

5 December 2011

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2011/12

Ward(s) All

Portfolio:

Councillor Andrew – Regeneration

Summary of report

This report summarises the predicted revenue and capital outturn position for 2011/12, based on the performance for quarter 2 (to end of September 2011), for services within the remit of the Regeneration Panel.

Recommendation

To note the 2011/12 forecasted year end financial position for services under the remit of the Regeneration Panel is net revenue overspend of **£0.034m**, after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be on budget after slippage.

Background papers

Various financial working papers.
Quarter 1 financial monitoring position for 2011/12
2011/12 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2011/12 within the remit of this panel.

Signed:

A handwritten signature in blue ink, appearing to read 'Tim Johnson', followed by a vertical line.

Executive Director: Tim Johnson

Date: 17 November 2011

Resource and legal considerations

Services are required to manage their services within budget. Overspends may arise for a number of reasons, including national economic and local factors. Further detail is provided within this report. Any corporate overspend will require replenishment in the 2011/12 budget.

Citizen impact

The budget is aligned with service activity within service plans within the directorate. Investment has been targeted at service improvement, stability and user demand.

Environmental impact

Services within the remit of this panel have a direct influence and impact on the environment.

Performance management

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible. Corrective action plans are in place to mitigate overspends within service. Variances against budget are identified in the report.


Equality Implications

Services consider equality issues in setting budgets and delivering services. Irrespective of budgetary pressures the council must fulfil equal opportunities obligations.

Consultation

Senior managers within the services have been consulted and have signed off the forecast as accurate.

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1 Forecast Revenue Outturn 2011/12 – Regeneration

- 1.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Regeneration Panel (based on the position as at the end of September 2011) is an underspend against budget of **£0.034m** (net of the use of earmarked reserves). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecast and achievement of approved savings.
- 1.2 The forecast outturn only includes areas where there is a high degree of certainty about predicted under/overspends. Where overspends are predicted, managers are tasked to identify remedial action that can be made within service, and to report as part of a directorate action plan. All options will continue to be explored throughout the financial year so as to minimise any forecast overspends within service, and to manage additional risks as they arise.
- 1.3 The predicted outturn includes currently estimated use of reserves of **£1.907m** and transfer to reserves of **£0.154m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and **£0.034m** of approved carry forwards from previous years.
- 1.4 **Table 1** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.
- 1.5 Within the services associated with the panel there are a number of risks around uncontrollable demand which is estimated at **£0.597m**. At this stage the risks are not certainties and as such are not included in the monitoring as overspends. If the risks become certainties then alternative action will need to be identified or included in monitoring as overspends. A summary of the risk assessment is attached as **Appendix 2**
- 1.6 Included within the directorate budget are approved 2011/12 new investments and savings, as approved by cabinet on 24 February 2011, totalling **£669k** and **£705k** respectively. The full year effect of previous years' investments and savings included in the budget are **£662k** savings from investments (as a result of invest to save initiatives mainly around the lease release programme) and **£215k** savings. A full breakdown of these can be found in the 2011/12 Corporate budget book. Any savings that are not able to be achieved in year are required to have alternative savings identified and are managed closely through the services divisional management teams and in liaison with the relevant portfolio holder.

Table 1– Forecast Revenue Outturn 2011/12

Service Area	Annual Budget £'000	Profiled Budget £'000	Year To Date £'000	Variance £'000	Year End Forecast £'000	Year End Variance £'000	Use of reserves and carry forwards £'000	Variance after Reserves/ Action Plan/ Non essential Spend £000
Development and Delivery	749	386	317	-68	884	135	-145	-10
Housing Services	1,135	532	303	-229	1,507	372	-450	-78
Planning and Building Control	773	321	253	-68	1,148	375	-137	238
Property Services	4,677	2,361	2,292	-69	4,822	145	-145	0
Regeneration Management	473	237	221	-16	464	-9	0	-9
Strategic Regeneration	700	388	258	-130	757	57	-164	-107
Smarter Workplaces			65	65	745	745	-745	
Budget for monitoring purposes	8,508	4,225	3,710	-515	10,328	1,821	-1,787	34
Depreciation	1,123	562	562	0	1,123	0	0	0
FRS 17	364	182	182	0	364	0	0	0
CSS	2,953	1,476	1,476	0	2,953	0	0	0
Office Accommodation	-2,197	-1,098	-1,098	0	-2,197	0	0	0
Total Regeneration	10,751	5,347	4,832	-515	12,571	1,821	-1,787	34

2 Forecast Capital Outturn 2011/12 – Regeneration

- 2.1 The forecast capital outturn for 2011/12 for the schemes under the remit of this panel (as at the end of September 2011) is predicted to be on budget after slippage requests. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<u>Table 2 – Summary of Capital Programme – Quarter 2 2011-12</u>					
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000	Slippage £'000
Council Resources					
Property Services	8,165	563	7,611	554	554
Housing Services	2,661	651	2,661	0	0
Development & Delivery	2,063	1,308	2,063	0	0
Total Council Resources	12,889	2,522	12,335	554	554
Externally Funded					
Housing Services	1,658	821	1,658	0	0
Development & Delivery	919	218	432	487	494
Strategic Regeneration	2,997	204	2,372	624	625
Total Externally Funded	5,573	1,243	4,462	1,111	1,119
Total Regeneration	18,462	3,765	16,797	1,665	1,673

Appendix 1 - Reasons for revenue forecast underspend		
Service	Variance £'000	Explanation of Year End Forecast
Housing	-78	Vacant posts
Planning and Building Control	238	Planning income shortfalls
Strategic Regeneration	-107	Cutbacks in Regeneration initiatives to support the directorate position
Combination of smaller variances	-19	
Regeneration forecast outturn	34	

Appendix 2: Financial Risks					
POTENTIAL RISK	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK
	£'000		£'000		£'000
Housing occupancy levels may drop in future months. A mitigation plan will be implemented to offset this pressure.	0	High	50	Low	50
Planning continues to see shortfalls in actual against profiled income.	0	High	50	Medium	50
Demolition of Mellish Road Church – Cabinet on 13 April agreed that if we are unable to recover costs from owners, then the cost would be funded from contingency	0	High	30	Low	30
Asset Management capital receipts fee income	0	High	55	Low	55
Cleaning & Caretaking income	0	High	112	High	112
Redundant buildings excess costs	0	High	120	High	120
DPM - Reduction in capital fee income	0	High	180	High	180
Total Regeneration	0		597		597

Appendix 3: Summary of 2011/12 Capital Programme					
Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance (£)	Proposed Slippage to 2012/13 (£)
Council Funded					
<u>Development & Delivery</u>					
Acquisition of Cool Trader	677,000	666,519	677,000	0	0
Regenerating Walsall	839,767	67,033	839,767	0	0
Strategic acquisitions	545,763	574,800	545,763	0	0
<u>Housing Services</u>					
Aids & adaptations	2,161,216	628,480	2,161,216	0	0
Health through warmth - see other resources	500,000	22,381	500,000	0	0
<u>Property Services</u>					
Asbestos removal	155,000	6,204	155,000	0	0
Civic building air condition replacement	88,409	50,275	88,409	0	0
Control of legionella	275,000	104,392	275,000	0	0
Darlaston baths roof	200,000	8,668	12,000	188,000	188,000
Demolition of redundant buildings to save on rates	202,075	85	202,075	0	0
Fire risk assessment	200,000	0	200,000	0	0
Freer Street structural works	340,241	6,137	14,000	326,241	326,241
Planned property maintenance	166,850	120,333	166,850	0	0
Refurbishment of Leckie sons of rest in Walsall arboretum	190,000	0	190,000	0	0
Shop maintenance	49,554	3,863	49,554	0	0
Work resulting from the statutory testing of building services	344,451	184,873	344,451	0	0
<u>Smarter Workplaces</u>					
Investment in ICT Technology to support smarter workplace	1,224,770	0	1,184,942	39,828	39,828
Smarter Workplaces - Property Investment	1,831,456	0	1,831,456	0	0
Smarter Workplaces - Staffing Costs	648,357	0	648,357	0	0
Smarter Workplaces - Property Investment	2,048,759	64,672	2,048,759	0	0
Release of leased accommodation	200,000	13,011	200,000	0	0
Subtotal mainstream funding	12,888,668	2,521,725	12,334,599	554,069	554,069

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance (£)	Proposed Slippage to 2012/13 (£)
Externally Funded					
<u>Development and Delivery</u>					
Bridge Street/Ablewell Street THI	83,123	90,736	90,736	-7,613	0
Darlaston SDA - Moxley & Whitworth Close	20,000	0	20,000	0	0
Relocation of Pleck boxing club	35,000	35,000	35,000	0	0
Willenhall THI - HLF	150,000	7,744	90,382	59,618	59,618
Willenhall THI - VIEW contribution	75,000	7,744	75,000	0	0
Walsall Town Centre 'Way Finding Project'	105,659	76,875	105,659	0	0
Willenhall THI - HLF	300,000	0	0	300,000	300,000
Willenhall THI - VIEW contribution	150,000	0	15,382	134,618	134,618
<u>Housing Services</u>					
Disabled facilities grant	1,351,000	821,422	1,351,000	0	0
Growth Points - Heathfield Lane West	72,343	0	72,343	0	0
Kickstart	174,758	0	174,758	0	0
Contributions to Aids and Adaptations	59,362	0	59,362	0	0
Contributions to Health Through Warmth	215	0	215	0	0
<u>Strategic Regeneration</u>					
LTP grant	2,365,597	187,666	1,741,200	624,397	624,937
Red routes	630,989	16,231	630,989	0	0
Subtotal externally funded	5,573,046	1,243,418	4,462,027	1,111,019	1,119,172
Regeneration total					
	18,461,714	3,765,143	16,796,626	1,665,088	1,673,241