

# Report on Value for Money for West Lancashire Borough Council

Year ended 31 March 2014

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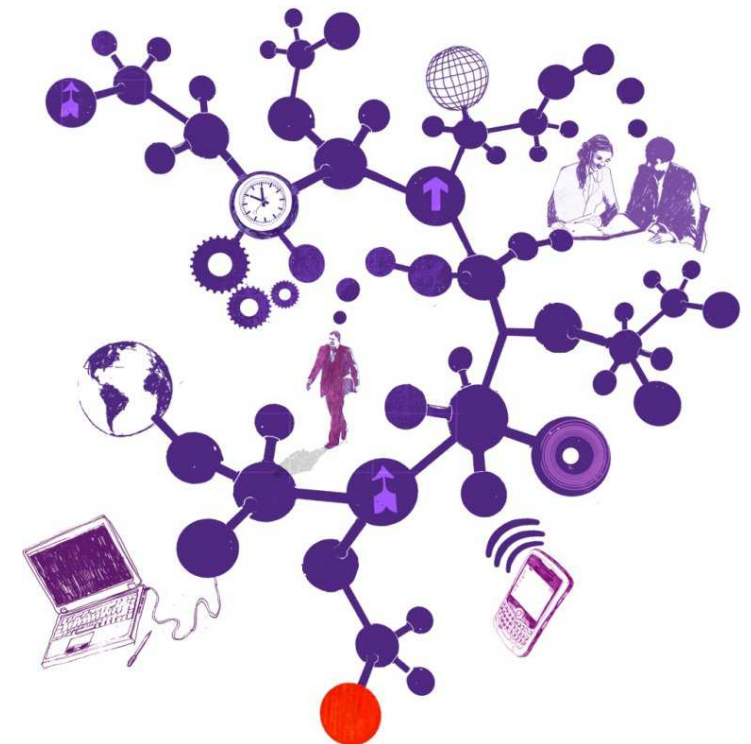
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# Introduction

## What is this report?

This report summarises the findings from our work supporting our Value for Money (VfM) conclusion, which is required as part of the statutory external audit responsibilities.

It compliments our Audit Findings Report, by providing additional detail on the themes that underpin our VfM conclusion.

## Value for Money Conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VfM conclusion based on two criteria specified by the Audit Commission, which support our reporting responsibilities under the Code.

These criteria are:

**The Council has proper arrangements in place for securing financial resilience:** the Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

**The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness:** the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

The Code require auditors to identify significant risks to the VfM conclusion and to plan sufficient work to evaluate the impact of those risks, if any.

## Our approach

The approach involves:

- desktop analysis of relevant documentation
- meetings with key internal stakeholders
- a risk assessment to identify any significant risks.

Our approach is designed to assess:

- the arrangements in place related to the specified criteria
- performance during 2013-14 and what that says about those arrangements
- any significant risks that we have identified.

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# Introduction

## What is this context?

### Nationally

The 2010 Spending Review set the Coalition Government's financial settlement for the four years to 2014/15, and the 2013 Review then covered 2015/16. By the end of this period, central funding to local government will have reduced by 35%.

2013/14 is the third year of councils having to deliver efficiency savings in response to the 2010 Spending Review and, given the 2013 Review and the budget statement in 2014, this will need to continue for the foreseeable future.

Delivering these efficiency savings and maintaining financial resilience is becoming increasingly difficult, even for top-performing councils. The challenges include:

- responding to welfare reform; and
- the drive towards more integrated health and social care.

Demand for many demography-driven council services is expected to rise, whereas demand for some income-earning services is falling.

To fulfil their statutory requirements, councils must continue to provide certain services. But the opposing trends in funding and demand will create a sizeable funding gap even if carefully managed. In short, the sector is working through its greatest financial challenge of recent times.

### Locally

West Lancashire Borough is the most south westerly of all Lancashire Districts and borders the large metropolitan districts of Merseyside and Greater Manchester. The District is largely rural but has two significant urban centres at Ormskirk, a long established market town and Skelmersdale, which incorporates one of the New Towns built to take population overspill from Liverpool and Manchester. The borough has areas that contrast significantly in levels of deprivation and social priorities.

The Council has maintained a strong financial position both in absolute terms and relative to similar Councils. It has sustained this by looking at innovative and alternative delivery options but maintained a focus on key local priorities, ensuring any service changes those priorities.

Now, more than ever, it is important that councils have sound arrangements for securing Value for Money.

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# Executive Summary

## Overall Risk Assessment

There were no significant risks identified during our VfM planning.

## Overall VfM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

## Key findings

### Securing financial resilience

We have undertaken a review which considered the Council's arrangements against key indicators of financial performance and the three expected characteristics of proper arrangements, as defined by the Audit Commission:

- strategic financial planning
- financial governance
- financial control.

Overall our work highlighted that the Council is in a strong financial position in absolute terms and relative to Councils of a similar size. The Council is maintaining financial stability and has good governance arrangements over financial policy.

### Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

Overall our work highlighted that the Council is continuing its focus on medium to long term priorities through its Business Plan and looks for ways to provide services differently while securing those priorities.

# Executive Summary

We use a red/amber/green (RAG) rating with the following definitions.

<b>Green</b>	<b>Adequate arrangements appear to be in place</b>
<b>Amber</b>	<b>Adequate arrangements, with areas for development</b>
<b>Red</b>	<b>Inadequate arrangements</b>

## Overview of arrangements

Risk area	Summary observations	High level risk assessment
<b>Key Indicators of Financial Performance</b>	The Council's key indicators of financial performance are strong and are remaining stable over time.	<b>Green</b>
<b>Strategic Financial Planning</b>	The Council has a clear vision for its financial planning within the time-frame it has for the Business Plan. This vision has taken in into account long term factors such a demographics and population change. The Council is making progress with its plans for next Business Plan time-frame.	<b>Green</b>
<b>Financial Governance</b>	The Council has a good process for financial governance that covers the whole planning cycle, includes consultation on proposals and performance reporting, and is underpinned with effective challenge and assurance processes	<b>Green</b>
<b>Financial Control</b>	The Council has good overall financial control which is reflected in successful budget management.	<b>Green</b>
<b>Prioritising Resources</b>	The Council prioritises it resources based on objectives articulated clearly in the Business Plan. The annual refresh process allows for flexibility while ensuring the underlying priorities are met.	<b>Green</b>
<b>Improving Efficiency &amp; Productivity</b>	The Council can demonstrate through it performance and budget management arrangements that it continues to make improvements in efficiency and productivity. Through its Business plan it can demonstrate that it continues to look for new ways to achieve efficiencies and provide services.	<b>Green</b>
<b>Management of Natural Resources</b>	The Council is mindful of the impact its decisions have on the use of natural resources. It seeks to minimise this impact in its own operations and provides resources for residents and business in the Borough to do the same.	<b>Green</b>

# Key Indicators of Financial Performance

Area of focus	Summary observations	RAG-Rating
<b>Liquidity</b>	<p>Review of the Draft accounts shows the net cash position has improved overall.</p> <p>Financial resilience ratios show little adverse movement. Only the ratio of tax receipts to gross spend has changed. This reflects expected changes in government funding working their way through.</p> <p>The Council monitors its collection rates. Although collection has have been outsourced to BTLS, the Council still receives regular updates from BTLS and a formal Annual Report. This confirms collection rates are returning to normal levels and gross savings from the outsourcing exercise are being delivered.</p>	<b>Green</b>
<b>Borrowing</b>	<p>There has been no change in the debt structure of the Council.</p> <p>Both Treasury Management and Prudential Code performance indicators have performed according to plan.</p> <p>The Treasury Management Plan takes in to account current market conditions and complies with the relevant Codes of Practise.</p> <p>Treasury Management, and prudential indicators have been established for the next three years and the Minimum Revenue Provision policy reported. The Treasury Management framework has been updated for changes to CIPFA Code.</p>	<b>Green</b>
<b>Workforce</b>	<p>The Council's key Workforce indicator is BV12 Working Days Lost Due to Sickness Absence. It is reported quarterly and an annual target of 2.02 has been set.</p> <p>In 2013/14, the Council had a challenging year with a number of long term sickness absences having an impact on the quarterly statistics. However these cases came to an end during the final quarter and as a result, the indicator fell below target.</p> <p>Quarter 4 performance for 2014 shows a notable improvement on Quarter 4 for 2013.</p>	<b>Green</b>
<b>Performance against budgets (Revenue Capital &amp; Savings)</b>	<p>Budget monitoring reports during the year have shown that, overall, all service lines are achieving small percentage underspends on their service budgets with only Central Services being over budget at Q3. This too was a relatively small percentage of the budget and did not impact significantly on the overall position.</p> <p>The Budget report set out explanations and actions for all variances against budget, whether favourable or unfavourable. It also explains that some of the Central Services savings will have been achieved in the Service Lines.</p> <p>A review of the draft accounts for 2014 has confirmed a consistent outturn with a small favourable budget variance and indicates a prudent approach based on a sound understanding of costs and revenue streams.</p>	<b>Green</b>



# Key Indicators of Financial Performance

Area of focus	Summary observations	RAG-Rating
<b>Reserves balances</b>	<p>The Movement on Reserves Statement within the draft accounts for 2014 shows that for both 2012/13 and 2013/14 the Council has not used reserves to balance the budget. Moreover, the Council has been making prudent transfers into earmarked reserves in anticipation of the need to support phased changes in service provision.</p> <p>The Council has a low level of free reserves at 31 March 2014 at £961k. However, the earmarked reserves of £11.6million include a corporate reserve of £7million built up specifically to assist in phasing service changes and covering related one-off costs expected to arise in the period of the next Business Plan, to deal with fluctuations in levels of income and expenditure, and to provide the funding for a range of major projects that have been previously agreed.</p> <p>Earmarked reserves also include a £2.4million self insurance reserve. This is to cover specific risks and has been reduced in each of the last two years.</p> <p>The Council does not operate a fixed reserves policy except for the interaction with Minimum Revenue Provision, as required by proper practice. Our review confirmed that earmarked reserves are based on expected risks and requirements.</p>	<b>Green</b>

# Strategic Financial Planning

Area of focus	Summary observations	RAG-Rating
<b>Focus of the MTFP</b>	<p>The Council's Business Plan functions as the medium term financial plan.</p> <p>The leadership team has continued to focus on long term issues, for example, the re-development of Skelmersdale and Major Service Reviews. These are based on a clear understanding of demographic and environmental pressures and recognise the need for the Council to be networked with larger sub-regional bodies such as the Local Enterprise Partnership and the Liverpool and Manchester corridor. This understanding is reflected by the next iteration of the Business Plan driving earlier work on the 2015/16 annual budget which was well underway in July 2014.</p> <p>The Housing Revenue Account is under continuous review. We have reviewed the 2014/15 revenue and capital programme reports. These show a clear understanding of long term requirements, the resources available and the impact on current funding. Efficiencies are used to fund investment and there is a clear programme through to 2019 that the annual planning cycle both supports and feeds in to.</p>	<b>Green</b>
<b>Adequacy of planning assumptions</b>	<p>The current Business Plan runs to 2014/15. A 2015/18 plan is currently being finalised.</p> <p>The Council restricts the period of the Business Plan to a timeframe over which it can be confident about its ability to realistically predict what the government settlement will be. However within each district plan period, the impact of demographic and other long term trends are considered along with feedback from residents and stakeholders. The Council's budget outturn indicates a prudent approach to assumptions about inflationary pressure on pay and other costs. This has been consistent for the last three years.</p> <p>This year the Council has had a full revaluation of its Non-Housing estate. It has also reviewed the value of the Housing Revenues Account estate in accordance with Beacon principles. There is no evidence of changing asset values which have not been considered as part of the Business Plan. Although there are significant impairment charges going through the Housing Revenue Account, these relate largely to capital programme items that do not add value but bring dwellings up to the condition required by the Council's HRA Business Plan. General Fund assets have not seen any significant deterioration.</p>	
<b>Scope of the MTFP and Links to Annual Planning</b>	<p>The Business plan covers all areas of the Council's responsibilities and priorities. It gives due consideration to the General Fund and Housing Revenue Account. It's forward look is restricted but this reflects the period over which the Council is confident it can make accurate forecasts.</p> <p>The Business Plan links to the Annual Planning cycle through the Annual Refresh which ensures the plan objectives are reflected in and supported by annual service and budget planning.</p>	

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# Strategic Financial Planning

Area of focus	Summary observations	RAG-Rating
<b>Review process</b>	<p>The Business Plan is subject to an annual refresh during each year of the planning timeframe.</p> <p>This refresh ensures service planning and budgeting link effectively throughout the life of plan and enables flexibility within the plan.</p> <p>The Council has an effective consultation process including consideration of "opposition proposals" and "alternative budgets" before the Annual Budget and Business Plan refresh are agreed.</p>	<b>Green</b>
<b>Responsiveness of the Plan</b>	<p>Responsiveness is assured through the Annual refresh of the Business Plan.</p>	<b>Green</b>

# Financial Governance

Area of focus	Summary observations	RAG-Rating
<b>Understanding of the financial environment</b>	<p>The leadership team has continued to maintain a focus on medium to long term issues. These are reflected in the Business Plan and the Annual Business Plan.</p> <p>Members are consulted on priorities and have the opportunity, with officer support, to prepare and propose alternatives and provide robust challenge.</p> <p>The Business Plan is based on a clear understanding of the underlying assumptions and conditions. These include, but are not limited to, the absence of any legal challenge to the Council's plans and the impact of Council decisions on its sources of Income. A good example of this is the explanation of how Government policy on Rent convergence impacts on the Councils Rent setting, set out in the papers that support the 2014/15 Housing Estimates.</p>	<p><b>Green</b></p>
<b>Executive &amp; Member Engagement</b>	<p>The Council consults Officers and Members on the planning process and facilitates discussion of Members alternative proposals. The Council has a variety of consultation tools at its disposal .</p> <p>The Council provides Members' briefing sessions before each meeting of the Audit and Governance Committee, these are not restricted to Committee members and attendance is good. Similar support exists for the Overview and Scrutiny Committee.</p> <p>The challenge provided by members through the Audit and Governance Committee is thorough and informed.</p> <p>The Borough Treasury is the 151 Officer. He sits on the leadership team and reports directly to the Joint Managing Directors. He is a qualified accountant with many year's experience.</p>	<p><b>Green</b></p>
<b>Overview for controls over key cost categories</b>	<p>Control over key cost categories is exercised through the quarterly Budget Monitoring reports. These include full explanations for all variances (favourable and unfavourable) together with action plans for those considered to be significant, either in terms of risk to the overall budget or to service level budgets.</p> <p>The Councils arrangements for obtaining assurances for the Annual Governance Statement include a self-assessment by Heads of Services, reviewed by Internal Audit, which cover both budget and performance management.</p>	<p><b>Green</b></p>

# Financial Governance

Area of focus	Summary observations	RAG-Rating
<b>Budget Reporting (Revenue &amp; Capital)</b>	<p>The Cabinet receives quarterly budget monitoring reports highlighting all variances, with explanations and action plans for individual service budgets that are considered significant.</p> <p>Significance is determined by taking a rounded view of the risk and impact of variance on the individual service and the overall budget position.</p> <p>This enables cabinet to monitor budgets effectively, to gauge the likely impact of those plans on the Business Plan.</p> <p>The budget monitoring reports go to the Executive Overview and Scrutiny Committee to ensure challenge and the provide and opportunity for call-in of budget monitoring decisions.</p>	<p><b>Green</b></p>
<b>Adequacy of other Committee Reporting</b>	<p>The Cabinet receives quarterly performance management reports that together with the budget monitoring report, enable a rounded view to be taken on progress against the Business Plan.</p> <p>As with the Budget monitoring reports, performance reports are also presented to the Scrutiny Committee. The Scrutiny Committee also looks at budget and performance monitoring of individually significant and high profile projects.</p>	<p><b>Green</b></p>

# Financial Control

Area of focus	Summary observations	RAG-Rating
<p><b>Budget setting &amp; monitoring – revenue &amp; capital</b></p>	<p>The Annual Budget is based on the annual refresh of the Business Plan. It includes revenue and capital plans.</p> <p>There is a clear understanding of the impact of accounting and financial reporting aspects such as the impact of periodic asset valuations.</p> <p>The budget is reported to Members each quarter. The budget monitoring reports include clear explanations of any variances together a summary of actions in relation to those variances and the likely impact on the outturn position. The Council's process is the same for both favourable and unfavourable variances and capital and revenue budgets.</p> <p>At 31 March 2014, the Council has a low level of free reserves at £961,000. However, Council also has earmarked reserves of £11.6million which include a corporate reserve of £7million built up specifically to assist phasing service changes and to cover one-off costs expected to arise in the period of the next Business Plan, to deal with fluctuations in levels of income and expenditure, and to provide the funding for a range of major projects that have been previously agreed. Earmarked reserves also include a £2.4 million self insurance reserve. This covers specific risks and has been reduced in each of the last two years.</p> <p>The Council does not operate a fixed reserves policy except for the interaction with Minimum Revenue Provision as required by proper practices. Our review indicates that earmarked reserves are based on expected risks and requirements.</p> <p>The Council is clear in its statutory responsibilities and takes these into account in its Major Service Reviews. The Council also has a robust approach to consultation and engagement, the results of which are challenged through Overview and Scrutiny Committees.</p> <p>The Budget report, the Statement of responsibilities for the Accounts and the Annual Governance Statement all include the relevant confirmations required by CIPFA's Local Authority Accounting Code of Practice.</p>	<p><b>Green</b></p>

# Financial Control

Area of focus	Summary observations	RAG-Rating
<b>Savings plans setting &amp; monitoring</b>	<p>The leadership team has continued to focus on long term issues, for example, the re-development of Skelmersdale and Major Service Reviews. These are based on a clear understanding of demographic and environmental pressures and recognise the need for the Council to be networked with larger sub-regional bodies such as the Local Enterprise Partnership and Liverpool and Manchester corridor.</p> <p>This understanding is demonstrated by the next iteration of the Business Plan driving earlier work on the 2015/16 annual budget which is well underway in July 2014.</p> <p>An example, the 2014/15 revenue and capital programme for the Housing Revenue Account show a clear understanding of long term requirements, the resources available and the impact on current funding. Efficiencies are used to fund investment and there is a clear programme through to 2019 that the annual planning cycle supports and feeds in to.</p>	<b>Green</b>
<b>Key financial accounting systems</b>	<p>We have reported the results of our interim audit which concluded that there were no material weaknesses in the Council's key financial systems.</p> <p>Internal Audit's annual report for 2014 also raised no concerns with the operation of controls in key financial systems. Although Revenues and Benefits transaction management has been outsourced, Internal Audit were able to gain access and assurance over controls in place.</p>	<b>Green</b>
<b>Finance section resourcing</b>	<p>There has been no significant change in the key staff at the Council or in their remit or areas of responsibility.</p> <p>There has been a reduction in the Internal Audit section but this has not impeded the ability of the team to deliver its programme.</p>	<b>Green</b>

# Financial Control

Area of focus	Summary observations	RAG-Rating
<b>Adequacy of Internal audit arrangements</b>	<p>Internal Audit arrangements have been reviewed as part of our risk assessment for our audit. We concluded Internal Audit arrangements are adequate and effective.</p> <p>Our relationship with Internal Audit is very open and Internal Audit are willing to liaise over detailed work to improve efficiency and assurance.</p>	<b>Green</b>
<b>External audit conclusions</b>	<p>See above re key financial systems</p>	<b>Green</b>
<b>Assurance framework/risk management processes</b>	<p>The Council has an appropriate assurance framework in place.</p> <p>Risk management processes are clear and well communicated.</p>	<b>Green</b>



# Prioritising Resources

Area of focus	Summary observations	RAG-Rating
<b>Leadership and challenge in prioritising resources</b>	<p>The leadership team has continued to focus on long term issues, for example, the re-development of Skelmersdale and Major Service Reviews (MSR) . These are based on a clear understanding of demographic and environmental pressures and recognise the need for the Council to be networked with larger sub-regional bodies such as the Local Enterprise Partnership and Liverpool and Manchester corridor. This understanding is demonstrated by the next iteration of the Business Plan driving earlier work on the 2015/16 annual budget which was well underway in July 2014.</p> <p>The challenge is based on the Business plan refresh and MSR. The Council refreshes the Business Plan each year for both changes in Annual plans and to re-state to the end of the current planning cycle.</p> <p>Areas the Council is looking to challenge next include Leisure Services and provision of sports facilities whether through sharing the service with neighbouring Councils, partnering with Edge Hill University, or developing community managed facilities in Skelmersdale.</p>	<b>Green</b>
<b>Consultation with key stakeholders</b>	<p>The Council has effective means for stakeholder engagement and public consultation processes.</p> <p>The Council's website and staff newsletter flag up consultation processes and encourage input. However, discussions with management suggest staff schemes and proposals, while good, are often too small-scale.</p> <p>Stakeholder views are invited on a wide range of issues and a sample of households are surveyed using paper based questionnaires.</p> <p>Stakeholder engagement is often sought after officers and members have considered areas for MSR and viable reorganisations and savings have been identified. As a result, stakeholder comments are focussed. This is evident in the stakeholder engagement around Housing Estimates.</p>	<b>Green</b>
<b>Basis for decision making</b>	<p>The Council has a sound understanding of costs and revenue streams.</p>	<b>Green</b>
<b>Understanding costs and the impact and outcome of decisions</b>	<p>The Council has a good understanding of cost impacts of its spending and policy decisions. For example, the recent poorer collection rates reflected one-off disruption as collection responsibility passed to the new provider. Current performance indicators show a return to more normal collection rates.</p>	<b>Green</b>

# Improving Efficiency & Productivity

Area of focus	Summary observations	RAG-Rating
<b>IT Systems and Data quality</b>	<p>The Council has a good record for error free financial statements and good arrangements for scrutiny of performance and budget reporting.</p> <p>Work to certify the 2013 Housing and Council Tax benefits Subsidy Return identified a higher number of errors than in previous years. Although no longer under the direct management control of the Council, its response has been to scrutinize the performance monitoring, contract management and governance arrangements. This has included a renewed focus on performance data.</p>	<b>Green</b>
<b>Delivery of savings and service re-design</b>	<p>The Council's outturn position for 2013/14, shows the Council has achieved a small favourable budget variance on both general fund and the housing revenue account. This means the Council has achieved a small surplus for each year of the Public Spending review, while reducing overall spending and keeping Council Tax rises to the lowest in the County.</p> <p>The year-end position reflects the projected outturn based on budget monitoring and reporting in year. The in-year budget reports set out explanations and actions for all variances against budget, whether favourable or unfavourable.</p> <p>In October 2011, the Council commenced a significant shared service arrangement for its IT and Revenues and Benefits functions. The Council has been very mindful of the impacts of this arrangement and have sought assurance over savings through contract management arrangements and agreed access for audit. Monitoring has shown the planned savings have been achieved and performance improving.</p> <p>The Council continues to look for innovative means of providing services through its Major Service Review programme.</p>	<b>Green</b>
<b>Effectiveness of key services</b>	<p>The Council produces quarterly performance data based on key targets in the Business Plan.</p> <p>Comparing Q4 results for 2013 and 2014, overall there has been a small increase in the number of PIs performing better than target and a fall in those performing below target. There has been an increase in the number performing better than previous year.</p>	<b>Green</b>

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# Management of Natural Resources

Area of focus	Summary observations	RAG-Rating
<b>Management of Natural Resources</b>	<p>The Council has a variety of green initiatives in place.</p> <p>Some relate to householders, such as the Green Deal promoting insulation. Others relate to wider sustainability projects for the Council and businesses in the area.</p> <p>Details of the initiatives and the resources available for them are accessible through the Council's website.</p>	<b>Green</b>

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# Appendix 1 – Benchmarking

## **Our approach**

We have made use of the Audit Commission's Financial Ratios Analysis Tool and VfM Profiles Tool to benchmark the authority against its statistical nearest neighbours for relevant KPIs up to and including 2012-13.

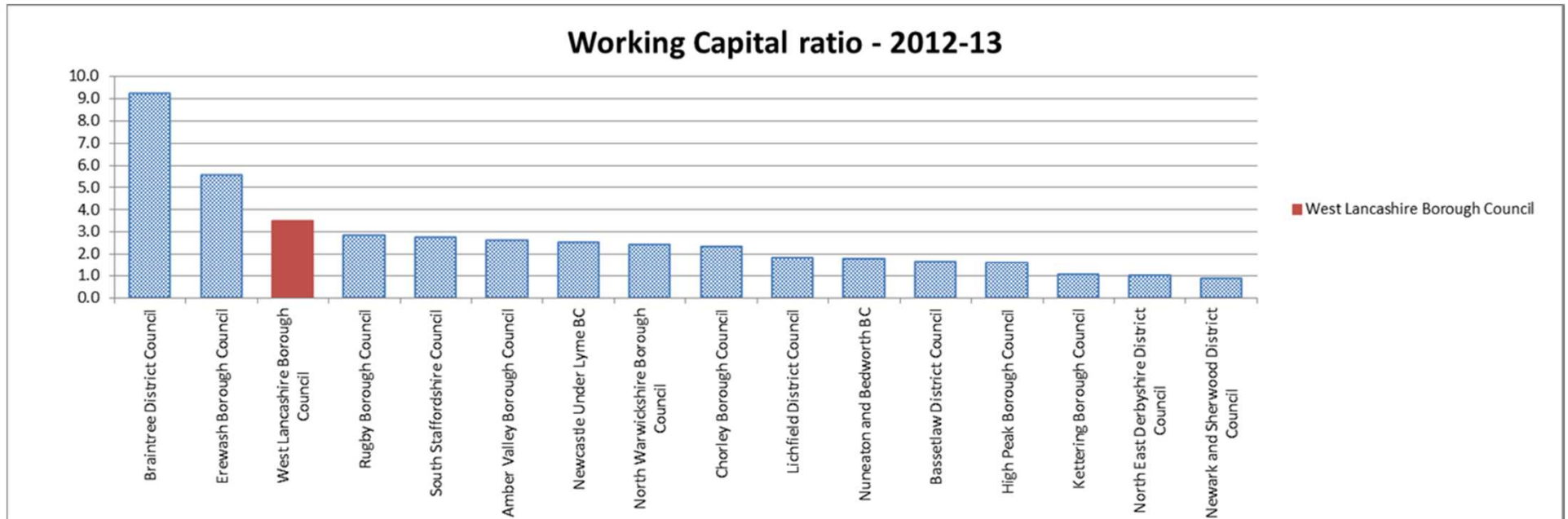
The graphics are based on historic data with the current year information for West Lancashire Borough Council shown for to add context.

The following general principles apply:

- The highest values are nearest to the left-hand axis, the further to the right, the lower the value, the weaker the financial resilience rating.
- The graphs assume a high value means a stronger financial resilience but it do not reflect any other considerations, e.g. whether reserves are actually being used, how closely borrowing matches investment in assets.
- West Lancashire Borough Council data appears as red bars, in the Trend chart for Usable Reserves, it is the solid bars.
- The ratios are expressed as a simple number.
- The peer group used is made up of other District Councils with similar sized populations and tax base.

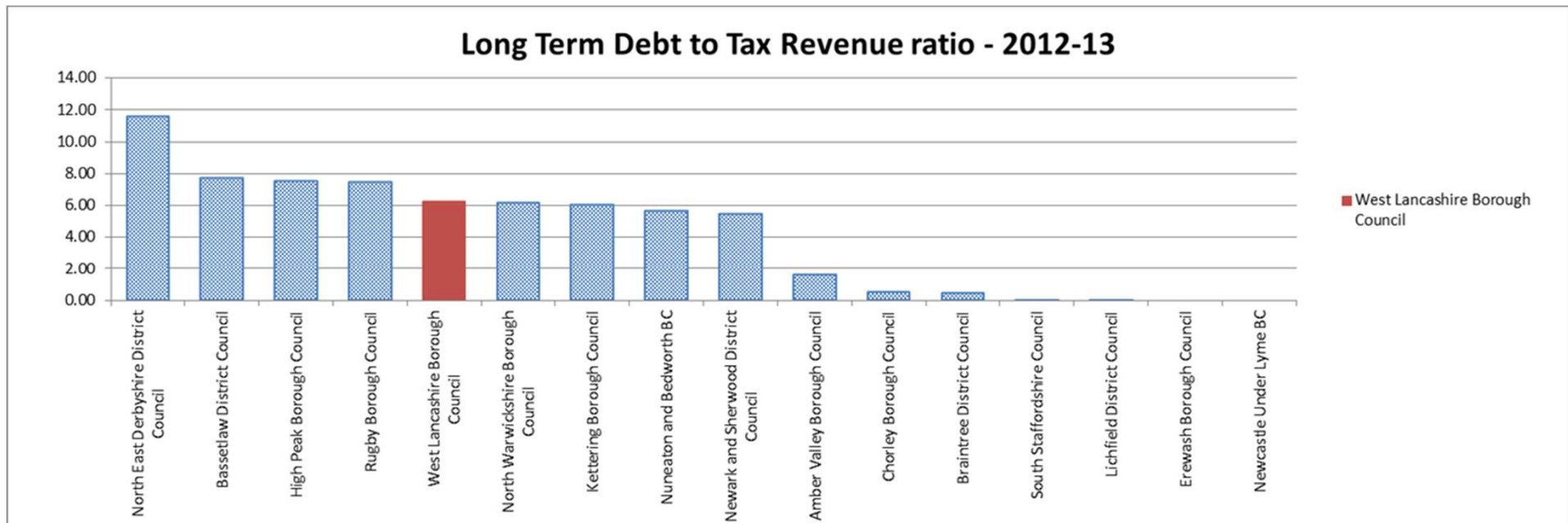
# Working Capital Ratio 2012-13

This is a simple ratio of current assets to current liabilities, the West Lancashire score for 2013 was 3.53, for 2014 it is 3.05. This small fluctuation shows that the Council's position remains stable.



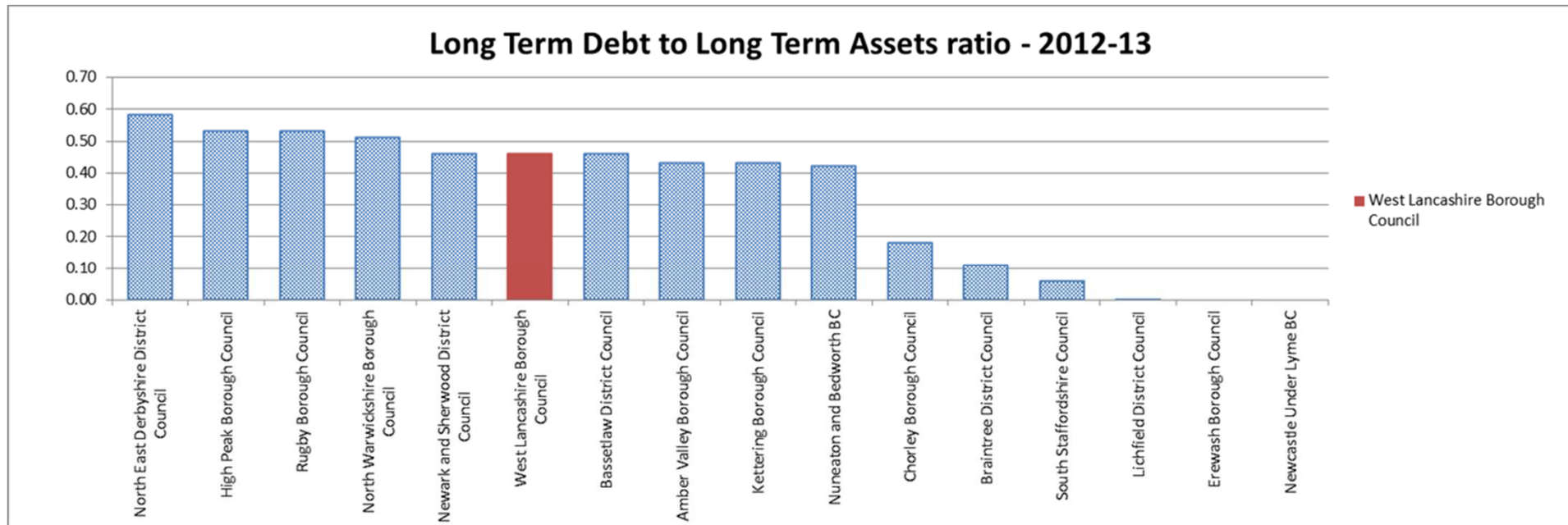
# Long term Debt to Tax Revenue

This shows total borrowings as a ratio of total tax receipts whether from local taxpayers or central government. The West Lancashire ratio for 2013 was 6.27 and for 2014 it is 7.01. This ratio is not directly comparable because the make of in central government funding has changed with the local retention of business rates; the Council continues to meet its treasury management performance targets under the Prudential Code.



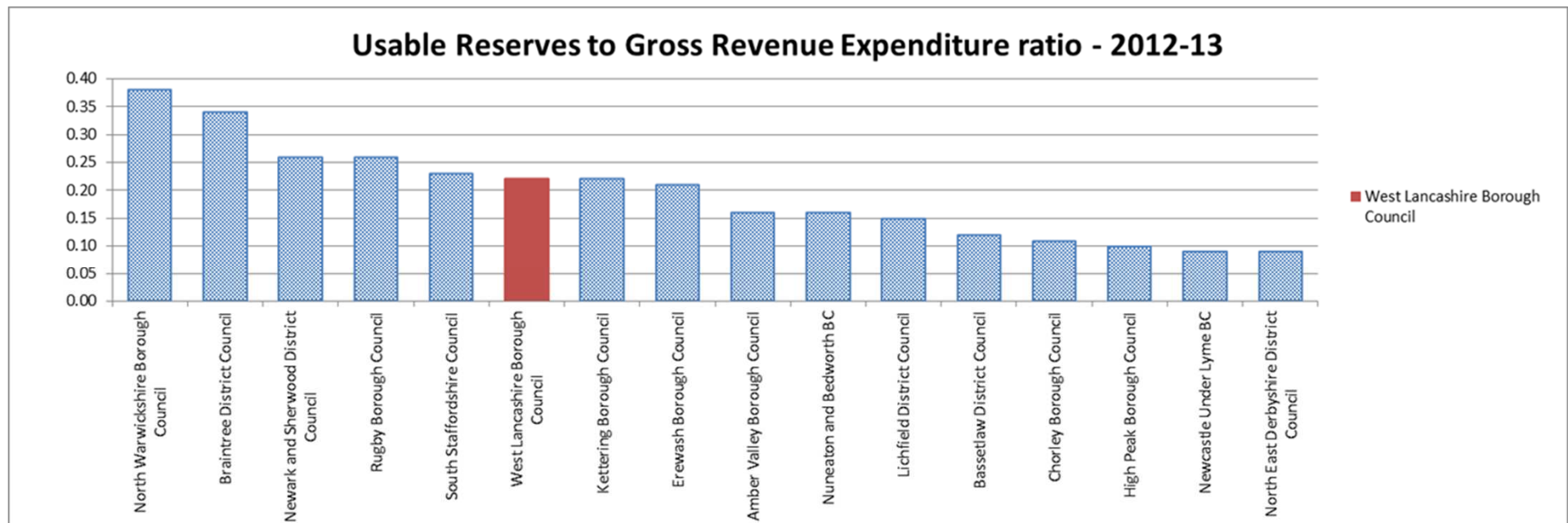
# Long term debt to long term assets

The Council ratio for 2012/13 was 0.46; at the end of March 2014 it was 0.45. The Council took on additional borrowing as part of the self-financing of the Housing Revenue Account. Council's with no Housing stock will have lower debt to assets ratios. Again, this ratio should be considered against the Council meeting its Treasury Management performance targets under the Prudential Code.



# Usable reserves to gross revenue expenditure

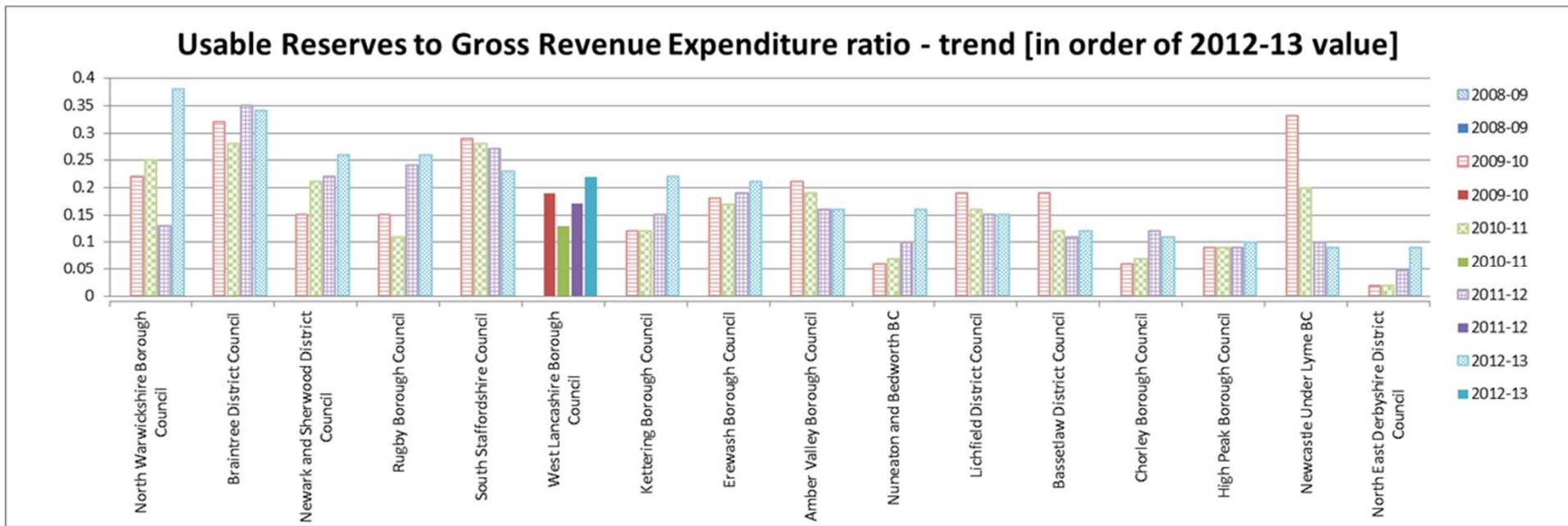
In this context usable reserves includes the H.R.A. and earmarked reserves, on the basis that the Council has discretion over their creation and use. At the end of 2013 the ratio was 0.23 and at the end of March 2014 0.21. Again the small change shows a fundamentally stable position with prudent management of reserves.





# Usable reserves to gross revenue expenditure- trend

This chart shows the reserves ratio over a five year period, the earliest year to the left. This shows two things, first West Lancashire has managed to strengthen its reserves position without reserves becoming unusually high, and second even among similar size Councils there is a great degree of variation in the way reserves are being managed.





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