

## **NEIGHBOURHOODS SCRUTINY AND PERFORMANCE PANEL**

**12 FEBRUARY 2015**

**Agenda Item  
No. 12**

### **QUARTER 3 FINANCIAL MONITORING POSITION FOR 2014/15**

**Ward(s)** All

#### **Portfolio (s):**

Councillor Hussain – Community, Leisure and Culture  
Councillor Jeavons – Environment and Transportation

#### **Summary of report**

This report summarises the predicted revenue and capital position for 2014/15, based on the performance for quarter 3 (1 October to 31<sup>st</sup> December 2014), for services within the remit of the Neighbourhoods Scrutiny and Performance Panel.

The 2014/15 forecasted year-end financial position for services under the remit of the Neighbourhoods Scrutiny and Performance Panel is a net revenue underspend of **£539k**, after the use of approved reserves, carry forwards, transfer of windfall income and implementation of a corrective action plan. The capital forecast is an in year underspend of **£0.493m** of which £0.424m will be requested to be carried forward into the next financial year with the remaining £0.069m being the net under-spend.

#### **Recommendation**

To note the forecast year-end financial position for services under the remit of the Neighbourhoods Scrutiny and Performance Panel.

#### **Background papers**

Various financial working papers.  
Quarter 1&2 Financial monitoring position for 2014/15  
2014/15 Budget Books on council's Internet and Intranet.

#### **Reason for scrutiny**

To inform the panel of the forecasted financial position for 2014/15 for services within the remit of this panel.

### **Resource and legal considerations**

Services are required to manage their services within budget. Variances may arise for a number of reasons, including national economic and local factors. Further detail is provided within this report.

### **Citizen impact**

The budget is aligned with service activity within the directorate. .

### **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. Variances against budget are identified in the report along with any corrective action.

### **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 Officers:**

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**Signed:**



**Chief Finance Officer:** James T Walsh  
**Date:** 27 January 2015



**Executive Director:** Jamie Morris  
**Date:** 27 January 2015

## 1 Forecast Revenue Outturn 2014/15

- 1.1 The forecast revenue outturn for 2014/15 for the services under the remit of the Neighbourhoods Scrutiny and Performance Panel (based on the position as at the end of December 2014) is an underspend against budget of **£539k** (net of the use of earmarked reserves, transfer of windfall income). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecasts 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 and to report on these 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 (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years of **£2.540m** and a year-end transfer to reserves of **£1.264m**. A summary of the reserves is attached as **Appendix 1**
- 1.4 **Table 1** provides the forecast outturn for each service, with **Appendix 2** giving detailed reasons for the forecast overspend.
- 1.5 Within the services associated with the panel there are a number of potential risks totalling **£0.376m**. At this stage the risks are not certainties and as such are not included in the monitoring as under or 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 3**.
- 1.6 Included within the directorate budget for 2014/15 are savings, as approved by Council on 27 February 2014, totalling **£4.110m**. The full year effect of previous years' savings included in the budget is **£1.300m** and **£2.811m** of new savings. The 2014/15 budget includes investment of **£0.704m** for inflationary pressures and **£0.414m** for service pressures. A full breakdown of investment and savings can be found in the 2014/15 budget book. Where savings are not able to be achieved in full in year, directorate management teams are required to identify and manage alternative savings in liaison with the relevant portfolio holder.

**Table 1 – Forecast Revenue Outturn 2014/15**

<b>Service Area</b>	<b>Annual Budget £</b>	<b>Profiled Budget £</b>	<b>Year To Date £</b>	<b>Variance £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>	<b>Use of reserves £</b>	<b>Transfer to reserves £</b>	<b>Windfall income £</b>	<b>Variance after Reserves £</b>
Clean & Green Services	19,060,425	14,558,108	14,148,298	(409,810)	18,826,579	(233,846)	(85,508)	0	45,000	(274,354)
Communities & Partnership	2,114,658	1,588,998	1,748,131	159,133	3,301,833	1,187,175	(1,295,595)	0	0	(108,420)
Engineering & Transportation	11,250,553	8,401,700	7,883,971	(517,729)	10,381,958	(868,595)	(272,521)	1,143,558	0	2,442
Leisure & Community Health	609,016	660,670	786,547	125,877	735,855	126,839	(362,822)	117,006	84,654	(34,323)
Libraries Heritage & Arts	6,007,009	4,472,586	4,409,035	(63,551)	6,253,244	246,235	(343,235)	3,896	0	(93,104)
Regulatory Services	1,982,519	1,486,363	1,289,668	(196,695)	2,067,641	85,122	(116,466)	0	0	(31,344)
WACC & WLLA	130,679	97,965	432,408	334,443	194,848	64,169	(64,169)	0	0	0
Strategic Transportation	(44,934)	(33,748)	53,596	87,344	(44,934)	0				0
<b>Total</b>	<b>41,109,925</b>	<b>31,232,642</b>	<b>30,751,655</b>	<b>(480,987)</b>	<b>41,717,025</b>	<b>607,100</b>	<b>(2,540,316)</b>	<b>1,264,460</b>	<b>129,654</b>	<b>(539,102)</b>

## 2 Forecast Capital Outturn 2014/15

- 2.1 The forecast capital outturn for 2014/15 for the schemes under the remit of this panel (as at the end of December 2014) is a predicted underspend against budget of **£0.493m** of which **£0.424m** is a net underspend and **£0.069m** will be requested to be carried forward into 2015/16. **Table 2** provides a summary of capital variances per service with a more detailed analysis by scheme at **Appendix 4**.

<b>Table 2 – Summary of Capital Programme - Forecast 2014/15</b>				
<b>Service Area</b>	<b>Annual Budget £</b>	<b>Year To Date £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>
<b>Mainstream</b>				
Engineering & Transportation	2,588,623	1,691,386	2,453,553	(135,070)
Clean and Green Services	2,083,405	1,323,889	1,989,155	(94,250)
Communities & Partnership	259,975	228,634	259,975	0
Leisure & Community Health	155,000	22,551	97,500	(57,500)
Libraries Heritage & Arts	378,642	72,205	378,642	0
WACC	176,000	61,072	176,000	0
<b>Total Mainstream</b>	<b>5,641,645</b>	<b>3,399,737</b>	<b>5,354,825</b>	<b>(286,820)</b>
<b>Non Mainstream</b>				
Engineering & Transportation	3,036,488	1,227,615	3,036,488	0
Clean and Green Services	2,235,239	1,226,229	2,235,239	0
Leisure & Community Health	6,446,843	579,944	6,446,843	0
Libraries Heritage & Arts	340,162	113,258	340,162	0
Strategic Transportation	1,815,846	565,071	1,609,463	(206,383)
<b>Total Non Mainstream</b>	<b>13,874,578</b>	<b>3,712,117</b>	<b>13,668,195</b>	<b>(206,383)</b>
<b>Total Capital</b>	<b>19,516,223</b>	<b>7,111,854</b>	<b>19,023,020</b>	<b>(493,203)</b>

## Appendix 1 – Breakdown of Reserve Utilisation 2014/15

Type of reserve	Reserve details	Reserve expected to be used £	To be transferred to reserves £
IFRS	Grange Planting	(4,943)	
IFRS	Forestry Commission		
IFRS	Section 106	(45,814)	
IFRS	NHS projects	(49,500)	
IFRS	Paul Hamlyn Foundation/Right to Read	(370)	
IFRS	Early Years 13/14	(3,580)	
IFRS	Arts Council England - Dilapidations	(23,000)	
IFRS	New Art Gallery - ABC (Audience Black Country) Membership -	(5,520)	
IFRS	Sport England - Marketing	(33,278)	
IFRS	Sport England - Workforce and skills	(7,381)	
IFRS	Sportivate	(1,056)	
IFRS	Specialised Conditions	(3,389)	
IFRS	Sports Development-Active England	(15,277)	
IFRS	Sports Development-Doorstep Sports Clubs	(2,325)	
IFRS	Sports Development-Extend	(5,419)	
IFRS	Sports Development-Walk on	(39,835)	
IFRS	Sports Development-Way Forward	(9,320)	
IFRS	NVQ Assessor	(101)	
IFRS	Public Health Transition funding	(4,488)	
IFRS	Health retailer	(9,416)	
IFRS	Tobacco funding	(15,000)	
IFRS	Tobacco control	(2,293)	
IFRS	Sniffer Dog Grant	(2,107)	
IFRS	No Cold Calling Zones	(2,000)	
IFRS	Domestic Abuse	(14,477)	
IFRS	Borough Analyst	(11,789)	
IFRS	Domestic Homicide Review	(14,424)	
Central	Area partnerships	(41,103)	
Central	Performance reward grant	(60,177)	
Central	Six area partnership funding	(240,000)	
Central	Hub Funding - Moxley	(186,733)	
Central	Hub Funding - Ryecroft	(163,463)	
Central	Local Area Co-ordinator	(48,460)	
Central	Healthwatch	(20,745)	
Central	Assets of community value	(6,368)	
Central	Working Neighbourhoods Fund	(380,771)	
Central	Log / Wood Shed	(10,569)	
Central	Darlaston Recreational ground	(5,850)	
Central	Redundancies	(43,866)	

Central	Legal Fees	(16,000)	
Central	Willenhall Lawn Cemetery feasibility	(57,352)	
Central	Pension costs	(3,761)	
Central	Contingency for catenaries (Festive decorations)	(8,400)	
Central	Pension and redundancies	(177,225)	
Central	Restructure pay protection	(64,297)	
Central	Pension and redundancies	(56,981)	
Central	Commuted sum Shannons Mill	(6,000)	
Central	Highways Insurance Liabilities	(130,000)	
Central	Bus Lane enforcement	(126,521)	
Central	Legal fees	(59,068)	
Central	Redundancies	(13,844)	
Central	Superannuation auto enrolment	(37,256)	
Carry forward	Trading Standards Shared Services Pilot	(69,650)	
Carry forward	Sports Dev	(20,000)	
Carry forward	Rights of Way	(10,000)	
Carry forward	Domestic Abuse	(36,845)	
Carry forward	Borough Analyst	(16,842)	
Carry forward	Domestic Homicide Review/Contingency	(3,898)	
Central	Skills funding agency	(64,169)	
IFRS	Environmental Levy & Exclusive Burial Rights	(28,000)	118,732
IFRS	Bookstart		2,170
Central	Street lighting PFI		1,143,558
	<b>Total Reserves</b>	<b>(2,540,316 )</b>	<b>1,264,460</b>

IFRS stands for International financial reporting standard – this was the standard that determined that some funds had to be treated as reserves as opposed to receipts in advance as previously allowed.

## Appendix 2 – Breakdown of Revenue Variances 2014/15

Service Area	Detail	£
<b>Clean and green</b>		
Operational	Staffing underspend (£290k), increased trade waste income (£57k), reduced cost for issuing of new bins (£106k)	(453,274)
Strategic	Contamination of waste £135k, increase in utilities £76k, staffing costs £49k, and MOT lane £26k, partly offset by reduced transport costs (£98k) and other small variances (£5k)	182,702
	Other small variances	(3,782)
<b>Communities &amp; partnership</b>		
Community safety	Staffing underspend on posts vacant, professional fees & services	(107,387)
Voluntary & community	WVA funding partly offset by vacancies and contract savings	(1,034)
	Other small variances	0
<b>Engineering &amp; transportation</b>		
Engineering & transportation General	Posts held vacant to fund overspend within Roadworks Management	(67,037)
Road works management	Increased spend on drainage works and safety fencing	176,255
Transportation forward planning	Posts held vacant to fund overspend within Roadworks Management	(106,067)
	Small variances	(709)
<b>Leisure &amp; community health</b>		
Bereavement services	Police providing coroner's service	(65,246)
Catering	Income shortfall, mainly around Town hall restaurant	36,125
	Other small variances	(5,202)
<b>Libraries, heritage &amp; arts</b>		
Creative development team	Income shortfall	42,145
Libraries	Vacant posts partly offset by contribution to free swimming	(168,195)
New art gallery	Shortfall on income and investments	16,894
Heritage	Salary overspend	13,322
	Other small variances	2,730
<b>Regulatory services</b>		
Environmental health	Reduced third party payments due to lower call on services	(7,832)
Trading standards	Part year vacant post	(24,484)



	Small variances	972
		<b>(539,104)</b>

### Appendix 3 – Potential Risks 2014/15

Potential risk	Risk exposure £'000	Assessment of likelihood
Regulatory Services - Unknown court costs arising from prosecutions	23	Low
Regulatory Services - Unknown court costs arising from licensing act appeals	30	Low
Regulatory Services - Unknown court costs arising from taxi/private hire appeals	4	Low
Clean and Green - Possible dilapidation costs for Previous Depot site	20	Low
Subtotal low risk	77	
Greenspaces - possible action against horses on Council land at £1,500 each	6	Medium
Creative development team - reduction in the number of external commissions resulting in lower income	18	Medium
Regulatory Services - Increase in the cost of kennelling stray dogs.	10	Medium
Regulatory Services - Incursion of additional unauthorised encampments	20	Medium
Regulatory Services - burial costs where there is no known family	8	Medium
Bereavement Services - impact of a pandemic flu outbreak	12	Medium
Subtotal medium risk	74	
Engineering - Impact of a severe winter, additional gritting required	90	High
Regulatory Services - Incident(s) of infectious disease either in animal health or human e.g. ecoli, legionnaires	45	High
Clean and Green - reduction in levels of co-mingled recyclables and or market value resulting in reduced income	16	High
Clean and Green - increased waste tonnage disposal.	74	High
Subtotal high risk	225	
<b>TOTAL</b>	<b>376</b>	

## Appendix 4 – Capital Programme 2014/15

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16	Estimated (Under) / Overspend
£	£	£	£	£	£	£
<b>Mainstream</b>						
<b>Engineering and Transportation</b>						
Walsall TCTP ring road acquisition	100,000	5,146	100,000	0	0	0
Highways maintenance	1,700,000	1,430,905	1,700,000	0	0	0
Retained Housing Land	119,489	102,947	119,489	0	0	0
Lighting to save initiatives	11,986	8,688	8,688	(3,298)	0	(3,298)
Public Lighting Invest to Save for replacement LED lighting	250,000	0	250,000	0	0	0
Footpath Highfield Road, Pelsall	15,607	0	0	(15,607)	0	(15,607)
A34 improvements	55,000	0	55,000	0	0	0
Caldmore high street improvements	125,000	0	20,000	(105,000)	(105,000)	0
New Invention car park	23,436	9,970	13,436	(10,000)	0	(10,000)
Pelsall Road flood alleviation scheme	11,270	7,105	7,105	(4,165)	0	(4,165)
Traffic signals infrastructure conversion LED signal operation	45,000	0	45,000	0	0	0
Valley Road	10,000	4,790	13,000	3,000	0	3,000
Verge Parking	121,835	121,835	121,835	0	0	0
<b>Clean and Green</b>						
Allotment and community garden strategy - Borneo Street	9,947	580	9,947	0	0	0
Allotments	6,027	5,002	6,027	0	0	0
Arboretum Play Area	4,477	3,980	4,477	0	0	0
Walsall arboretum restoration programme (PRU)	238,000	238,000	238,000	0	0	0

George Rose Park	31,243	23,127	31,243	0	0	0
Goscote Valley Sustrans Bridge Repair	3,000	0	3,000	0	0	0
Greenspace improvement plan	106,304	106,304	106,304	0	0	0
Kendrick Place	19,250	0	0	(19,250)	0	(19,250)
Restoration and Renovation of Broadway West Playing Fields	75,000	0	0	(75,000)	(75,000)	0
Walsall Arboretum Car Park Resurfacing	170,000	0	170,000	0	0	0
Walsall Arboretum Embankment	981,000	981,000	981,000	0	0	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	270,000	0	270,000	0	0	0
Walsall Green Pathways	90,000	0	90,000	0	0	0
Willenhall Memorial Park	67,007	(16,254)	67,007	0	0	0
Vehicles purchased	12,150	12,150	12,150	0	0	0
Depot relocation	0	(30,000)	0	0	0	0
<b>Communities and Partnership</b>						
Improving security in local neighbourhoods	4,225	0	4,225	0	0	0
Darlaston Community Association	255,750	228,634	255,750	0	0	0
<b>Leisure and Community Health</b>						
Headstone safety in Cemeteries	80,000	22,551	60,000	(20,000)	0	(20,000)
Willenhall EACT Academy Swimming Pool Changing Provision	75,000	0	37,500	(37,500)	(37,500)	0
<b>Libraries and Heritage</b>						
Forest Arts Centre (renovation of sports hall)	198,800	5,874	198,800	0	0	0
Bentley Community Facility	30,000	0	30,000	0	0	0
The New Art Gallery Walsall	82,302	66,331	82,302	0	0	0
Libraries Universal Digital Offer	67,540	0	67,540	0	0	0
<b>WACC</b>						
Refurbishment & upgrade of college facilities & premises	85,000	61,072	85,000	0	0	0
Refurbishment & Upgrade of IT	91,000	0	91,000	0	0	0
<b>Total Mainstream</b>	<b>5,641,645</b>	<b>3,399,737</b>	<b>5,354,825</b>	<b>(286,820)</b>	<b>(217,500)</b>	<b>(69,320)</b>

<b>Non Mainstream</b>						
<b>Engineering and Transportation</b>						
Additional Highway Maintenance emergency road repairs severe weather	251,947	0	251,947	0	0	0
Additional Highway Maintenance pothole funding	448,614	400,275	448,614	0	0	0
Development of Highways Asset Management Plan (HAMPS)	50,499	499	50,499	0	0	0
Local Highways Maintenance Funding	188,000	42,000	188,000	0	0	0
LTP Highway Maintenance - Bridges	262,945	85,107	262,945	0	0	0
LTP including bridge strengthening 2010/11	508,058	13,448	508,058	0	0	0
Low emission Strategy	1,990	1,381	1,990	0	0	0
Land North of Leamore Lane	2,435	2,435	2,435	0	0	0
LTP Highway Maintenance	1,322,000	682,470	1,322,000	0	0	0
<b>Clean and Green</b>						
King George v playing fields S106	150,522	137,644	150,522	0	0	0
Kings Hill park improvement - phase 2	0	0	0	0	0	0
Palfrey Park	6,994	0	6,994	0	0	0
Pleck Park synthetic cricket wickets	0	0	0	0	0	0
Recreating the Croft	2,288	2,288	2,288	0	0	0
Reedswood Park	0	0	0	0	0	0
Walsall arboretum restoration programme (PRU)	1,823,099	1,051,052	1,823,099	0	0	0
Waste infrastructure capital grant	252,336	35,244	252,336	0	0	0
<b>Leisure and Community Health</b>						
Active Living Bloxwich (Grant)	281,987	0	281,987	0	0	0
Active Living Oak Park (Grant)	327,030	0	327,030	0	0	0
Active Living - Bloxwich (PWLb)	2,699,176	75,120	2,699,176	0	0	0
Active Living - Oak Park (PWLb)	3,138,650	504,825	3,138,650	0	0	0
<b>Libraries and Heritage</b>						

Pelsall Village Centre	144,064	0	144,064	0	0	0
The New Art Gallery Walsall (Grant)	196,098	113,258	196,098	0	0	0
<b>Strategic Transportation</b>						
LTP Black Country quick wins 2	71,000	61,950	71,000	0	0	0
Local Sustainable Transport Fund	237,000	108,075	237,000	0	0	0
Local Transport Plan (LTP)	1,507,846	395,046	1,301,463	(206,383)	(206,383)	0
<b>Total Non Mainstream</b>	<b>13,874,578</b>	<b>3,712,117</b>	<b>13,668,195</b>	<b>(206,383)</b>	<b>(206,383)</b>	<b>0</b>
<b>Overall total</b>	<b>19,516,223</b>	<b>7,111,854</b>	<b>19,023,020</b>	<b>(493,203)</b>	<b>(423,883)</b>	<b>(69,320)</b>

### Comments on variances

- Footpath on Highfield Road Pelsall, this project has been cancelled.
- Per cabinet 17<sup>th</sup> December the funding for Lucknow Road and the Verge Parking underspend have been transferred to schemes for the A34 and Caldmore
- New Invention Car park, £10k is not required to complete the project and has therefore been offered up as an underspend
- Pelsall Road flood alleviation scheme, scheme coming in under original projections, overspend to offset Valley Road
- Valley Road, additional requirement to upgrade highway under new legislation
- Headstone safety in cemeteries, reduction in demand for new rafts
- Development of Highway Asset Management Plan, ongoing project, funding to be carried forward into 2015/16
- Kendrick Place, scheme scaled back