

**ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.**

DATE: 9 MARCH 2010

REVENUE & CAPITAL MONITORING – 2009/10 THIRD QUARTER FORECAST

Ward(s) All

Portfolio:

Councillor Flower – Environment

Councillor Ansell – Transport

Councillor Perry – Communities & Partnerships

Summary of report

This report summarises the predicted revenue and capital outturn position for 2009/10, based on the performance for quarter 3 (April to December 2009), for services within the remit of the Environment Scrutiny and Performance Panel.

Recommendation

To note the 2009/10 forecasted year end financial position for services under the remit of the Environment Scrutiny and Performance Panel is net revenue underspend of **£0.361m**, after the use of approved reserves and carry forwards and vigorous action planning. The capital forecast is an underspend of **£0.725m** which is expected to be requested to be carried forward to 2010/11.

Background papers

Various financial working papers.

2009/10 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the predicted financial position for 2009/10 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 any 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.

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.

Signed:

Jamie Morris – Executive Director
February 2010



James Walsh- Chief Finance Officer
3 February 2010

Contact Officer:

Steve Hough, Group Accountant
☎ 01922 653453 houghs@walsall.gov.uk

1 Forecast Revenue Outturn 2009/10 – Environment

- 1.1 The forecast revenue outturn for 2009/10 for the services under the remit of the Environment Scrutiny and Performance Panel (based on the position as at the end of December 2009) is an underspend against budget of **£0.076m** (net of the use of earmarked reserves), which increases to an underspend of **£0.361m** following action planning which was put in place to support the portfolio and the Council's overall financial position. 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 £0.302m (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from 2008/09. **Table 1** provides a summary of these.

Table 1 – Use of Earmarked Reserves / Roll forwards		
Service Area	Reason / Explanation	£
Centrally held Earmarked Reserves		
Street Pride	New waste collection service	64,204
Street Pride	Use of LABGI reserve	18,000
Street Pride – Grounds & Waste	Redundancy Payments	95,141
Carry forwards from 2008/09		
Street Pride	W2R Legal costs	36,000
Engineering & Transport	HMRP contract	38,302
Carry forwards from 2007/08 into 2009/10		
Street Pride	Waste – Fryers Rd Floor Pad	50,000
TOTAL USE OF RESERVES		301,647

- 1.4 **Table 2** shows the forecast outturn for each service, and **Appendix 1** provides an analysis of the reasons for the forecast material variances.

Table 2 – Forecast Revenue Outturn 2009/10

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Non essential spend savings £	Use of reserves £	Action Plan £	Variance after Reserves/Action Plan/Non essential Spend
<u>Environment Portfolio</u>										
Engineering & Transportation										
Pollution Control	669,278	502,041	434,510	(67,531)	733,411	64,133	(27,371)	0	(37,097)	(335)
Public Safety										
Bereavement Services (incl Reg & coroners)	(474,461)	(310,016)	(184,494)	125,522	(287,858)	186,603	(6,194)	0	(14,000)	166,409
Street Pride										
Grounds, Street Cleansing & Public Cons	5,042,374	3,773,646	3,807,947	34,301	5,059,374	17,000	(8,000)	(44,044)	0	(35,044)
Policy & Performance	(384,926)	(271,105)	(290,890)	(19,785)	(354,927)	29,999	(9,000)	0	0	20,999
Waste Management	11,388,947	7,983,346	7,874,494	(108,850)	11,039,151	(349,796)	(46,000)	(219,301)	0	(615,097)
Fleet Services	2,014,425	1,515,835	1,538,472	22,637	2,075,021	60,596	(3,000)	0	0	57,596
Fleet Services Leasing replacement Prog	1,366,683	1,290,035	1,296,359	6,324	1,376,088	9,405	0	0	0	9,405
Built Environment Management	(2,295)	97,133	93,761	(3,372)	2,266	4,561	(2,200)	0	0	2,361
<u>Transport Portfolio</u>										
Engineering & Transportation										
Roadworks Management	688,961	517,332	226,618	(290,714)	787,264	98,303	0	0	0	98,303
Highways Maintenance & Public Lighting	7,567,139	5,527,329	5,939,451	412,122	7,536,874	(30,265)	0	0	0	(30,265)
Transportation & Forward Planning	764,102	549,081	328,171	(220,910)	715,955	(48,147)	0	0	0	(48,147)
Engineering Design and Construction	25,266	19,008	68,160	49,152	70,880	45,614	0	(38,302)	0	7,312
Traffic & Transportation General	(52,329)	(39,261)	60,306	99,567	(54,292)	(1,963)	0	0	0	(1,963)
Traffic & Transportation	1,001,577	836,553	305,534	(531,019)	1,105,467	103,890	0	0	(93,141)	10,749
Engineering Management	(8,593)	(6,455)	83,606	90,061	(13,089)	(4,496)	0	0	0	(4,496)
Structures & Geotechnics	256,987	214,146	84,966	(129,180)	276,987	20,000	(20,000)	0	0	0
Major Projects & Minor Improvements	(6,006)	(4,625)	72,657	77,282	1,386	7,392	0	0	(3,396)	3,996
<u>Communities & Partnerships Portfolio</u>										
Public Safety										
Environmental Health	1,471,413	1,099,311	1,051,376	(47,935)	1,484,479	13,066	(3,327)	0	(12,500)	(2,761)
Total Environment	31,328,542	23,293,334	22,791,003	(502,328)	31,554,435	225,893	(125,092)	(301,647)	(160,134)	(360,980)

2 Forecast Capital Outturn 2009/10 – Environment

- 2.1 The forecast capital outturn for 2009/10 for the schemes under the remit of this panel (as at the end of December 2009) is a predicted underspend against budget of **£0.725m**. **Appendix 2** provides a summary by scheme. The underspend is expected to be requested to be carried forward and is made up of the following schemes:

Council resources

- Delay in Depot relocation. Funding needs to be slipped into 2010/11
- LTP – W-ton Road scheme delayed to 2010/11

External Grant

- Delay in depot relocation grant to be slipped into 2010/11
- Delay in Highways Asset management plan scheme to 2010/11

APPENDIX 1 - ANALYSIS OF REASONS FOR FORECAST VARIANCES

Service Area	Qtr 2 Sep '09	DECEMBER					Revised outturn after Proposed Action £	Explanation of Year end Variance
		Amount	Reserves	Actual	Non essential Spend & Vacancy Savings	Action Plan £		
		£	£	£	£			
Built Environment								
Street Pride								
Policy & Performance	21,000	30,000		30,000	(9,000)		21,000	Non-achievement of traffic island sponsorship £30K offset by non-essential spend (£9K)
Waste Management	(418,000)	(349,796)	(219,301)	(569,097)	(46,000)		(615,097)	Underspend on waste disposal (£395K); lower than expected cost of containers for roll out of brown bin extension (£77K); other small under/overspends (£38.5K); saving relating to Christmas communication package (£7.5K); redundancy and pension costs covered
Grounds & Street Cleansing	(8,000)	17,000	(44,044)	(27,044)	(8,000)		(35,044)	Non-essential spend (£8K)
Fleet Services	47,000	70,000		70,000	(3,000)		67,000	Unachieved agency saving plus additional costs relating to employees covering union/health & safety duties £50K; other small under/overspends £20K offset by non-essential spend (£3K)
Built Environment Management	4,578	4,561		4,561	(2,200)		2,361	£2200 identified as non-essential spend after initial trawl. Balance is a shortfall on salaries- NI and Superannuation
Public Safety								
Environmental health	21,236	13,065		13,065	(3,327)	(12,500)	(2,762)	Disinfestation - under recovery of income £20k - seasonality and new charge appears to have suppressed demand; Dog Warden under recovery of income £4k for Fixed Penalty Notices for litter & fouling; underspends of £26,762 £20k coroner (mortuary fees, accommodation costs and support costs); £22k overspend on water; £180k lower than anticipated fee income for Bereavement Services due to fall in deaths (national trend); £20k better than anticipated income for Registration Ser
Bereavement Services	207,034	186,603		186,603	(6,194)	(14,000)	166,409	

Service Area	Qtr 2 Sep '09	DECEMBER					Revised outturn after Proposed Action £	Explanation of Year end Variance
		Amount	Reserves	Actual	Non essential Spend & Vacancy Savings	Action Plan £		
		£	£	£	£			
Engineering & Transportation								
Trans & Fwd Plan - Road Safety	0	(48,147)		(48,147)			(48,147)	Vacancy Management, underspend on supplies & services & under recovery of Engineers Assistants Time (EAT) to capital projects
Pollution Control	12,698	64,133		64,133	(27,371)	(37,097)	(335)	Saving on supplies & services offset against additional £25k costs on contaminated land
Engineering Design & Construction	4,215	45,614	-38,302	7,312			7,312	Residual Highways Maintenance DSO costs due to one month delay in new Tarmac contract - some of the costs offset by Highways Maintenance & Repair Procurement (HMRP) £38.3k carry forward
Highways maintenance	(10,000)	(30,265)		(30,265)			(30,265)	Vacancy management savings and supplies and services
Structures & Geotechnics	(10,000)	20,000		20,000	(20,000)		0	Savings on supplies & services has reduced EAT internal recharges and therefore nil effect to the budget
Traffic & Transportation	25,054	103,890		103,890		(93,141)	10,749	Civil Parking Enforcement (CPE) income pressure due to adverse weather conditions affecting claims and free Christmas car parking. Offset against underspend on contractor costs in Traffic control and supplies and services
Major Projects & Minor Improvements	3,396	7,392		7,392		(3,396)	3,996	New income stream (Sec 38/278 Sols Enquiries) has not materialised - demand led / economic downturn
Roadworks Management	0	98,303		98,303			98,303	Under recovery of Sec 74 income
Traffic & Transport General	0	(1,963)		(1,963)			(1,963)	Underspend on supplies & services / staff costs
Eng Mgt	0	(4,496)		(4,496)			(4,496)	Underspend on Supplies & services
Total Environment	(99,789)	225,894	(301,647)	(75,753)	(125,092)	(160,134)	(360,979)	

Appendix 2 - Forecast Capital Outturn 2009/10

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Council Resources				
<u>Environment Portfolio</u>				
Public Safety				
Register office upgrade	80,936	68,428	80,936	0
Streety cemetery extension - phase B	0	0	0	0
Streety cemetery mercury abatement	65,200	0	190,801	125,601
Memorial safety	100,000	27,613	80,000	(20,000)
Street Pride:				
Essential repair works to Norfolk Place depot	100,000	43,794	112,000	12,000
Depot relocation	63,500	0	0	(63,500)
<u>Transport Portfolio</u>				
Engineering & Transportation				
Bridge strengthening	70,132	41,257	70,132	0
Bridgeman Street car park	15,000	0	15,000	0
Disabled facilities at pedestrian crossings	56,663	5,232	56,663	0
Highways maintenance	860,412	0	860,412	0
LTP	2,287,000	243,819	2,101,300	(185,700)
Maintenance contributions to TCTP	57,740	13,986	57,740	0
Town centre transport package	797,000	0	797,000	0
Walsall TCTP ring road acquisition	630,000	0	630,000	0
Total Council Resources	5,183,583	444,128	5,051,984	(131,599)
Externally Funded				
<u>Environment Portfolio</u>				
Street Pride:				
Depot relocation	567,278	0	80,000	(487,278)
<u>Transport Portfolio</u>				
Engineering & Transportation				
Specific road safety grant	29,783	4,020	29,783	0
TCTP	1,708,890	1,683,897	1,708,890	0
HAMP contributions	152,950	3,240	47,000	(105,950)
Total Externally Funded	2,458,901	1,691,157	1,865,673	(593,228)
Total Environment	7,642,484	2,135,285	6,917,657	(724,827)