

Cabinet – 5 September 2018

Corporate Financial Performance 2018/19

Portfolio: Councillor M Bird – Leader of the Council

Related Portfolios: All

Service: Finance – council wide

Wards: All

Key decision: No

Forward plan: No

1. Summary of report

1.1 The report provides the latest forecast of the revenue and capital position for 2018/19 as at 31 July 2018.

- (i) A forecast revenue overspend of £2.24m, after use of reserves and assuming successful delivery of corrective action plans identified to date.
- (ii) A number of amendments to the capital programme for approval, as set out in section 3.5 of the report.
- (iii) The forecast for the council funded capital programme is an underspend of £399k, prior to approval of virements in relation to pothole works (£261k) and improvements to facilities in the Arboretum (£110k), after which the remaining underspend will be £28k.
- (iv) Performance against an agreed set of financial health indicators, which are forecast to be achieved.
- (v) Performance against an agreed set of prudential indicators, which are forecast to be achieved.

2. Recommendations

Cabinet are requested to:

- (i) Note the forecast revenue overspend of £2.24m, after use of reserves and successful delivery of corrective action plans identified to date.
- (ii) Approve amendments to the capital programme as set out in section 3.5.
- (iii) Note the forecast council funded capital programme variance of £5.37m, of which £4.97m will be carried forward to 2019/20, leaving an underspend of £399k.
- (iv) Approve virement of £261k of the capital underspend to the pothole budget to meet the administration's commitment to match funding the DfT grant.
- (v) Approve virement of £110k to fund improvements to facilities within the Arboretum, including improvement works to the Orchard Pavilion and Grange Playhouse.

- (vi) Note the net underspend on capital, after virements, will be £28k.
- (vii) Note financial health indicator performance as set out in Appendix 1.
- (viii) Note prudential indicators as set out in Appendix 2.

3. Report Detail

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

3.2 Revenue Forecast 2018/19

3.2.1 Walsall Council has a track record of managing financial pressures and action has been taken to mitigate current and future cost pressures, however demand pressures within Adult Social Care and Children's continue to exist. The current council wide forecast shows an overspend of £2.24m at this point and work continues to bring the position in line with the budget. Work continues to ensure the council outturns within budget by year-end.

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

Table 1: Forecast revenue analysis 2018/19 by Directorate			
Directorate	Net Budget £m	Year end forecast £m	Forecast Variation to Budget (Under) / Over £m
Adult Social Care	59.45	61.62	2.17
Children's Services	53.39	53.39	0.00
Economy & Environment	30.30	30.39	0.09
Resources & Transformation	29.07	29.04	(0.03)
Services Position	172.21	174.45	2.24
Capital Financing	18.67	18.67	0.00
Central budgets	(57.23)	(57.23)	0.00
Total council tax requirement	133.65	135.89	2.24

3.3 Directorate Summary and Significant Changes

3.3.1 *Children's Services*

The current forecast overspend prior to any mitigating action is £811k. The directorate has implemented an action plan, reducing the forecast position to nil.

Items causing the over spend of £811k are:

- Unachieved savings of £114k due to delay in reducing administrative staff.
- Continued demand for Home to School Transport has created a pressure of £380k.
- An overspend of £113k due to no recourse to public funds (NRPF) expenditure.

- Savings of £64k for reducing children's social care contact service which are deemed unachievable in 2018/19 and have therefore been deferred until 2019/20.
- Early Help 0-19 Model pressure of £82k. £47k relates to a shortfall of income from Birchills children's centre and £35k is due to delays in the implementation of a restructure in targeted youth work.
- £58k of legal fees relating to a number of complex cases within Children's social care.

3.3.2 *Economy and environment*

Economy and Environment are currently projecting an overspend of £93k. The main reasons for the variance are:

- Clean & Green (£202k) - forecast overspends on domestic and garden waste collection services £320k, the comingled waste contract £122k, the clinical waste contract £17k) and fuel of £65k - offset by general projected underspends on other disposal costs (£246k), reduction in fee on the HWRC contract, access WR2 income (£250k), the forecast reduction in tonnage to landfill (£146k) and release of accruals relating to previous years agency spend (£58k).
- Economy & Environment Management £122k - mainly relating to non-delivery of 2016/17 and 2018/19 savings.
- Regeneration & Development £321k – non achievement of savings for both 2018/19 £350k and 2017/18 £50k in relation to asset management partly offset with additional fees within shops and commercial premises and the use of economic growth programme (EGP) reserve to mitigate overspend.
- Programme Management (£45k) – use of EGP reserve to mitigate directorate overspend.
- Public Health – (£69k) – underspend on salaries, supplies and surplus income.

3.3.3 *Resources and Transformation*

The forecast outturn is an underspend of £29k against budget. The major variances are within:

- Facilities Management - £347k overspend relating to centralised maintenance, cleaning and energy partly offset by underspends within service;
- Information, Communications and Technologies - £204k due to underspend relating to reduced artwork in print and design £103k, increased traded income from schools £60k and other small variance of £41k.
- Money Home Job - £101k underspend relating to increased overpayment recovery income, net of increased housing and agency costs.
- Other support services – net £71k underspend mainly on holding posts vacant, and general reduction in non-pay costs.

3.3.4 *Adult Social Care*

The current forecast over spend prior to any mitigating action would be £3.37m, which results from unachieved / delayed delivery of savings and areas of spend which carry a high risk. After mitigating actions of £1.2m, the forecast position is an over spend of £2.17m. The main reasons for the overspend are:

- Demand management £3.58m – mainly due to unachieved savings of c£1.4m and the full year impact of Continuing Health Care income reductions (c£2m).
- Continuing the Community Alarms service (CAS) in its current delivery model £880k – whilst the service remains under review (with options for future delivery currently under consideration), both its existing ongoing pressure and the undeliverable saving proposal will lead to a pressure of £73k for every month the service runs at its current activity levels.
- Impact of the closure of Hollybank and the implementation of the new intermediate care model has resulted in a one off pressure of £92k.
- Additional costs arising from increased use of direct payment support organisations and use of rapid response £46k.
- Staffing position (£332k) following a detailed review of vacant posts and agency cover.
- The above is offset by additional one off funding of £895k allocated via Central government to support ASC pressures and an action plan of £1.2m, which reduces the above overspend to £2.17m.

3.3.5 Capital Financing

Currently forecast to be on budget.

3.4 Business Rates Retention Scheme

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

3.5 Capital Programme 2018/19

The capital programme as reported to Council on 28 February 2018 totalled £98.63m. **Table 2** summarises amendments, resulting in a programme of £109.26m.

Table 2 : Amendments to Capital Programme 2018/19	
Project	£m
Capital programme 2018/19 per Council 28 February 2018	98.63
Council Funded Resources	
Carry forwards from 2017/18 reported to Cabinet on 20 June 2018	14.33
Open water safety schemes - moved into 2017/18 from 2018/19	(0.07)
Memorial safety	0.01
Smarter Workplaces – budgets to be held centrally	(0.79)
Holman's Strategic Land Acquisition	(0.01)
2 year old places	0.55
PRU Places Provision	0.49
SEND Places Provision	0.82
Arboretum Events Field-drainage scheme	0.07
Externally Funded	
Carry forwards from 2017/18 reported to Cabinet on 20 June 2018	9.29
National Productivity Investment Fund Programme – re-profiled into 2019/20	(1.52)
Children's S106 – confirmation of funding	0.21

Project	£m
West Midlands Strategic Transport Plan (STP) – confirmation of funding	(0.01)
Network Rail Level Crossing – external contribution	0.12
Capital Maintenance School Allocation- confirmation of funding	(0.10)
Healthy Pupils - additional funding	0.20
M6 Junction 10 Highway Improvements- re-profile of budget	(12.95)
Basic Needs Grant	(0.01)
Revised capital programme 2018/19	109.26

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

Table 3: Forecast capital analysis 2018/19					
Directorate	Budget £m	Predicted year end forecast £m	Variance before Carry forward £m	Carry Forward £m	Variance Over / (Under) £m
Council funded	45.98	40.61	(5.37)	4.97	(0.40)
Externally Funded	63.28	63.05	(0.23)	0.23	0.00
Total	109.26	103.66	(5.60)	5.20	(0.40)

The council funded element of the capital programme currently shows a predicted underspend of £410k, after carry forwards of £4.98m into 2019/20.

Table 4: (Underspends)/Overspend 2018/19	
Project	£m
Schemes that support essential works including health and safety schemes	0.03
Aids and Adaptations – maximising grant	(0.32)
Darlaston Town Hall – asbestos and fire safety works	(0.04)
Council House – modern secure reception	(0.07)
Total	(0.40)

In order to maximise the use of external Disabled Facilities Grant Funding, the council contribution of £750k for Aids and Adaptations is expected not to be fully used in 2018/19, resulting in an underspend of £315k.

The council currently spends some £1 million per year on pothole repairs using various techniques. In 2017/18 the Department for Transport allocated an additional sum of £188,000 to deal with this continuing issue and the council used the money to support its programme of velocity patching and machine laid highway patching. For 2018/19 the DfT has awarded a further grant of £261,690.

To significantly assist in improving the road conditions and safety for the travelling public it is proposed to use a further £261k of council funding to match fund the grant from DfT to fund further pothole works in 2018/19 in line with the administration's commitment. This is to be funded from the currently reported underspend on the capital programme.

Council approved £100k of capital expenditure to fund improvement works to facilities within the Arboretum, including improvement works to the Orchard Pavilion and Grange Playhouse. Following review of the required works, a virement of £110k is proposed to ensure the improvements are of a suitable standard.

Following the above two virements, the net underspend on the programme will be £28k.

The council funded element of the capital programme currently shows predicted re-phasing of £4.97m from 2018/19 to 2019/20 as shown in table 5. Re-phasing occurs for a number of reasons such as late confirmation of grant approvals, timing of projects that may fall over more than one financial year, contract delays out of our control as awaiting funding or Government approval, etc.

Project	£m
Fryers Road Sprinkler System	0.24
District Town Centre's Public Realm Improvements	1.25
Walsall Market	1.83
Civic Centre heating	0.90
Council House rewiring	0.75
Total	4.97

3.6 Financial Health Indicators

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

3.6.1 Treasury Management

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

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

Despite low interest rates the council is currently achieving an average investment rate of 1.23% against a target of 1.00% through negotiations to secure favourable rates when considering investment options, and through the review and identification of new and appropriate opportunities for investment.

3.6.2 Balance Sheet

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

3.6.3 Revenue performance

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

3.6.4 Corporate financial performance - revenue

This section details the outturn position for 2017/18 (post audit) and 2018/19 year-end forecast for revenue and capital, which is based on the financial position as at 31 July 2018. The current revenue forecast for 2018/19 is an overspend of £2.24m after successful delivery of corrective action plans.

3.6.5 Corporate financial performance – capital

Mainstream capital (funded from the council's own resources) as at 31 July 2018 is forecast to be underspent by £399k after £4.97m of projects are re-phased into 2019/20. The current plan of disposal of assets is currently under review and an update will be provided in the quarter 2 report.

3.7 **Prudential Indicators**

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

3.7.1 National Indicators

These indicators are nationally set and provide an indication of the council's exposure to interest rate risks, the proportion of the council's budget used to finance capital expenditure and the borrowing limits for the current year.

All of these indicators were met in 2017/18 and are forecast to be met in 2018/19.

3.7.2 Local Indicators

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

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

L3b Net borrowing costs as % of Tax Revenue (variance of -62.08%). The target figure of 12.5% represents a upper limit of affordable net borrowing costs as a percentage of tax revenues for the authority. The actual level of net borrowing costs is currently less than the upper limit, which in the main is linked to the work undertaken by the service to seek to secure favourable rates on investments and reduced costs on borrowing, thus reducing the overall net borrowing costs.

L8, L9, L10 & L11 – Interest Rates received – all 7 of the indicators within L8, L9, L10 and L11 are currently being exceeded. This is in the main due to the ongoing negotiations being undertaken by the service to secure favourable rates when considering investment options, and through the review and identification of new and appropriate opportunities for investment.

4. Council Corporate Plan Priorities

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

5. Risk Management

5.1 Risk management is embedded in budget monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed. A number of assumptions have been made in the forecast figures by managers. Significant risks have been identified, monitored and reported on throughout the year, as appropriate.

5.2 Some significant risks are currently being managed, if they occur, further action will be required. These include:

a) In Children's – risk of £1.4m:

- Whilst LAC numbers currently remain stable, there remains a risk that demand increases, causing unbudgeted pressures.
- if increased demand for Home to School Transport services continues there is a risk that further costs could be incurred. The impact of delays to savings, the implementation of a revised contract and the increase in demand has already absorbed new investment.
- increased demand relating to the costs of assessments and wrap around care within the fostering and adoption services above past trends. This is partly due to the focus on increasing fostering and adoption placements across the directorate. A number of children are currently awaiting adoption, if these placements are made via an agency rather than internally, then additional fees will be incurred.
- additional legal fees arising from representation and support for children where cases are proceeding through the legal system.

The directorate is prudently planning for how to respond should these risks materialise.

b) In Adult Social Care - risks as follows:

- Sleep-in - due to the recent outcome of the Mencap court case it has been ruled that liability is only from July 2017. However we are currently waiting for further legal advice on the interpretation of the ruling and its impact on the council and this may also be subject to appeal.

- A further reduction in CCG income in relation to eligibility criteria for continuing health care (CHC) and S117 clients – starting in 2017/18, the CCG has been reviewing the ongoing eligibility of individuals who they are currently supporting via CHC or under Section 117 of the Mental Health Act (S117). During 2018/19 this has seen the income to ASC reduce by circa £2m and though work is underway within ASC to support and challenge where appropriate, there remains a significant risk that further reductions in income will be incurred. Should this continue at the same level for 2018/19 there is a further £500k reduction in income anticipated.

c) In Economy and Environment – risks include reactive highways maintenance and gully cleansing.

6. Financial Implications

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

7. Legal implications

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

8. Property implications

8.1 None directly associated with this report.

9. Health and wellbeing implications

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

10. Staffing Implications

10.1 None directly associated with this report.

11. Reducing Inequalities

11.1 None directly associated with this report.

12. Consultation

12.1 The report is prepared in consultation with the Chief Finance Officer, relevant managers and executive directors. Improvement works to the Arboretum have been discussed with the community association and user group.

Background papers: Various financial working papers.

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Signed:



James T. Walsh
Executive Director – Resources & transformation
24 August 2018

Signed:



Councillor M Bird
Leader of the Council
24 August 2018

Financial Health Indicators – Qtr 1 2018/19

Treasury Management	2017/18 Actual	2018/19 Target	2018/19 Actual
Average Interest Rate (Borrowing)			
- Excluding OLA	3.26%	3.76%	3.31%
- Including OLA	3.42%	3.91%	3.46%
Gearing Effect on Capital Financing Estimates	3.47%	5.00%	3.52%
Net Borrowing Costs / Council Tax Requirement and NNDR contribution	4.57%	12.5%	4.74%
Capital Financing Requirement (£m)	351.593	367.661	367.661
Authorised limit for external Debt (£m)	362.390	442.096	442.096
Investment Rate Average	1.32%	1.00%	1.23%

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

Revenues Performance % collected for financial year	2016/17 Actual Collected in total @ 30.06.18	2017/18 Actual Collected in total @ 30.06.18	2018/19	
			Profiled 2018/19	Actual 2018/19
Council tax %	97.0%	95.5%	26.5%	26.4%
Total Council Tax collected (£m)	£111,348,077	£117,908,431	£34,700,000	£34,649,840
National Non Domestic Rate %	98.4%	98.1%	31.5%	31.8%
Total NNDR collected (£m)	£71,001,962	£69,785,323	£23,450,000	£23,687,550

Debtors and Creditors Performance	2017/18 Actual	2018/19	
		Target	Actual Qtr
Sundry Debtors Collection – Average number of days to collect debt	24 days	30 days	26 days
Average number of days to process creditor payments	11 days	14 days	10 days

Management of Resources Service Analysis	2018/19		
	Target	Actual	Variance
Children's Services	53,391,049	53,391,049	0
Economy and Environment	30,300,584	30,393,790	93,206
Adult Social Care	59,450,567	61,623,205	2,172,638
Resources and Transformation	29,073,449	29,044,078	(29,371)
Council Wide	40,424,955	40,424,955	0
NNDR/Top Up	(97,654,687)	(97,654,687)	0
Total Net Revenue Expenditure	114,985,917	117,222,390	2,236,473
General Reserves	Minimum £6.2m Maximum £15.5m	N/A	N/A
Council Funded Capital Expenditure	45,984,106	40,609,905	(5,374,201)
External Funded Capital Expenditure	63,280,588	63,053,608	(226,980)
Total Capital Expenditure	109,264,694	103,663,513	(5,601,181)
Capital Receipts	2,081,800	533,043	(1,548,757)

Management of Resources	Post-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)

Notes to Management of Resources

The figures for 2017/18 represent the actual budget and spend for each area within the authority. This will include all internal recharges such as office accommodation, central support services, and accounting adjustments for pension liability in line with FRS17 and capital charges. Capital charges and pension liability year-end transactions can change substantially at year-end as this is when revaluations of assets and figures from the actuary are received and budgets updated to reflect any changes.

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

What this tells us

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 Council Tax (%)	As a percentage the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that its related to, but this won't be included in this figure
National Non Domestic Rate (%)	As a percentage the amount of Business rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it related to.
Total Council Tax Collected (£m)	This tells us the amount of council tax we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Total NNDR Collected (£m)	This tells us the amount of Business Rates we collected during the financial year that runs from 1 April – 31 March. We collect council tax after the year that it relates to, but this won't be included in this figure.
Sundry Debtors Collection Average number of days to collect debt	How long on average it takes us to collect money owed to us.
Average number of days to process creditors payments	How long on average it takes to pay our bills.

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

Prudential Indicators – Qtr 1 2018/19

National Indicators – as per CIPFA Prudential Code

Ref	Prudential Indicator Description	2017/18 Actual £m	2018/19 Target £m	2018/19 Actual £m	Variance to Target	
Pr1 1	Capital Expenditure	75.498	120.880	119.280	-1.600	-1%
Pr1 2	Ratio of financing costs to net revenue stream	8.75%	4.50%	4.50%	0.00%	0%
Pr1 3	Estimates of the incremental impact of new capital investment decisions on Council Tax	£12.90	£24.14	£24.14	0.000	0%
Pr1 4	Capital Financing Requirement	351.593	367.661	367.661	0.000	0%
Pr1 5	Authorised Limit for external debt	362.390	442.096	442.096	0.000	0%
Pr1 6	Operational Limit for external debt	343.245	401.905	401.905	0.000	0%

Ref	Prudential Indicator Description	2017/18	2018/19
Pr1 7	Gross Borrowing exceeds capital financing requirement	No	No
Pr1 8	Authority has adopted CIPFA Code of Practice for Treasury Management	Yes	Yes

Ref	Prudential Indicator Description	2017/18 Actual £m	2018/19 Target £m	2018/19 Actual £m
Pr1 9	Total principle sums invested for longer than 365 days must not exceed	14.0	25.0	16.0

Ref	Prudential Indicator Description	Upper Limit	Lower Limit	Actual 2017/18	Actual 2018/19
Pr1 10	Fixed Interest Rate Exposure	95.00%	40.00%	93.85%	94.12%
Pr1 11	Variable Interest Rate Exposure	45.00%	0.00%	6.15%	5.88%
Pr1 12	Maturity Structure of Borrowing:				
	Under 12 months	25.00%	0.00%	26.22%	19.00%
	12 months and within 24 months	25.00%	0.00%	12.31%	12.00%
	24 months and within 5 years	40.00%	0.00%	21.03%	21.00%
	5 years and within 10 years	50.00%	5.00%	11.34%	11.00%
	10 years and above	85.00%	30.00%	29.10%	37.00%

Local Indicators – As recommended by Treasury Management Panel

Ref	Prudential Indicator Description	2017/18 Actual	2018/19 Target	2018/19 Actual	Numerical Variance to Target	% Variance to Target	Met
L1	Full compliance with Prudential Code.	Yes	Yes	Yes	N/A	N/A	Y
L2	Average length of debt.	13.14 years	Lower Limit 15 Years, Upper Limit 25 Years	15.00 years	N/A	N/A	Y
L3a	Net borrowing costs as % of net council tax requirement.	7.61%	7.67%	7.64%	-0.03%	-0.39%	Y
3b	Net borrowing costs as % of Tax Revenue.	4.57%	12.50%	4.74%	-7.76%	-62.08%	Y
L4	Actual debt vs. operational debt.	99.66%	85.00%	83.18%	-1.82%	-2.14%	Y
L5	Average interest rate of external debt outstanding excluding former WMCC debt	3.26%	3.76%	3.31%	-0.45%	-11.97%	Y
L6	Average interest rate of external debt outstanding including former WMCC debt	3.42%	3.91%	3.46%	-0.45%	-11.51%	Y
L7	Gearing effect of 1% increase in interest rate (expressed as the potential increase to the rate shown in L6 i.e. shows what the rate included in L6 would change to).	3.47%	5.00%	3.52%	-1.48%	-30%	Y
L8	Average interest rate received on STI vs. 7 day LIBID rate.	0.76%	0.50%	0.74%	0.24%	48.00%	Y
L9	Average interest rate received:						
L9a	AT call investments.	0.23%	0.20%	0.34%	0.14%	70.00%	Y
L9b	Short Term Investments.	1.06%	0.70%	1.04%	0.34%	48.57%	Y
L9c	Long Term Investments.	1.85%	1.05%	1.45%	0.40%	38.10%	Y
L10	Average interest rate on all ST investments (ST and AT call)	0.65%	0.65%	0.96%	0.31%	47.69%	Y
L11	Average rate on all investments.	1.32%	1.00%	1.23%	0.23%	23.00%	Y
L12	% daily bank balances within target range.	100%	99.00%	100%	1.00%	1.01%	Y

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

COUNCIL FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend) / overspend £
CHILDRENS					
Looked after children out of borough placements	150,000	150,000	0	0	0
2 year old (RCCO)	1,871,278	1,871,278	0	0	0
Rushall Primary/EDC alterations	9,232	9,232	0	0	0
LAC Small Residential Home	60,000	60,000	0	0	0
Pinfold Centre	684,630	684,630	0	0	0
Corporate Parenting, Contract & Assessment Hub	697,571	697,571	0	0	0
CHILDRENS COUNCIL FUNDED TOTAL	3,472,711	3,472,711	0	0	0
ECONOMY & ENVIRONMENT					
Arboretum Events Field-drainage scheme (RCCO)	99,928	99,928	0	0	0
Broadway West playing fields	150,000	150,000	0	0	0
Bloxwich Active Living Centre-Interactive Aquatics Play	30,000	30,000	0	0	0
Holmans Strategic Land Acquisition	524,000	524,000	0	0	0
Mobile Technology Implementation for Building Control	11,500	11,500	0	0	0
Oak Park-Artificial Grass Pitch	150,000	150,000	0	0	0
Oil Tank above Gala Baths	25,055	25,055	0	0	0
Open Water	64,650	64,650	0	0	0
Promotion of Community Health & Safety	120,000	120,000	0	0	0
Replacement of obsolete analogue weather stations	40,000	40,000	0	0	0
Replacement of speed enforcement camera	175,000	175,000	0	0	0
Saddlers Shopping centre	559,869	559,869	0	0	0
St Peter Church repairs to surrounding wall	25,000	25,000	0	0	0
Trim Trail King George V playing fields	771	771	0	0	0
Walsall Arboretum car park	9,106	9,106	0	0	0
Walsall Arboretum restoration programme - illuminated park proposals	5,242	5,242	0	0	0

COUNCIL FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend) / overspend £
Willenhall Memorial Park	13,546	13,546	0	0	0
Fryers Road sprinkler system	268,000	25,000	(243,000)	243,000	0
Rushall Olympic Football Club	5,833	5,833	0	0	0
Headstone safety in cemeteries	48,000	48,000	0	0	0
Leisure management system	17,970	17,970	0	0	0
Library redesign - Lichfield Street hub	4,364,974	4,364,974	0	0	0
Community dropped crossings	21,215	21,215	0	0	0
Highways maintenance	2,844,593	2,844,593	0	0	0
Hatherton Road car park	264,114	264,114	0	0	0
Migration of Urban Traffic control analogue comm network	185,000	185,000	0	0	0
Replacement of obsolete traffic signal control equipment	200,000	200,000	0	0	0
Darlaston strategic development area (SDA)	168,584	168,584	0	0	0
New Homes Bonus	204,093	204,093	0	0	0
Regenerating Walsall	233,877	233,877	0	0	0
Shop maintenance	7,274	7,274	0	0	0
Active Living - Bloxwich	762	762	0	0	0
Active Living - Oak Park	176,574	176,574	0	0	0
Darlaston SDA	265,878	265,878	0	0	0
Darlaston Swimming Pool	150,000	150,000	0	0	0
Primark & Co-op development	1,640	1,640	0	0	0
District Town Centre's Public Realm Improvements	4,000,000	2,745,000	(1,255,000)	1,255,000	0
Town and District Centres Public Realm	871,000	871,000	0	0	0
Open Plus in Libraries	397,000	397,000	0	0	0
Single Library Management System	93,775	93,775		0	0
Replacement dev management, building control & land charge ICT system	29,792	29,792		0	0
Walsall Town Centre Public Realm Improvements	229,000	229,000		0	0
Walsall Market	1,877,496	50,000	(1,827,496)	1,827,496	0
ECONOMY & ENVIRONMENT COUNCIL FUNDED TOTAL	18,930,111	15,604,615	(3,325,496)	3,325,496	0

COUNCIL FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
RESOURCES AND TRANSFORMATION					
CCTV	255,999	255,999	0	0	0
Aids and adaptations	715,074	399,999	(315,075)	0	(315,075)
Bentley Community Facility	10,000	10,000	0	0	0
Darlaston Recreation Ground	0	148	148	0	148
Darlaston Town Hall-asbestos & fire safety works	99,900	55,900	(44,000)	0	(44,000)
Improving security in local neighbourhoods	2,927	2,927	0	0	0
HR Itrent upgrades	7,229	7,229	0	0	0
IT Trent Upgrade 2016	26,806	26,806	0	0	0
ICT Wide Area Network	283,661	283,661	0	0	0
ICT-Safe and Secure Environment	5,901,000	5,901,000	0	0	0
Data backup system replacement	220,000	220,000	0	0	0
Data Centre Power Backup	309,220	309,220	0	0	0
Essential investment to remove cyber attack vulnerabilities	98,000	98,000	0	0	0
Essential microsoft upgrades & foundation for Office 365	274,336	274,336	0	0	0
Essential refurbishment Council's digital data storage facilities	1,224,081	1,224,081	0	0	0
Essential upgrade to Windows 2003	64,070	64,070	0	0	0
Essential warranty extension & eventual replacement of hardware for Council's finance system	16,325	16,325	0	0	0
High Level Parapet wall-Sneyd Vernon Way	94,350	94,350	0	0	0
Money home job core IT system	45,651	45,651	0	0	0
Refurbishment of Orchard Pavilion	100,000	100,000	0	0	0
Payment Card Industry Data Security	6,140	6,140	0	0	0
Replace Open Software Local Government Online	10,000	10,000	0	0	0
Service improvement cyber security (virus protection)	81,000	81,000	0	0	0
Service improvement single mobile device management solution (removal Blackberry technology)	51,000	51,000	0	0	0
Finance Direct/Oracle	11,382	11,382	0	0	0
Council house cellar tanking	50,000	50,000	0	0	0

COUNCIL FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
Council house drainage survey	18,300	18,300	0	0	0
Replace heating & ventilation system within link block	83,021	83,021	0	0	0
Solar panels	142,863	142,863	0	0	0
Civic centre essential maintenance	13,526	13,526	0	0	0
Civic centre heating	1,199,818	299,954	(899,863)	899,863	0
Community Association Refurbishments	77,958	77,958	0	0	0
Council house building management system (BMS)	70,000	70,000	0	0	0
Council house rewiring	999,909	249,978	(749,931)	749,931	0
Schools project	483,235	483,235	0	0	0
Transformation Programme	455,000	455,000	0	0	0
Walsall Council House-modern secure reception	106,000	40,000	(66,000)	0	(66,000)
Walsall Town Hall-roofing repair system	61,500	61,500	0	0	0
Procurement system for (HRMS) and Oracle EBS financials	2,759,854	2,759,854	0	0	0
Willenhall Lane Travellers Site	85,000	85,000	0	0	0
Health through warmth and related Retro Fit schemes	134,135	134,135	0	0	0
Allocation of health and safety works	723,836	749,852	26,016	0	26,016
Capital investment earmarked reserve	4,865,007	4,865,007	0	0	0
RESOURCES AND TRANSFORMATION COUNCIL FUNDED TOTAL	22,237,113	20,188,408	(2,048,705)	1,649,794	(398,911)
ADULTS SOCIAL CARE					
Mosaic implementation (Phase 3)	569,930	569,930	0	0	0
Mosaic mobile working	774,241	774,241	0	0	0
ADULT SOCIAL CARE COUNCIL FUNDED TOTAL	1,344,171	1,344,171	0	0	0
TOTAL COUNCIL FUNDED	45,984,106	40,609,905	(5,374,201)	4,975,290	(398,911)

APPENDIX 3b – EXTERNALLY FUNDED CAPITAL SCHEMES AS AT 30 JUNE 2018

EXTERNALLY FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
CHILDRENS					
Academies	407,438	407,438	0	0	0
Basic need	23,316,482	23,316,482	0	0	0
Capital maintenance	2,124,056	2,124,056	0	0	0
Devolved formula capital	1,665,758	1,665,758	0	0	0
Early Year- Reedswood Academy	168,796	168,796	0	0	0
Healthy Pupils	203,185	203,185	0	0	0
Section 106	205,926	205,926	0	0	0
Special Provision Fund	319,229	319,229	0	0	0
Universal infant free school meals	13,766	13,766	0	0	0
CHILDRENS EXTERNALLY FUNDED TOTAL	28,424,636	28,424,636	0	0	0
ECONOMY & ENVIRONMENT					
Allotment improvement programme	10,792	10,792	0	0	0
Broadway West Playing Fields	150,000	150,000	0	0	0
Oak Park Artificial Grass Pitch	300,000	300,000	0	0	0
Palfrey Park	5,494	5,494	0	0	0
Reedswood Park	31,850	31,850	0	0	0
Walsall arboretum restoration programme	146,671	146,671	0	0	0
Waste infrastructure capital grant	226,980	0	(226,980)	226,980	0
Active Living Bloxwich	104,486	104,486	0	0	0
Active Living Oak Park	52,717	52,717	0	0	0
Additional highway maintenance pothole funding	129,738	129,738	0	0	0
Development of highways asset management plan (HAMPS)	29,642	29,642	0	0	0
LTP including bridge strengthening 2010/11	200,000	200,000	0	0	0
LTP Yorks Bridge	70,056	70,056	0	0	0

EXTERNALLY FUNDED SCHEMES	2018/19 Budget £	Estimated Outturn £	Variance £	Carry forward to 2019/20 £	(Underspend)/ overspend £
Network Rail scheme-level crossing	121,720	121,720	0	0	0
Pedestrian crossing on Northgate	11,379	11,379	0	0	0
Capital block DfT fund	2,365,669	2,365,669	0	0	0
Growth Deal	22,775,086	22,775,086	0	0	0
Goscote (Open space works)	382,736	382,736	0	0	0
Regenerating Walsall - private contributions	8,746	8,746	0	0	0
Willenhall Townscape Heritage Initiative – Heritage Lottery Fund	1,014	1,014	0	0	0
Willenhall Memorial Park - Artwork	1,200	1,200	0	0	0
Willenhall Memorial Park Heritage & Habitats	31,215	31,215	0	0	0
National Productivity Investment Fund (NPIF)	1,081,000	1,081,000	0	0	0
M6 Junction 10 Highway Improvements	1,453,773	1,453,773	0	0	0
West Midlands Strategic Transport Plan (STP) 'Movement for Growth'	1,786,396	1,786,396	0	0	0
ECONOMY & ENVIRONMENT EXTERNALLY FUNDED TOTAL	31,478,360	31,251,380	(226,980)	226,980	0
RESOURCES AND TRANSFORMATION					
Disabled facilities grant	2,145,000	2,145,000	0	0	0
Off gas scheme	430,602	430,602	0	0	0
RESOURCES AND TRANSFORMATION EXTERNALLY FUNDED TOTAL	2,575,602	2,575,602	0	0	0
ADULT SOCIAL CARE					
Integrated Community Equipment	750,000	750,000	0	0	0
Better Care Fund Community Capacity Grant	51,990	51,990	0	0	0
ADULT SOCIAL CARE EXTERNALLY FUNDED TOTAL	801,990	801,990	0	0	0
TOTAL EXTERNALLY FUNDED	63,280,588	63,053,608	(226,980)	226,980	0

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

School	Project	Budget £	Forecast £
Fullbrook Nursery	Replacement boiler house plant / removal of tanked water storage	68,122	68,122
Blackwood Primary School	Phase 2 roofing	222,000	222,000
Brownhills West Primary School	Replace boilers / asbestos removal	166,500	166,500
Busill Jones Primary School	Roofing phase 2	133,200	133,200
Kings Hill Primary School	Phase 2 pitched roofing	199,800	199,800
Kings Hill Primary School	Nursery playground development	55,500	55,500
Meadow View JMI School	Phase 2 roofing	166,500	166,500
Jane Lane Special School	Phase 2 roofing	222,000	222,000
Sunshine Infants School	Phase 2 flat roofing	88,800	88,800
Various Schools	Kitchen ventilation upgrade	111,000	111,000
Whitehall Infants School	Bell tower renovation	177,600	177,600
Whitehall Junior School	Playground repairs	55,500	55,500
Unallocated		457,534	457,534
Total		2,124,056	2,124,056

**Detailed breakdown of Children's Basic Need allocations within external funded schemes of capital programme
(Appendix 3d)**

School	Project	Budget £	Forecast £
Fibbersley Primary	Primary expansion	805,562	805,562
St Giles Primary	Primary expansion	717,021	717,021
Leighswood Primary School	Primary expansion	866,445	866,445
Rosedale / Short Heath Federation	Primary expansion	3,473,331	3,473,331
Old Hall Special School	Primary expansion	1,758,541	1,758,541
Shepwell	Primary expansion	1,608,032	1,608,032
Castle Special School	Primary expansion	1,461,201	1,461,201
Jane Lane Special School	Primary expansion	1,425,580	1,425,580
Manor Primary School	Primary expansion	1,511,536	1,511,536
Old Church C of E Primary School	Primary expansion	1,349,905	1,349,905
Salisbury Primary School	Primary expansion	2,689,207	2,689,207
St Michael's C of E Primary School	Primary expansion	908,161	908,161
Oakwood School	Primary expansion	2,566,336	2,566,336
Mary Elliot School	Primary expansion	2,175,624	2,175,624
		23,316,482	23,316,482