

**ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.**

DATE: 16 NOVEMBER 2010

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Harris – Leisure Culture & Environment
Councillor Ansell – Transport
Councillor Ali – Communities & Partnerships

Summary of report

This report summarises the predicted revenue and capital position for 2010/11, based on the performance for quarter 2 (1 April to 30 September 2010), for services within the remit of the Environment Scrutiny & Performance Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Environment Scrutiny & Performance Panel is net revenue underspend of **£111k**, after the use of approved reserves and carry forwards and action planning. The capital forecast is for an underspend of **£116k** for which slippage will be requested into 2011/12.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2009/10
2010/11 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2010/11 within the remit of this panel.

Signed:



Chief Finance Officer: **James T Walsh**



Executive Director: **Jamie Morris**

Date: 26 October 2010

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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. Corrective action plans are in place to mitigate overspends within service. Any year end 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.

Contact Officer:

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1 Forecast Revenue Outturn 2010/11 – Environment

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Environment Scrutiny & Performance Panel (based on the position as at the end of September 2010) is an underspend against budget of **£1111k** (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 use of reserves of **£80k** (where approval has been given by Cabinet for additional funds for specific services) and 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 Where an expected overspend is forecast the services need to identify an in year action plan to mitigate this position. At this point in the year the action plan for the services associated with the panel total £15k and this is detailed in **Appendix 2**
- 1.6 Within the services associated with the panel there are a number of risks, totalling **£1.660m** which have not been included within the above forecast. 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 the position as overspends. A summary of the risk assessment is attached as **Appendix 2**
- 1.7 Included within the directorate budget are approved 2010/11 new investments and savings, as approved by Cabinet on 22 February 2010, totalling £425k and £1.527m respectively. The full year effect of previous years' investments and savings included in the budget are £336k investments and £44k savings. A full breakdown of these can be found in the 2010/11 Neighbourhood Services 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.

[illegible]

2 Forecast Capital Outturn 2010/11 – Environment

- 2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of September 2010) is a predicted underspend of £116k against budget of **£8.570m**. Slippage into 2011/12 will be requested for the total of this underspend. **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 2010-11</u>				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Street Pride	1,441,500	18,815	1,325,500	-116,000
Engineering & Transportation	6,255,509	1,311,046	6,255,509	0
Total Mainstream	7,697,009	1,329,861	7,581,009	-116,000
Non- mainstream				
Street Pride	653,282	0	653,282	0
Engineering & Transportation	219,733	17,126	219,733	0
Total Non-mainstream	873,015	17,126	873,015	0
Total NS Capital	8,570,024	1,346,987	8,454,024	-116,000

APPENDIX 1 - MAIN REASONS FOR REVENUE VARIANCES		
Service Area	Explanation of Year end Variance	Variance £
Street Pride		
Policy & Performance	Rates costs lower than budget £15k	(15,040)
Waste Management	£128k lower than anticipated employee costs due to use of less expensive agency staff to cover full time posts; £30k lower than anticipated cost of professional fees relating to "waste to resources" (W2R) project, renewal of waste contracts & waste strategy; £15k lower than anticipated spend on publicity and advertising; plus other small under/overspends within waste management	(180,025)
Fleet Services	£38k additional employee related costs due to vacancy management, agency staff covering part funded post for union duties and transfer of business support budget pressure; £30k overspend on materials relating to repairs & maintenance; plus various other under/overspends within fleet management	49,368
Public Safety		
Environmental health	Reduction in fee generating activities within disinfestation (£20k) and lower levels of issue of fixed penalty notices (£4k) and shortfall in budget following transfer of Business Support staff £3k. Offset by savings for supplies & services (£16k)	11,245
Engineering & Transportation		
Pollution Control	Forecast underspend - vacant technician post (6 months)	(26,200)
Roadworks Management	Forecast underachievement of income from penalties charged to utility companies - this continues trend and actual experienced in 2009/10, partially offset by savings on vacant posts	28,323
Highways Maintenance & Lighting	Requirement to continue appointment of training post which was planned to be deleted	11,849
Transportation & Forward Planning	Planned underspends in general running expenses	(10,655)
Engineering Design and Construction	General underspends identified to help offset overspend in Traffic and transportation general	(8,528)
Traffic & Transportation General	Overspend in supplies offset in part by underspend in engineering design and construction	8,142
Traffic & Transportation	Potential reduction in CPE & Car Park Income	30,066
Engineering Management	Nil material variance	0
Structures & Geotechnics	Y/end forecast updated - u/spend on Supp & Servs. Also 2 vac posts, but self funding (revenue) via EAT income	(9,414)
Forecast variance		(110,869)

APPENDIX 2 - 2010/11 Budget Action Plan

Service	Action identified	Initial Action Plan £m	Action Plan delivered + included in Outturn £m	Accountable Officer	2010/11 Comments / Risks	Action plan left to deliver £m
Roadworks Management	Section 50 income shortfall offset by reduced spend on street nameplates. Section 74 & other income budgets to be monitored & reviewed	0.015	0.000	M Parry	Companies have taken action to reduce overruns and thus reduce s74 costs. Requirement to re-assess income target and find alternative permanent savings	0.015
SUB TOTAL		0.015	0.000			0.015

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

POTENTIAL RISK	LOWEST COST £m	ASSESSMENT OF RISK	HIGHEST COST £m	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £m
NEIGHBOURHOOD SERVICES					
Public Safety Surveillance - query re installation quality for Centro work	0.006	MEDIUM	0.006	MEDIUM	0.002
Loss of car park income with the opening of the new Tesco store - unable to quantify until store / car park is open	0.000	HIGH	?	HIGH	?
Further loss of section 74 income over that shown in monitoring	0.000	HIGH	0.050	HIGH	0.030
Potential decline in industry due to recession leading to impact on income	0.000	LOW	0.010	LOW	0.002
Loss of contaminated land grants after October announcements	0.000	MEDIUM	6.000	LOW	1.200
Compensation payments due after judicial review/ombudsman's or information commissioner review	0.000	HIGH	0.100	LOW	0.020
Severe winter impact on winter maintenance budget due to additional gritting	0.000	MEDIUM	0.500	MEDIUM	0.200
Further loss of car parking income - pay and display and penalty charge notices	0.000	MEDIUM	0.250	MEDIUM	0.100
Accidents on roads leading to damage to traffic signals due to winter conditions	0.000	MEDIUM	0.100	MEDIUM	0.040
Legal Services reduction in budget available for advertising which pays for Traffic Regulation Order (TRO) adverts	0.000	HIGH	0.010	MEDIUM	0.004
Reduction in income for TROs, street naming	0.000	HIGH	0.030	MEDIUM	0.012
Signs impact of loss of Local Transport Plan (LTP) capital funding places pressure on revenue budget	0.000	MEDIUM	0.020	MEDIUM	0.008
Free Wheeled bin replacement	0.000	HIGH	0.070	HIGH	0.042
Total Neighbourhood services	0.006		7.146		1.660

Appendix 4 - Forecast Capital Outturn 2010/11

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Council Resources				
Street Pride - Additional litter bins	10,000	0	10,000	0
Street Pride - Depot relocation	1,051,500	0	1,051,500	0
Street Pride - HSE works to Norfolk Place depot	264,000	18,815	264,000	0
Street Pride - Purchase of hot jet pavement cleaning machine	116,000	0	0	-116,000
Eng & Transport - Beacon Road Landslip Contingency	110,000	0	110,000	0
Eng & Transport - Disabled facilities at pedestrian crossings	48,572	40,957	48,572	0
Eng & Transport - Hatherton Road multi storey car park	200,000	0	200,000	0
Eng & Transport - Highways maintenance	950,000	0	950,000	0
Eng & Transport - Lower Bridge Street taxi rank	70,000	81,813	70,000	0
Eng & Transport - LTP including Bridge Strengthening	3,371,631	231,981	3,371,631	0
Eng & Transport - Town centre on street parking	250,000	0	250,000	0
Eng & Transport - Town centre transport package	625,306	625,306	625,306	0
Eng & Transport - Walsall TCTP ring road acquisition	630,000	330,990	630,000	0
Total Council Resources	7,697,009	1,329,862	7,581,009	-116,000
Externally Funded				
Street Pride - Waste infrastructure capital grant	162,642	0	162,642	0
Street Pride - Depot relocation	490,640	0	490,640	0
Eng & Transport - Specific Road Safety Grant	25,763	16,621	25,763	0
Eng & Transport - Development of Highways Asset Management Plan (HAMPS)	193,970	503	193,970	0
Total Externally Funded	873,015	17,124	873,015	0
Total Environment	8,570,024	1,346,986	8,454,024	-116,000