

**REGENERATION
SCRUTINY AND PERFORMANCE PANEL**

Agenda Item No. 8

DATE: 25 November 2013

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2013/14

Ward(s) All

Portfolio:

Councillor Andrew – Regeneration

Summary of report

This report summarises the predicted revenue and capital position for the financial year 2013/14. This is based on the performance of Quarter 2 (April-September 2013) for services within the remit of the Regeneration Scrutiny and Performance Panel.

Recommendation

To note that the forecast 2013/14 financial position for services under the remit of the Regeneration Scrutiny and Performance Panel is a revenue over spend against budget of **£0.219m** (net of the use of earmarked reserves), and a capital under-spend of **£13.690m**.

Background papers

Various financial working papers
2013/14 Budget Book on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2013/14 within the remit of this panel.

Signed:

V Buckley



Head of Finance: Vicky Buckley

Executive Director: Simon Neilson

Date: 14.11.13

Date: 15.11.13

Resource and legal considerations

Services are required to manage their services within budget. Variances from budget 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 2014/15 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 were put in place to mitigate overspends. 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 2013/14 – Regeneration Directorate

- 1.1 The forecast revenue outturn for 2013/14 for the services under the remit of the Regeneration Scrutiny and Performance Panel is an over spend against budget of **£0.219m** (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 the 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 the service and to manage additional risks as they arise.
- 1.3 The forecast includes use of reserves of **£2.827m** where approval was given by Cabinet for additional funds for specific services, and also transfers to reserves of **£0.030m**.
- 1.4 **Table 1** below provides a summary by service, and a full analysis of the material variances is shown in **Appendix 1**.
- 1.5 Within the services associated with the panel there are a number of risks around uncontrollable demand which is estimated at **£0.256m**. 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. A summary of the risk assessment is attached as **Appendix 2**.
- 1.6 The budget for 2013/14 included approved savings of **£1.489m**, of which £1.246m has been achieved. A full breakdown of investment and savings can be found in the 2013/14 budget book. Where savings are not able to be achieved in full in the year, directorate management teams are required to identify and manage alternative savings in liaison with the relevant portfolio holder.

Table 1– Forecast Revenue Outturn 2013/14

	Annual Budget	Profiled Budget	Year to Date Actual	Profiled Variance	Final Outturn	Year End Variance	Use of Reserves	Transfer to Reserves	Adjusted Variance
Service Area	£	£	£	£	£	£	£	£	£
Development & Delivery	715,400	372,550	504,645	132,095	1,282,258	566,858	(689,457)	0	(122,599)
Planning & Building Control	538,186	240,408	870,016	629,608	1,397,655	859,469	(863,592)	4,123	0
Property Services	3,721,510	1,860,494	5,029,521	3,169,027	4,427,591	706,081	(390,309)	25,883	341,655
Regeneration Management	450,880	225,432	293,201	67,769	449,318	(1,562)	0	0	(1,562)
Smarter Workplaces	116,950	58,476	97,729	39,253	349,722	232,772	(232,778)	0	(6)
Strategic Regeneration	551,666	276,149	489,845	213,696	1,204,322	652,656	(650,748)	0	1,908
TOTAL REGENERATION	6,094,592	3,033,509	7,284,957	4,251,448	9,110,865	3,016,273	(2,826,884)	30,006	219,395

Capital Outturn 2013/14 – Regeneration Directorate

- 2.1 The forecast capital outturn for 2013/14 for the schemes under the remit of this panel is an under-spend against budget of **£13.690m** which will be requested to be carried forward into 2014/15. **Table 2** provides a summary by service, and a detailed financial analysis by scheme is shown in **Appendix 3**.

Of the total variance, £11,813k is due to delayed expenditure on the Darlaston SDA project until the DFT set a date for the public enquiry, which is expected in early 2014.

Table 2 - Forecast Capital Outturn 2012/13

Service Area	Total Budget £	Spend To Date £	Year-end Forecast £	Forecast Variance £
<u>Mainstream Resources</u>				
Property Services	3,493,588	635,517	3,493,588	0
Development & Delivery	3,137,101	126,536	2,177,182	(959,919)
Smarter Workplaces	1,406,868	351,186	1,184,986	(221,882)
Strategic Regeneration	1,865,000	0	0	(1,865,000)
Sub Total	9,902,557	1,113,239	6,855,756	(3,046,801)
<u>Non Mainstream Resources</u>				
Development & Delivery	1,473,763	479,458	779,024	(694,739)
Strategic Regeneration	15,297,057	1,748,584	5,348,348	(9,948,709)
Sub Total	16,770,820	2,228,042	6,127,372	(10,643,448)
Total Regeneration	26,673,377	3,341,281	12,983,128	(13,690,249)

Appendix 1 – Analysis of Variances

Appendix 1 – Analysis of Reasons for Variances		
Service	Reason/ Explanation for Variance	Variance £
Development & Delivery	Two vacant posts (£68k) and an under-spend in professional fees (£25k) due to change in contractual arrangements.	(91,941)
Markets	Vacant markets team leader post.	(33,658)
Development & Delivery total		(125,599)
Property Services	Cleaning and caretaking, being mainly overspends on staff costs	62,000
Property Services	Asset Management: Shortfall on 2013/14 savings target (£243k) offset by surplus shop income	219,611
Property Services	Building Services: Shortfall on income forecast	44,000
Property Services	Building Services: Being additional remedial works required on Delves TMO property	40,000
Property Services	Building Services: Backdated energy costs (£24k) and overspend on centralised energy (£76k)	100,638
	Building Services: general efficiencies	(7,000)
Property Services	Three vacant posts within Design and Project Management	(134,071)
Property Services	Facilities Management: Overspend on supplies and services, being mainly security costs	16,477
Property Services total		341,655

Appendix 2 – Financial Risks

POTENTIAL RISK	LOWEST COST £000	ASSESSMENT OF RISK	HIGHEST COST £000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £000
REGENERATION					
Property Services - pressure on cleaning and caretaking contracts with higher salary costs	0	Low	100	Low	20
Property Services - redundant buildings excess costs	0	Low	50	Low	10
Property services - risk of major repairs or maintenance required that cannot be met from existing budget	0	Low	50	Low	10
Property Services - reductions in capital fee income (academies programme ending)	0	Medium	150	Medium	60
Corporate Property Saving - non achievement of council wide saving relating to building exits, reduced property costs etc.	0	Medium	230	Medium	92
Planning - lower fee income due to lower demand	0	Medium	110	Medium	44
Development and Delivery - revenue costs associated with new capital projects	0	Medium	50	Medium	20
Total Regeneration	0	0	740	0	256

Appendix 3 – Capital by scheme

Scheme and service area	Total Budget	Spend to Date	Forecast Spend	Forecast Variance
<u>Mainstream Resources</u>	£	£	£	£
Asbestos Removal	155,000	26,597	155,000	0
Safe water supplies	275,000	141,097	275,000	0
Demolition of redundant buildings to save on rates	204,369	15,446	204,369	0
Fire risk assessment	207,453	18,276	207,453	0
Freer Street structural works	57,579	6,100	57,579	0
Planned property maintenance	500,000	135,460	500,000	(0)
Shop maintenance	185,979	79,384	185,979	0
Statutory Testing	299,998	142,402	299,998	(0)
Green Rivers	96,202	46,755	96,202	0
Civic Centre essential maintenance	566,306	0	566,306	0
Walsall Council House	945,702	24,000	945,702	0
Property services	3,493,588	635,517	3,493,588	0
Regenerating Walsall	724,690	21,390	219,185	(505,505)
Enabling works to Office development (Gigaport)	580,611	83,650	126,197	(454,414)
Old Square Redevelopment	1,831,800	21,496	1,831,800	0
Development & Delivery	3,137,101	126,536	2,177,182	(959,919)
Smarter Workplaces - Programme Manager	175,579	138,106	175,580	1
Smarter Workplaces - Workplace Solutions	378,057	185,494	240,000	(138,057)
Smarter Workplaces ICT	306,645	0	306,646	1
Smarter Workplaces - Property (Prudential)	546,587	27,586	462,760	(83,827)
Smarter Workplaces	1,406,868	351,186	1,184,986	(221,882)
Darlaston SDA	1,865,000	0	0	(1,865,000)
Strategic Regeneration	1,865,000	0	0	(1,865,000)
	9,902,557	1,113,239	6,855,756	(3,046,801)
<u>Non Mainstream Resources</u>				
New Homes Bonus	320,013	320,013	320,013	0
Darlaston SDA - Moxley & Whitworth Close	9,692	0	9,692	0
Willenhall THI – Heritage Lottery Fund	791,296	79,723	225,870	(565,426)
Willenhall THI – VIEW	352,762	79,723	223,450	(129,312)
Development & Delivery	1,473,763	479,458	779,024	(694,739)
Darlaston SDA (Pre-works)	258,610	309,908	344,255	85,645
Darlaston Strategic Development Area Access	13,431,561	931,554	3,397,207	(10,034,354)
Local Sustainable Transport Fund	434,428	261,462	434,428	0
Local Transport Plan	1,172,458	245,660	1,172,458	(0)
Strategic Regeneration	15,297,057	1,748,584	5,348,348	(9,948,709)
	16,770,820	2,228,042	6,127,372	(10,643,448)
Total	26,673,377	3,341,281	12,983,128	(13,690,249)

THI – Townscape Heritage Initiative
SDA – Strategic Development Area
VIEW - Visionary Investment Enhancing Walsall