29)	9.29	0.00
Total	103.65	79.86	(23.79)	23.62	(0.17)

3.8 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 for where a project spans more than one year. In any 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.

3.9 As indicated above, 39% or £9.29m of the total relate to grant funded schemes. Of these, £3.45m relates to schools/children's, £3.26m to major regeneration schemes, £0.77m for leisure / parks schemes, £1.1m to transport / highways schemes, and £0.71m for other 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 2017/18

- 3.10 The annual review of financial health indicators is shown at **Appendix 3**. This summarises the following:
- Strong treasury management performance for 2017/18.
 - 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 25 days for the year.
 - Strong creditor performance, showing an overall average number of 11 days for the year.
 - Revenue and capital position for 2017/18– as outlined in this report above.

Collection Fund

- 3.11 *Business Rates Retention Scheme*. In 2017/18 the council participated in the 100% Business Rates Retention pilot with the six other West Midlands Metropolitan Authorities, with each billing authority now retaining 99% of Non-Domestic Rates (NDR) received with the remaining 1% for the West Midlands Fire Service. A shortfall in income due to changes in rateable value, successful appeals, exemptions and discounts resulted in a deficit on the collection fund. The council bears 99% of the overall deficit, which will reduce the councils local share income for 2018/19. The position for 2017/18 on the collection fund was a deficit of £1.557m. With the addition of a brought forward deficit of £0.223m, this leaves a carried forward deficit on the NDR Collection fund of £1.780m (£1.762m attributable to Walsall Council).
- 3.12 *Council Tax*. The collection fund showed a total surplus in 2017/18 of £1.731m for council tax including preceptor's amounts. After deducting a brought forward deficit of £0.099m, the carried forward surplus on the council tax Collection Fund is £1.632m (£1.470m attributable to Walsall Council). The 2018/19 budget has a demand on the collection fund of £2.163m (£1.948m attributable to Walsall Council) based on a statutory forecast as at 15 January 2018. As such the council tax collection fund starts the 2018/19 financial year with a deficit of £0.531m. On an overall collection of c£110m, this equates to less than 0.5% variance and therefore is deemed insignificant. Any surplus or deficit during 2018/19 will impact the following year's budget setting process and not the in-year general fund position.

4. Treasury Management

- 4.1 Pre-audit prudential and treasury indicators are contained in **Appendix 4** to this report. The Chief Finance Officer (CFO) confirms that borrowing was only undertaken for cash flow and capital purposes and the statutory borrowing limit (the authorised limit) was not breached. During 2017/18, the council complied with all legislative and regulatory requirements. The council also complied with its local indicators.
- 4.2 The authorised limit for external debt was approved by Council on the 23rd February 2017 and the CIPFA Code of Practice only allows these limits to be changed by Council and therefore the actual limit and the target remain the same. The actual debt position for the Council as at 31st March 2018 is £319.318m.

4.3 A comprehensive Annual Treasury Report will be reported to Audit Committee and on to Council.

5. Council Corporate Plan priorities

5.1 The allocation of resources is aligned to the council's priorities as set out in the Corporate Plan.

6. Risk management

6.1 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 MTFs. 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.

7. Financial implications

7.1 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 MTFs. 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. This report sets out that the council has delivered on its financial strategy and outturned with reserves intact for 2017/18.

8. Legal implications

8.1 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.

9. Property implications

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

10. Health and wellbeing implications

10.1 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.

11. Staffing implications

11.1 None directly associated with this report.

12 Reducing inequalities

12.1 None directly associated with this report.

13. Consultation

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

Background papers: Various financial working papers.

Appendices:-

- 1 Pre-audit Capital Outturn by scheme for 2017/18 – council funded schemes
- 2 Pre-audit Capital Outturn by scheme for 2017/18 – externally funded schemes
- 3 Financial Health Indicators 2017/18
- 4 Pre-audit Prudential and Treasury Indicators 2017/18

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James T Walsh
Chief Finance Officer
8 June 2018



Councillor M. Bird
Leader of the Council
8 June 2018

Appendix 1 – Pre-audit Capital Outturn by Scheme 2017/18 – council funded schemes

COUNCIL FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
CHILDREN'S SERVICES					
Looked after children out of borough placements	150,000	19,220	(130,780)	0	(130,780)
2 year old (RCCO)	513,176	513,176	(0)	0	0
PRU Places Provision (RCCO)	6,000	6,000	0	0	0
Rushall Primary/EDC alterations	590,160	580,928	(9,232)	9,232	0
Schools capital using DFG	1,650,758	1,650,758	(0)	0	0
SEND Places Provision (RCCO)	177,187	177,187	(0)	0	0
Targeted Capital bids - Barcroft	44,305	0	(44,305)	0	(44,305)
CHILDREN'S SERVICES COUNCIL FUNDED TOTAL	3,131,586	2,947,269	(184,317)	9,232	(175,085)
ECONOMY & ENVIRONMENT					
Allotment and community garden strategy - Borneo Street	10,000	10,000	0	0	0
Broadway West Playing Fields	50,000	0	(50,000)	50,000	0
Depot Security Control (RCCO)	78,401	78,401	0	0	0
Leamore Park additional funding	5,805	4,935	(870)	0	(870)
Open Water	73,650	9,000	(64,650)	64,650	0
Reeds, Wood & Water Project (RCCO)	3,386	3,386	0	0	0
St Peter Church repairs to surrounding wall	25,000	0	(25,000)	25,000	0
Walsall Arboretum Car Park	9,106	0	(9,106)	9,106	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	5,242	0	(5,242)	5,242	0
Walsall Green Pathways	106	106	0	0	0
Willenhall Memorial Park	19,302	5,756	(13,546)	13,546	0
Fryers Road Sprinkler System	268,000	0	(268,000)	268,000	0
Mayrise System Mobile Working (RCCO)	12,099	12,099	0	0	0
Vehicles purchased	6,790	6,790	0	0	0

COUNCIL FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
Forest Arts Rake Seating	47,037	47,037	0	0	0
Headstone safety in Cemeteries (RCCO)	28,761	28,761	0	0	0
Active Living Fitness Equipment	400,772	400,772	0	0	0
Darlaston Swimming Pool	150,000	0	(150,000)	150,000	0
Leisure Management System	111,547	93,577	(17,970)	17,970	0
Oil Tank above Gala Baths	25,055	0	(25,055)	25,055	0
Library Redesign - Lichfield Street Hub	2,160,000	232,026	(1,927,974)	1,927,974	0
Open Plus in Libraries	397,000	0	(397,000)	397,000	0
Single Library Management System	100,044	6,269	(93,775)	93,775	0
Acquisition of Art Work (NAG) (RCCO)	14,355	14,355	0	0	0
Replacement dev management, building control & land charge ICT system	29,792	0	(29,792)	29,792	0
Walsall TCTP ring road acquisition	6,000	6,000	0	0	0
Challenge funding (Match funded)	245,363	245,363	0	0	0
Community Dropped Crossings	20,000	18,785	(1,215)	1,215	0
Highways maintenance	2,970,827	2,926,234	(44,593)	44,593	0
Hatherton Road Car Park	273,735	9,621	(264,114)	264,114	0
Migration of Urban Traffic control analogue communication network	185,000	185,000	0	0	0
Replacement of obsolete traffic signal control equipment	200,000	200,000	0	0	0
Upper Rushall Street Car Park Repairs	44,078	44,078	0	0	0
DSDA	200,000	31,416	(168,584)	168,584	0
Aldridge Manor House	8,000	7,393	(607)	607	0
New Homes Bonus	292,854	88,761	(204,093)	204,093	0
Active Living - Bloxwich (PWLB)	187,045	186,283	(762)	762	0
Active Living - Oak Park (PWLB)	368,849	192,275	(176,574)	176,574	0
Saddlers Centre Shopping Centre	13,801,713	13,241,844	(559,869)	559,869	0
Darlaston SDA (Prudential)	265,878	0	(265,878)	265,878	0
Acquisition of Reservoir Place	769,558	769,558	0	0	0
Gas Holders Strategic Land Acquisition	2,110,473	2,110,473	0	0	0

COUNCIL FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
Holmans Strategic Land Acquisition	524,500	500	(524,000)	524,000	0
Primark & Co-op development	3,514	1,874	(1,640)	1,640	0
Smarter Workplaces ICT	306,645	0	(306,645)	306,645	0
Smarter Workplaces - Property (Prudential)	505,281	27,571	(477,710)	477,710	0
Regenerating Walsall	234,261	384	(233,877)	233,877	0
Rushall Olympic Football Club	5,833	0	(5,833)	5,833	0
Shop maintenance	7,274	0	(7,274)	7,274	0
Town and District Centres Public Realm	100,000	0	(100,000)	100,000	0
Walsall Market	1,907,243	29,747	(1,877,496)	1,877,496	0
ECONOMY & ENVIRONMENT COUNCIL FUNDED TOTAL	29,575,174	21,276,430	(8,298,744)	8,297,874	(870)
RESOURCES AND TRANSFORMATION					
Bentley Community Facility	10,000	0	(10,000)	10,000	0
CCTV	250,000	244,001	(5,999)	5,999	0
Improving security in local neighbourhoods	3,655	728	(2,927)	2,927	0
Refurbishment of Orchard Pavilion	100,000	0	(100,000)	100,000	0
Procurement system for (HRMS) and Oracle EBS financials	719,000	59,146	(659,854)	659,854	0
Uninsured Property Damage	295,520	295,520	0	0	0
Health through warmth and related Retro Fit schemes	83,672	24,537	(59,135)	59,135	0
HR Itrent upgrades	9,228	1,999	(7,229)	7,229	0
IT Trent Upgrade 2016	30,000	3,194	(26,806)	26,806	0
Council wide IT planned rolling replacement and upgrade	48,865	48,865	0	0	0
Customer facing services being accessed by citizens (SQL)	53,000	53,000	0	0	0
Data backup system replacement	220,000	0	(220,000)	220,000	0
Data Centre Power Backup	309,220	0	(309,220)	309,220	0
Essential investment to remove cyber attack vulnerabilities	98,000	0	(98,000)	98,000	0
Essential maintenance data storage growth (Netapp)	78,000	78,000	0	0	0
Essential Microsoft upgrades & foundation for Office 365	102,000	52,664	(49,336)	49,336	0
Essential mtce service warranty extensions & eventual server replacement	75,200	75,200	0	0	0

COUNCIL FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
Essential refurbishment Council's digital data storage facilities	1,224,081	0	(1,224,081)	1,224,081	0
Essential upgrade to current supported version of windows server	64,070	0	(64,070)	64,070	0
Essential warranty extension & eventual replacement of hardware for Council's finance system	30,000	13,675	(16,325)	16,325	0
ICT essential software licence charges	9,186	9,186	0	0	0
ICT requirements to cater for blending transitioned services into WMBC ICT	1,557	1,557	0	0	0
ICT Wide Area Network	300,000	16,339	(283,661)	283,661	0
Implement the Microsoft InTune platform for mobile devices	11,980	11,980	0	0	0
Payment Card Industry Data Security	6,140	0	(6,140)	6,140	0
Finance Direct/Oracle	19,437	8,055	(11,382)	11,382	0
Replace Open Software Local Government Online	10,000	0	(10,000)	10,000	0
Service Improvement Cyber Security (Virus Protection)	81,000	0	(81,000)	81,000	0
Single mobile devices for use within the new in-Tune platform	76,000	76,000	0	0	0
Asbestos Removal	159,643	159,643	0	0	0
Civic Centre Roof Ladders	11,700	11,635	(65)	0	(65)
Council House Cellar Tanking	50,000	0	(50,000)	50,000	0
Council House Drainage Survey	18,300	0	(18,300)	18,300	0
Planned property maintenance	177,203	177,203	0	0	0
Replace heating & ventilation system within link block	193,820	110,799	(83,021)	83,021	0
Safe water supplies	187,013	187,013	0	0	0
Solar PV panels	142,863	0	(142,863)	142,863	0
Statutory Testing	256,103	256,103	0	0	0
Civic Centre essential maintenance	72,822	59,296	(13,526)	13,526	0
Civic Centre heating	600,000	182	(599,818)	599,818	0
Clayhanger Community Centre	55,000	56,804	1,804	0	1804
Community Association Refurbishments	100,000	22,042	(77,958)	77,958	0
Council House BMS	70,000	0	(70,000)	70,000	0
Council House rewiring	1,000,000	91	(999,909)	999,909	0

COUNCIL FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
Fire risk assessment	438,208	438,208	0	0	0
Lower Bradford Street Wall	5,972	5,972	0	0	0
Schools Project	250,000	16,765	(233,235)	233,235	0
Money home job core IT system	103,395	57,744	(45,651)	45,651	0
Homeless Shelter (RCCO)	77,315	77,315	0	0	0
Improvements to homeless projects	88,923	88,923	0	0	0
Capital Contingency	72,236	0	(72,236)	72,236	0
RESOURCES AND TRANSFORMATION COUNCIL FUNDED TOTAL	8,449,327	2,799,384	(5,649,943)	5,651,682	1739
ADULT SOCIAL CARE					
Mosaic Implementation (Phase 3)	747,130	400,285	(346,845)	346,845	0
Mosaic Mobile Working	634,076	613,372	(20,704)	20,704	0
ADULT SOCIAL CARE COUNCIL FUNDED TOTAL	1,381,206	1,013,657	(367,549)	367,549	0
TOTAL COUNCIL FUNDED SCHEMES	42,537,293	28,036,740	(14,500,553)	14,326,337	(174,216)

Appendix 2 – Pre-audit Capital Outturn by Scheme 2017/18 – externally funded schemes

EXTERNALLY FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
CHILDREN'S SERVICES					
Academies	412,257	4,819	(407,438)	407,438	0
Basic need	6,088,643	4,358,364	(1,730,279)	1,730,279	0
Capital maintenance	3,221,909	3,220,671	(1,238)	1,238	0
Devolved formula capital	2,167,121	1,039,840	(1,127,281)	1,127,281	0
Early Year - Reedswood Academy	168,796	0	(168,796)	168,796	0
Early Year - Ryders Hayes Academy	170,850	170,850	0	0	0
Section 106	275,873	275,873	0	0	0
Universal infant free school meals	45,966	32,200	(13,766)	13,766	0
Elmwood School - Section 106	11,104	11,104	0	0	0
Youth capital funding	15,843	15,843	0	0	0
CHILDREN'S SERVICES EXTERNALLY FUNDED TOTAL	12,578,362	9,129,564	(3,448,798)	3,448,798	0
ECONOMY & ENVIRONMENT					
Allotment Improvement Programme External	18,485	7,693	(10,792)	10,792	0
Palfrey Park	6,994	1,500	(5,494)	5,494	0
Reeds, Wood & Water Project	56,464	24,614	(31,850)	31,850	0
Walsall arboretum restoration programme (PRU)	370,572	223,901	(146,671)	146,671	0
Willenhall Memorial Park Heritage & Habitats	50,000	18,785	(31,215)	31,215	0
Waste infrastructure capital grant	226,980	0	(226,980)	226,980	0
Active Living Bloxwich (Grant)	104,486	0	(104,486)	104,486	0
Active Living Oak Park (Grant)	137,818	85,101	(52,717)	52,717	0
The New Art Gallery Walsall (Grant)	45,567	45,567	0	0	0
Additional Highway Maintenance pothole funding	317,738	188,000	(129,738)	129,738	0
Challenge funding	1,985,213	1,985,213	0	0	0
Development of Highways Asset Management Plan (HAMPS)	43,002	13,360	(29,642)	29,642	0
LTP including bridge strengthening 2010/11	230,800	230,800	0	0	0

EXTERNALLY FUNDED SCHEMES	2017/18 Budget £	2017/18 Outturn £	Variance £	Carry forward to 2018/19 £	(Underspend)/ overspend £
LTP Yorks Bridge	85,408	15,352	(70,056)	70,056	0
Network Rail Scheme-Level Crossing	195,193	195,193	0	0	0
Pedestrian Crossing on Northgate	11,379	0	(11,379)	11,379	0
Mill Lane Road Safety	376	0	(376)	0	(376)
Capital Block DFT Fund	2,148,000	1,933,445	(214,555)	214,555	0
Growth Deal	34,887,564	31,639,907	(3,247,657)	3,247,657	0
M6 Junction 10 Highway Improvements	120,000	120,000	0	0	0
Darlaston SDA	187,794	187,794	0	0	0
Gigaport Partner Contribution	9,336	9,336	0	0	0
Goscote (Open Space Works)	581,896	199,160	(382,736)	382,736	0
Regenerating Walsall - Private Contributions	8,746	0	(8,746)	8,746	0
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	1,014	0	(1,014)	1,014	0
A461 National Productivity Investment Fund (NPIF)	920,000	920,000	0	0	0
M6 Junction 10 Highway Improvements	144,152	2,626	(141,526)	141,526	0
West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	1,471,982	964,692	(507,290)	507,290	0
ECONOMY & ENVIRONMENT EXTERNALLY FUNDED TOTAL	44,366,959	39,012,039	(5,354,920)	5,354,544	(376)
RESOURCES AND TRANSFORMATION					
Disabled facilities grant	2,462,737	2,462,737	0	0	0
Off Gas Scheme	501,250	70,648	(430,602)	430,602	0
RESOURCES AND TRANSFORMATION EXTERNALLY FUNDED TOTAL	2,963,987	2,533,385	(430,602)	430,602	0
ADULT SOCIAL CARE					
Integrated Community Equipment	750,000	750,000	0	0	0
Autism Innovation Capital Grant	688	688	0	0	0
Better Care Fund Community Capacity Grant	449,318	397,328	(51,990)	51,990	0
ADULT SOCIAL CARE EXTERNALLY FUNDED TOTAL	1,200,006	1,148,016	(51,990)	51,990	0
TOTAL EXTERNALLY FUNDED SCHEMES	61,109,314	51,823,004	(9,286,310)	9,285,934	(376)

Appendix 3 - Financial Health Indicators 2017/18

Treasury Management	2016/17 Actual	2017/18 Target	2017/18 Actual
Average Interest Rate (Borrowing)			
- Excluding OLA	3.80%	4.61%	3.26%
- Including OLA	3.94%	4.72%	3.42%
Gearing Effect on Capital Financing Estimates	1.80%	5.00%	3.47%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	10.88%	12.50%	4.57%
Capital Financing Requirement (£m)	335.150	344.171	351.593
Authorised limit for external Debt (£m)	360.965	362.390	362.390
Investment Rate Average	0.89%	0.77%	1.32%

Balance Sheet Ratios	2013/14	2014/15	2015/16	2016/17	2017/18 Draft
Current Assets : Current Liabilities	2.75	2.44	1.77	1.86	1.10
Useable Reserves : General Revenue Expenditure	0.53	0.66	0.57	0.63	0.68
Long Term Borrowing : Tax Revenue (Using both council tax and NNDR for tax revenue)	1.71	1.69	1.45	1.41	1.20
Long Term Assets : Long Term Borrowing	1.98	2.10	2.29	2.29	2.34
Total School Reserves : Dedicated School Grant	0.09	0.09	0.07	0.05	0.05

Revenues Performance % collected for financial year	2015/16 Actual Collected in total @ 31.03.18	2016/17 Actual Collected in total @ 31.03.18	2017/18	
			Profiled 2017/18	Actual 2017/18
Council tax %	97.70%	96.80%	94.60%	94.40%
Total Council Tax collected (£m)	£105,847,212	£111,074,787	116,790,000	116,595,980
National Non Domestic Rate %	99.00%	98.20%	97.50%	97.70%
Total NNDR collected (£m)	£69,062,297	£70,958,257	69,500,000	69,635,597

Debtors and Creditors Performance	2016/17 Actual	2017/18	
		Target	Actual
Sundry Debtors Collection – Average number of days to collect debt	27 days	30 days	25 Days
Average number of days to process creditor payments*	12 days	14 days	11 Days

Management of Resources	Pre-audit 2017/18		
Service Analysis	Target	Actual	Variance
Children's Services	99,899,320	101,546,519	1,647,199
Economy and Environment	47,904,884	47,149,865	(755,019)
Adult Social Care	67,102,350	67,240,674	138,324
Resources and Transformation	14,715,678	14,185,945	(529,733)
Council Wide	(16,610,459)	(17,341,497)	(731,038)
NNDR/Top Up	(104,540,337)	(104,540,337)	0
Total	108,471,436	108,241,169	(230,267)
General Reserves	Minimum £6.2m Maximum £15.5m	15,226,035	N/A
Council Funded Capital Expenditure	42,537,293	28,036,740	(14,500,553)
External Funded Capital Expenditure	61,109,314	51,823,004	(9,286,310)
Total Capital Expenditure	103,646,607	79,859,744	(23,786,863)
Capital Receipts	2,600,000	2,018,190	(581,810)

Management of Resources	Actual 2016/17		
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)
Resources and Transformation	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	13,904,518	N/A
Council Funded Capital Expenditure	21,394,512	13,463,467	(7,931,045)
External Funded Capital Expenditure	76,732,202	64,768,242	(11,963,960)
Total Capital Expenditure	98,126,714	78,231,709	(19,895,005)
Capital Receipts	2,770,000	1,673,099	(1,096,901)

Note:

The large changes in budgets in Children's Services between 2016/17 (£50.38m) and 2017/18 (£99.90m) is in the main due to the revaluation of schools which took place towards the end of the financial year. The revaluation saw the value of the schools buildings decrease significantly and the charge and budget for this was then passed onto the service. In order for the costs not to fall on the council tax payer an accounting entry is undertaken and an opposite movement is made within Capital Financing which is included in Council Wide and also accounts for the large movement in this area between years as well. This is all in accordance with Code of Practice for Local Authority Accounting 2017/18.

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 Average number of days to collect debt	How long on average it takes us to collect money owed to us.
Average number of days to process creditors payments	How long on average it takes to pay our bills.

Management of Resources	
Service Analysis	
Children's Services Economy and Environment Adult Social Care Resources and Transformation Council Wide	Shows our forecast for how much we will spend on these services compared to what we planned and compared to how much we spent in the previous year.
General Reserves	Our forecast year end position on reserves against our opening balance.
Contingency	How much we have set aside and for unplanned expenditure, and how much we have left to spend.
Capital Expenditure	Forecast of our spend on capital programmes against our target
Capital Receipts	Forecast of how much money we expect to receive from selling some of our assets, against our target.

Appendix 4 – Pre-audit Prudential and Treasury Indicators 2017/18

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

Prudential Indicators		Actual 2016/17	Target 2017/18	Position 31-Mar-18	Variance to target	
		£m	£m	£m	£m	%
Prl 1	Capital Expenditure	78.230	52.554	75.498	22.944	44%
Prl 2	Ratio of financing costs to net revenue stream	5.50%	11.00%	8.75%	(2.25%)	(20%)
Prl 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£7.98	£12.90	£12.90	0	0%
Prl 4	Capital Financing Requirement	335.150	344.171	351.593	7.422	2%
Prl 5	Authorised Limit for external debt	360.965	362.390	362.390	0.000	0%
Prl 6	Operational Limit for external debt	328.150	329.445	329.445	0.000	0%
Ref	Prudential Indicator	Actual 2016/17 £m	Target 2017/18 £m	Position 31-Mar-18 £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 365 days must not exceed	5.0	25.0	14.0		
Ref	Prudential Indicator	Upper Limit	Lower Limit	Actual 2016/17	Position 31-Mar-17	
Prl 10	Fixed Interest Rate Exposure	95%	40%	93%	94%	
Prl 11	Variable Interest Rate Exposure	45%	0%	7%	6%	
Prl 12	Maturity Structure of Borrowing:					
	Under 12 months	25%	0%	22%	26%	
	12 months and within 24 months	25%	0%	13%	12%	
	24 months and within 5 years	40%	0%	19%	21%	
	5 years and within 10 years	50%	5%	12%	11%	
	10 years and above	85%	30%	34%	29%	

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

Pr1 Total capital expenditure - variation of £22.944m

The £52.554m target for 2017/18 is based on the figure for the 2017/18 capital programme reported in the budget report presented to full Council on the 23rd February 2017. The actual spend for 2017/18 is higher than the target due to amendments to the original capital programme agreed during the year, mainly in relation to the acquisition of a local shopping centre.

Pr2 Estimates of the ratio of financing costs to the net revenue stream variation of -20%

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.

Pr4 Capital Financing Requirement variation of 2%

Increase in actual capital investment being financed from borrowing was higher than the capital expenditure target in Pr1 for 2017/18 due to approved changes in the capital programme made in-year.

Pr12 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.

During 2017/18 the upper limit target for borrowing with a maturity of up to 12mths has been exceeded due to the timing and structure of the cash flow borrowing that was taken out to fund the approved upfront pension payment at the start of the year.

The lower limit for borrowing at maturities of over 10 years has also not been within the target set due to the borrowing requirements of the capital programme for the year being funded from cash during 2017/18 with longer term borrowing, to replenish this cash, being taken at the start of the new financial year.

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

Local Indicators		Actual 2016/17	Target 2017/18	Position 31-Mar-18	Variance to target	
		£m	£m	£m	value	%
L1	Full compliance with Prudential Code.	YES	YES	YES	N/A	N/A
L2	Average length of debt. (Years)	15.37	25.00	13.14	(11.86)	(47.45%)
L3a	Net borrowing costs as % of net council tax requirement.	17.74%	20.00%	7.61%	(12.39%)	(61.97%)
3b	Net borrowing costs as % of Tax Revenue.	10.88%	12.50%	4.57%	(7.93%)	(63.42%)
L4	Net actual debt vs. operational debt.	81.00%	85%	99.66%	14.66%	17.25%
L5	Average interest rate of external debt outstanding excluding OLA.	3.80%	4.61%	3.26%	(1.35%)	(29.32%)
L6	Average interest rate of external debt outstanding including OLA.	3.99%	4.72%	3.42%	(1.30%)	(27.44%)
L7	Gearing effect of 1% increase in interest rate.	1.80%	5.00%	3.47%	(1.53%)	(30.60%)
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.75%	0.50%	0.76%	0.26%	52.32%
L9	Average interest rate received:					
L9a	At Call investments.	0.30%	0.30%	0.23%	(0.07%)	(23.33%)
L9b	Short Term Investments.	0.90%	0.75%	1.06%	0.31%	41.33%
L9c	Long Term Investments.	1.56%	1.20%	1.85%	0.65%	54.17%
L10	Average interest rate on all ST investments (ST and At Call).	0.86%	0.68%	0.65%	(0.03%)	(4.41%)
L11	Average rate on all investments.	0.89%	0.77%	1.32%	0.55%	71.43%
L12	% daily bank balances within target range.	100%	98%	100%	2.00%	2.04%

Key variances are because of the following reasons:-

L2. Average length of debt.

The target for this indicator has not been met mainly due to the timing and structure of the cash flow borrowing that was taken out to fund the upfront pension payment at the start of the year.

L4. Net actual debt vs. operational debt.

The target was exceeded in this area due to additional borrowing taken out after the target was set, linked to approved changes to the capital programme made during the year.

L9a. At call investments

The original target for this indicator has not been met as a result of the rate offered on the council's main At Call account being reduced following the reduction in the Bank of England base rate (there was a slight delay in the counterparty passing this reduction on due to a contractual requirement for them to continue to offer the previous rate until June 2017).

L10. Average interest rate on all ST investments (ST and AT call)

The actual delivery in this area for the year has been affected by the result of the At Call rate achieved being impacted as set out in L9a. above.