

**CORPORATE
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 8**

DATE: 3 MARCH 2011

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Towe – Finance and personnel
Councillor Arif – Business support services

Summary of report

This report summarises the predicted revenue and capital outturn position for 2010/11, based on the performance to the end of quarter 3 (April to December 2010), for services within the remit of the Corporate Scrutiny and Performance Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Corporate Scrutiny and Performance Panel is predicted to be an underspend of £487k, after the use of approved reserves and carry forwards and action plans. The capital forecast is a planned slippage of £400k, which will be requested to be carried forward to the new financial year.

Background papers

Various financial working papers.
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

Date: 8 February 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. Corrective action plans are in place to mitigate the overspends within service. Any corporate overspend will require replenishment in the 2010/11 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 2010/11 – £487k underspend

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Corporate Scrutiny and Performance Panel (based on the position as at the end of December 2010) is an underspend position of £487k, net of the use of earmarked reserves and following successful implementation of action plans. 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. Options will continue to be explored throughout the rest of the financial year so as to minimise any forecast overspends within any service, and to manage additional risks should they arise.
- 1.3 The predicted outturn includes use of reserves of £2.784m (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 have been required to identify an in year action plan to mitigate this position. Of the £895k action plans that had been identified, £783k has been delivered. The remaining £112k is not expected to be delivered and is included in the year end forecast given above. Further details are shown in **Table 1** and **Appendix 2**.
- 1.6 There are a number of risks within services under the remit of this panel, totalling £80k, which are not included within the above forecast. At this stage the risks are not certainties so they are not included in the monitoring as overspends. If the risks become certainties then alternative action will need to be identified to offset the pressure or they will be required to be included in the budget monitoring as overspends. A summary of the risk assessment is attached as **Appendix 3**

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 £'000	Variance after Reserves £'000
Finance	6,553	4,863	5,038	176	6,508	(45)	(180)	(226)
Central Costs	2,763	2,820	2,313	(507)	2,742	(21)		(21)
Revenues	2,329	2,313	2,096	(216)	2,355	26	(35)	(9)
Benefits	394	(22,763)	(16,732)	6,030	409	16	(86)	(70)
Internal Audit	572	428	315	(113)	561	(11)		(11)
Legal	2,671	1,960	2,881	921	2,667	(4)		(4)
Constitutional & Mayoral	942	791	627	(164)	861	(82)		(82)
Electoral Services	525	393	453	60	504	(21)		(21)
Human Resources & Development	4,525	3,232	2,470	(762)	6,872	2,347	(2,462)	(115)
Communications	887	664	559	(106)	875	(12)		(12)
Business Solutions	663	472	246	(226)	418	(245)		(245)
Programme Delivery	1,673	1,252	1,135	(117)	1,582	(91)	(20)	(111)
Business support	1,281	873	1,506	633	1,613	332		332
ICT	4,502	3,366	3,877	511	4,502			
Print and Design	(175)	(120)	101	221	(26)	149		149
Procurement	451	337	270	(67)	410	(41)		(41)
Total	30,557	881	7,156	6,275	32,854	2,297	(2,784)	(487)

2 Forecast Capital Outturn 2010/11 – £nil

- 2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of December 2010) is on budget. **Table 2** shows a summary by scheme.

<u>Table 2 – Summary of Capital Programme – Quarter 3 2010-11</u>				
Scheme	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Expected Slippage £'000
Risk management	164	17	164	0
Self-insured property damage	265	9	265	0
Software to automate benefit application forms	19	10	19	0
Bloxwich library communications room	19	0	19	0
Finance Direct/Oracle	2,431	888	2,431	0
Replacement of benefits system	31	31	31	0
Investing in working smarter	550	0	150	(400)
Total Capital	3,479	955	3,079	(400)

Appendix 1 - Reasons for revenue variations

Service	Reason/explanation for variance	Variance £'000
Finance	Holding posts vacant to support the corporate financial position	(226)
Central Costs	Underspend due to planned savings on external legal cost fees	(21)
Benefits	Keeping posts vacant and securing external grant income	(70)
Constitutional & Mayoral	Reduced spend on supplies and services to support the corporate financial position	(82)
Electoral Services	Reduced spend on supplies and services to support the corporate financial position	(21)
Human Resources and Development	Underspend on training and additional income from recruitment advertising and payroll	(115)
Business Solutions	Holding posts vacant to support the corporate financial position	(245)
Programme Delivery	Holding posts vacant to support the corporate financial position	(111)
Business support	Resources business support cost pressure after devolution	332
Print and Design	Reduced income from external and internal customers due to reduction in requirements for print and design	149
Procurement	Holding posts vacant to support the corporate financial position	(41)
	Other non-material variances	(35)
TOTAL VARIANCE		(487)

Appendix 2 – 2010/11 Budget Action Plan

Service	Action identified	Total Action Plan £'000	Action Plan Delivered to date £'000	Action Plan not expected to be delivered £'000	RAG
Human Resources & Development	Not filling job analyst post	(27)	(27)	0	G
Human Resources & Development	Non filling of customer and service improvement officer post whilst post holder is on secondment	(28)	(28)	0	G
Business Solutions	Hold vacancies whilst postholders on secondment	(69)	(69)	0	G
Programme Delivery	Hold backfill for information analyst on secondment	(12)	(12)	0	G
Programme Delivery	Delay the backfill to the Principal Project Manager Post until August 2010	(15)	(15)	0	G
Programme Delivery	Don't backfill for postholder on maternity leave	(5)	(5)	0	G
Revenues	Hold existing vacancies	(32)	(32)	0	G
Finance	Keep Senior Accountant post vacant for six months	(19)	(19)	0	G
Finance	Keep accountant post vacant	(30)	(30)	0	G
Finance	Temporary reduction in number of courses and training provided to finance staff	(15)	(15)	0	G
Human Resources & Development	Holding 2 posts vacant for remainder of year	(59)	(59)	0	G
Benefits	Efficiency gains through implementing improved processes	(67)	(67)	0	G
Print and Design	Marketing strategy being developed	(60)	0	(60)	R
Procurement	Saving on implementation of revised procurement processes across the council	(457)	(405)	(52)	R
TOTAL		(895)	(783)	(112)	

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

Potential risk	Lowest cost £'000	Assessment of risk	Highest cost £'000	Assessment of risk	Total financial exposure to risk £'000
Revenues - Potential court action	2.0	High	40.0	Medium	16.0
Revenues - Change in charitable relief criteria	0.0	Medium	25.0	Medium	10.0
Benefits - Supported housing - exempt income subsidy loss	0.0	Medium	109.0	Medium	43.6
Benefits - Clawback of subsidy following qualified subsidy claim 2009/10. £425k reserve is available to fund any clawback but actual figure may be higher	?	Medium	?	Low	?
Finance - Reduced right to buy income shortfall	0.0	Medium	49.5	Low	9.9
Total	2.0		223.5		79.5