

**ENVIRONMENT  
SCRUTINY AND PERFORMANCE PANEL**

**Agenda    Item  
No.**

**DATE:    08 MARCH 2011**

**QUARTER 3 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 3 (1 April to 31 December 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 **£116k**, after the use of approved reserves and carry forwards and action planning. The capital position is a planned slippage of **£2.380m** for which a carry forward request will be submitted in order for scheme completion in 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

**Date:**                      08 February 2011



**Executive Director:** Jamie Morris

**Date:**                      08 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 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:**

Steve Hough, Group Accountant, Neighbourhood Services.

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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 December 2010) is an underspend against budget of **£116k** (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 **£134k** 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 3**
- 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.

### Table 1 – Forecast Revenue Outturn 2010-11

[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 December 2010) is a predicted slippage of £2.380m against budget of **£8.688m**. A carry forward into 2011/12 will be requested for the total of this position. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

<b><u>Table 3 – Summary of Capital Programme - Outturn 2010-11</u></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>				
Street Pride	1,441,500	25,322	1,137,223	-304,277
Engineering & Transportation	6,280,509	2,541,250	5,021,054	-1,259,455
<b>Total Mainstream</b>	<b>7,722,009</b>	<b>2,566,572</b>	<b>6,158,277</b>	<b>-1,563,732</b>
<b>Non Mainstream</b>				
Street Pride	653,282	0	17,000	-636,282
Engineering & Transportation	312,330	-16,875	132,219	-180,111
<b>Total Non Mainstream</b>	<b>965,612</b>	<b>-16,875</b>	<b>149,219</b>	<b>-816,393</b>
<b>Total NS Capital</b>	<b>8,687,621</b>	<b>2,549,697</b>	<b>6,307,496</b>	<b>-2,380,125</b>

<b>Appendix 1 - Reasons For Revenue Variances</b>		
<b>Service Area</b>	<b>Explanation of Year end Variance</b>	<b>Revised Outturn after Proposed Action Plan £</b>
<b>Street Pride</b>		
Policy & Performance	Rates costs lower than budget £15k	(15,040)
Waste Management	£216k lower than anticipated employee costs due to use of agency staff to cover full time posts; £16k lower than anticipated cost of professional fees relating to waste 2 resources (W2R) project, renewal of waste contracts & waste strategy; £15k lower than anticipated spend on publicity and advertising; £38k lower than anticipated spend on containers; off setting £20k lower than anticipated income (due mainly to reduction in trade waste income) plus other small under/overspends within waste management	(238,849)
Fleet Services	£41k additional employee related costs due to vacancy management, agency staff covering part funded post for union duties and transfer of business support budget pressure; £39k overspend on materials relating to repairs & maintenance; offset by saving on fuel (£32k) plus various other small under/overspends within fleet management	46,802
<b>Public Safety</b>		
Environmental health	Reduction in income due to reduction in requirement for dsinfestation services £22K and reduction in issue of Fixed Penalty notices £4K and shortfall in budget following transfer of Business Support staff £3k. Offset by savings for supplies & services (£19k) & salary savings (£32k)	(22,292)
<b>Engineering &amp; Transportation</b>		
Pollution Control	Forecast underspend due to vacant Technician post.	(30,301)
Roadworks Management	Forecast underachievement of income - this continues trend and actual experienced in 2009/10 which has been partially offset by savings on vacant posts	11,376
Highways Maintenance & Public Lighting	Savings on training post not achievable	33,056
Transportation & Forward Planning	Predicted underspends in general running expenses	(17,493)
Traffic & Transportation	Estimated reduction in Civil Parking Enforcement (CPE) & Car Park Income	127,686
Structures & Geotechnics	Underspend on supplies & services.	(10,894)
<b>Total forecast variance</b>		<b>(115,949)</b>

## Appendix 2 - 2010/11 Budget Action Plan

Service	Action identified	Initial Action Plan £m	Action Plan delivered + included in Outturn £m	RAG	Action plan left to deliver £m
Roadworks Management	Sec 50 Income shortfall offset by reduced spend on Street nameplates. Sec 74 & other income budgets to be monitored & reviewed	0.015	0.000	Amber	0.015
<b>SUB TOTAL</b>		<b>0.015</b>	<b>0.000</b>		<b>0.015</b>

### 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
<b>ENVIRONMENT</b>					
Further loss of section 74 income	0.000	HIGH	0.050	HIGH	0.008
Potential decline in industry due to recession leading to impact on income	0.000	LOW	0.010	LOW	0.002
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	0.050
Further loss of car parking income - pay and display and penalty charge notices	0.000	MEDIUM	0.250	MEDIUM	0.025
Accidents on roads leading to damage to traffic signals due to winter conditions	0.000	MEDIUM	0.100	MEDIUM	0.010
Legal Services cutting advertising budget for TRO adverts	0.000	HIGH	0.010	MEDIUM	0.001
Reduction in income for Traffic Regulation Orders and street naming	0.000	HIGH	0.030	MEDIUM	0.003
Signs impact of loss of LTP capital funding places pressure on revenue budget	0.000	MEDIUM	0.020	MEDIUM	0.008
Free Wheeled bin replacement	0.000	MEDIUM	0.070	MEDIUM	0.007
Unknown maintenance liability from schemes undertaken by other directorates	0.000	HIGH	?	HIGH	?
Loss of car park income with the opening of the new Tesco store - unable to quantify until store / car park has been open for a period of time	0.000	HIGH	?	HIGH	?
<b>Total Environment</b>	<b>0.000</b>		<b>1.140</b>		<b>0.134</b>

#### Appendix 4 - Forecast Capital Outturn 2010/11

<b>Service Area/Scheme</b>	<b>Annual Budget</b>	<b>Year To Date</b>	<b>Year End Forecast</b>	<b>Year End Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Council Resources</b>				
<b>Street Pride</b>				
Additional litter bins	10,000		10,000	0
Depot relocation	1,051,500	3,401	945,301	106,199
HSE works to Norfolk Place depot	264,000	21,921	181,922	82,078
Purchase of hot jet pavement cleaning machine	116,000	0	0	116,000
<b>Engineering and Transportation</b>				
Beacon Road land slip - contingency	110,000	282	110,000	0
Combined wind turbine and street lighting	25,000	0	25,000	0
Disabled facilities at pedestrian crossings	48,572	49,698	48,572	0
Hatherton Road multi storey car park	200,000	0	10,000	190,000
Highways maintenance	950,000	545	545	949,455
Lower Bridge Street taxi rank	70,000	81,813	70,000	0
LTP including bridge strengthening	3,371,631	1,275,575	3,371,631	0
Town centre on street parking	250,000	0	130,000	120,000
Town centre transport package	625,306	625,306	625,306	0
Walsall TCTP ring road acquisition	630,000	508,032	630,000	0
<b>Total Council Resources</b>	<b>7,722,009</b>	<b>2,566,573</b>	<b>6,158,277</b>	<b>1,563,732</b>
<b>Externally Funded</b>				
<b>Engineering and Transportation</b>				
Specific road safety grant (Road Safety Partnership)	25,763	16,622	16,622	9,141
Development of Highways Asset Management Plan (HAMPS)	193,970	-33,496	23,000	170,970
Low emission strategy - Air quality grant	40,000	0	40,000	0
Traffic signal energy/carbon saving measures	52,597	0	52,597	0
<b>Street Pride</b>				0
Waste infrastructure capital grant	162,642	0	0	162,642
Depot relocation	490,640	0	17,000	473,640
<b>Total Externally Funded</b>	<b>965,612</b>	<b>-16,875</b>	<b>149,219</b>	<b>816,393</b>
<b>Total Environment</b>	<b>8,687,621</b>	<b>2,549,698</b>	<b>6,307,496</b>	<b>2,380,125</b>