

CORPORATE SCRUTINY AND PERFORMANCE PANEL

**Agenda
Item No.**

DATE: 26 FEBRUARY 2009

Revenue & Capital Monitoring – 2008/09 Third Quarter

Ward(s) All

Portfolios:

Councillor Griffiths – Finance and personnel

Councillor Arif – Procurement, transformation and performance management

Summary of report

This report gives a breakdown for the services within the remit of the panel their revenue and capital outturn forecast for 2008/09 including explanations of variances and risks to the achievement of the forecast, based on 9 months of the financial calendar, April to December 2008. It shows a projected revenue under spend of £0.409m after the use of reserves this is an improvement over the previous quarter of £0.220m mainly due to vacancy management and in year financial constraint. A verbal up date of the January position will be given at the meeting.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide an update on the 2008/09 financial performance of the services falling within the remit of this panel.

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 overspend. Any corporate overspend will require replenishment in the 2009/10 budget.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance and risk management:

Financial performance is considered alongside service targets. Budgets are risk assessed and risk is reported to management on a monthly basis.

Equality Implications:

None directly associated with this report.

Consultation:

This report is produced in consultation with senior officers and budget holders.

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Forecast Revenue Outturn 2008-09 – Corporate Scrutiny Panel

- 1.1 The forecast revenue outturn for services that are reviewed by the Corporate Scrutiny panel directorate (as at the end of December 2008) is an expected under spend of **£0.409m** (after the use of reserves), and an overspend of **£0.143m** prior to the use of reserves/central resources. The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year-end forecast and achievement of savings. **Table 1** shows the forecast outturn for each service area within the directorate.
- 1.2 Risks to the Forecast: The forecast outturn only includes areas where there is a high degree of certainty about overspends and where there is limited scope for remedial action to offset these costs. Clearly all options will continue to be explored throughout the financial year to minimise the potential overspend.

Table 1: Corporate Scrutiny Panel - Revenue Monitoring Oct 08 to Dec 08

Area	Budget (£m)	Forecast (£m)	Variance (£m)	Use of Reserves (£m)	Bottom Line (£m)
Finance	6.424	5.877	- 0.547	0.423	- 0.124
Legal (including mayoral)	3.063	3.128	0.065	- 0.007	0.058
Internal Audit	0.586	0.567	- 0.019	0.000	- 0.019
CMT	1.115	1.075	- 0.040	0.000	- 0.040
Revs and Bens	2.921	3.001	0.080	- 0.080	0.000
Corporate Total	14.109	13.649	- 0.460	0.336	- 0.124
Transformation	13.717	14.341	0.623	- 0.797	- 0.173
CPM	1.790	1.771	- 0.019	- 0.092	- 0.111
Overall Total	29.616	29.760	0.143	- 0.552	- 0.409

- 1.3. The last quarter monitoring reported in October to Scrutiny panel projected the outturn to be an overspend of £0.734m before the use of reserves and an under spend of £0.189m after the use of £1m of reserves. The main reason for the difference in reserves is the increased pension contributions making a “negative” reserve (i.e. a contribution to reserves of £450k.) The outturn has had a positive change of £250k due to cutbacks in non essential spend following the request for in year savings in November.
- 1.4. The significant variations between budget and spend identified are the following underspends
- **Finance £0.124m** - here savings from vacancy management and restraints on non essential spend have been partly offset by shortfalls in income related to the current economic situation.
 - **Transformation £0.173m** - vacancies, a restraint on non essential spend and efficiencies in use of temporary staff have generated an underspend. Further economies are being explored in the final quarter of the year, focussing on temporary workers.
 - **CPM £ 0.111m** - this is due to savings on vacant posts and non essential spend. Some project costs may also no longer be required this year.
- 1.5. The panel had previously enquired into the nature of the earmarked reserves held for Corporate Services. **Table 2** below lists the earmarked reserves and the balances that are intended to be utilised in 2008/9.
- 1.6. The approved capital spend **of £0.648k** is currently expected to outturn at **£0.270m**. The insurance schemes – risk management and self insured property damage - are estimated to be under spent by £190k, this is because costs to date have been under profile due to pro-active risk management. £100k is to be requested as slippage. There is also £80k slippage on the electronic data capture scheme and £60k on the replacement benefits system – an increased caseload in revenues and benefits has meant this project will slip into next year.

TABLE 2 : USE OF EARMARKED RESERVES			
Area Per Monitoring	Service Area	Reason / Explanation	£
Transformation	Strategic Transformation	WMCOE funding – carry forward from 2007/08	35,000
Transformation	Strategic Transformation	Earmarked receipt for transformation	15,000
Transformation	Human Resources & development	HRD restructure costs – carry forward from 2007/08	68,000
Transformation	Human Resources & development	Team awards – carry forward from 2007/08	25,000
Transformation	Human Resources & development	New Manager Training – disciplinary and grievance – carry forward from 2007/08	35,000
Transformation	Human Resources & development	Single Status – carry forward from 2007/08	50,000
Transformation	Human Resources & development	Single Status - Use of Reserves	299,673
Transformation	Human Resources & development	Earmarked reserves HRD – £23k workforce planning, honoraria payments - £39k	62,126
Transformation	Human Resources & development	Central Contingency bid for H&S auditor not yet approved	17,000
Transformation	Business Support	Earmarked receipt for transformation	105,000
Transformation	Business Support	Carry forward of underspend	85,000
CPM	Knowledge & Performance	Consultancy work – data protection – carry forward from 2007/08	9,750
CPM	Knowledge & Performance	Carry forward of under spends (originally from 06/07)	82,000
Finance	Finance	Finance Pay Modelling	47,000
Finance	Council Wide	Early retirement contributions	-469,892
Revs and Bens	Revenues and Benefits	Revs and Bens restructure	80,000
Legal (including Mayoral)	Mayoral	Dora Awards	6,750
TOTAL			552,407