

## **Cabinet – 22 March 2006**

### **Corporate financial performance 2005/6**

**Portfolio:** Councillor John O'Hare, Deputy Leader

**Service Area:** Corporate finance

**Wards:** All

**Forward Plan:** No

#### **Summary of report**

There is currently a predicted revenue overspend of c £1 m but several actions are being implemented which, if successful, are expected to improve this position. A year end capital surplus of c £1.4m @ 31.3.06 is forecast, which will be carried forward into 2006/7 to fund approved slippage on capital projects.

#### **Recommendations**

1. To note the following currently estimated year end forecasts:
  - A net revenue overspend of c £1 m which, if no action is taken, would leave estimated general reserves of c £4m, but that actions are currently being implemented to seek to reduce this position further;
  - A surplus of c £1.4m on the capital programme, which is expected to be carried forward into 2006/7 to fund approved slippage of projects.
2. To approve the final allocation of £200k to the existing earmarked reserve relating to PtCF and note that the 2006/7 budget includes replenishment of this amount.

#### **Resource and legal considerations**

Managers are required to deliver their services on time, to standard and within budget. Small variations are normal and insignificant on a gross revenue budget (excluding internal charges) of £580.39m. Work is underway to reduce the current forecast overspend. Action plans have been received from most overspending services. The impact of these is included within the report. **Table 1** summarises the general reserves position.

TABLE 1: GENERAL RESERVES: ESTIMATED OUTTURN 2005/6	
REASON	2005/6 £M
General reserves as at 31.03.05 (post-audit)	- 6.628
Less: planned use of reserves in 2005/6 budget	2.127
Less: specific reserve for closure of strategic partnership*	0.200
Sub total	- 4.301
Add: earmarked reserves no longer required so moved to general	-0.499
Sub total	- 4.800
Predicted revenue overspend ( <b>appendix 1</b> )	1.039
<b>Estimated general reserves @ 31.03.06</b>	<b>-3.761</b>

\* replenished in 2006/7 budget

#### Implementation of Gershon efficiencies/budget reductions

ODPM set efficiency targets of 2.5% based on £265m; equating to £6.63m for 2005/6. Of this, 1.25% or £3.15m has to be cashable. The 2005/6 forward efficiency statement submitted to ODPM identified c£7m cashable efficiencies which were identified and approved when setting the 2005/6 budget. The efficiencies carried forward from 2004/5 and 2005/6 efficiencies to date are currently expected to meet the 2005/6 target.

#### General Reserves

If the actual year-end overspend is £1m, general reserves will have to be replenished by £500k during 2006/7 to bring them up to the £4.6 m required by the MTFS. All successful action in 2005/6 to reduce overspends reduces this risk. Where positive action has already been identified it is reflected in this report. Potential risks are detailed below.

#### Carry Forwards of Underspends from 2004/5 to 2005/6

Carry forwards of underspends of £1.96m were approved mainly arising from slippage. Carry forwards due to planned underspends must be spent on improvements to the service and be one-off expenditure. Such expenditure is closely monitored to ensure that it is spent only on its intended purpose; any underspend is automatically returned to the centre. **Appendix 2** gives details. It is anticipated that 93% of these will be spent.

#### Earmarked Reserves and Central Contingency

Prudent reserves were set aside during final accounts, of which 67% is expected to be expended. Use of these reserves is closely monitored and those identified as no longer being required have been transferred to general reserves during the 2006/7 budget setting process. The central contingency for 2005/6 is £337k. **Appendix 3** shows how this and the earmarked reserves are to be spent.

### **Citizen impact**

The 2005/6 budget is policy-led and aligned with activity in service plans. Investment is targeted at service improvement, stability and user demand. Demonstration of financial stability and sound financial management promotes public confidence and credibility.

## **Community safety**

None directly associated with this report.

## **Environmental impact**

None directly associated with this report.

## **Performance and risk management issues**

Within the CIPPF managers have service delivery and improvement targets, which are required to be delivered within budget. We have an embedded risk management approach in preparing budgets, financial monitoring and forecasts. This enables potential budget variances to be identified early and action taken to ameliorate risks and the financial impact of operational issues can be identified, evaluated and managed.

The figures in this report represent the most likely outcomes based on currently available information. **Appendix 4** lists risks that could impact adversely on the currently reported position. These are significant and require active management.

## **Equality implications**

None directly associated with this report.

## **Consultation**

The report is prepared in consultation with relevant managers and executive directors.

## **Vision 2008**

Robust financial management enables the council to maintain financial stability and ensure best value allocation of resources. Budgets are also linked to vision headings to deliver key priorities as part of the budget setting process via decision conferencing.

## **Background papers**

Various financial working papers

## Contact officer

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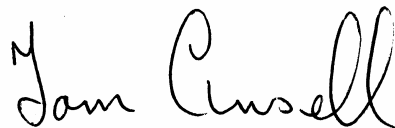


**Signed:**

**Executive Director: Carole Evans**

**Date:**

**13.03.06**



**Signed:**

**Cllr John O'Hare – Deputy Leader**

**Date:**

**13.03.06**

## REVENUE BUDGET

### Predicted Variances and Action

The main overspends and the reasons for them are:

#### ➤ **Regeneration -£38k**

- An overspend of £236k is expected in markets due to a projected loss of income arising from a fall in the number of traders and costs associated with the market refurbishment. The 2006/7 budget takes account of this. This is offset by underspends arising from additional income for Black Country initiatives, eligible costs attributable to NRF and additional in-year savings.

#### ➤ **Neighbourhood Services +£66k**

- Street pride – highways maintenance +£480k due to under recovery of internal income due to the schedule of rates received being below the cost of work carried out. In addition, an overspend on tarmac and a carry forward of overspend from 2004/5 partly offset by achievable savings identified in the action plan. The budget for 2006/7 corrects the cost pressure arising from the schedule of rates issue.
- Street pride – waste management -£180k due to vacant posts and savings on agency staff costs due to reduced sickness absence levels.
- Street pride – grounds maintenance +£254k mainly due to under recovery of external grounds maintenance income.
- Planning and transport -£374k arising from additional income from planning application fees, highways maintenance, road works maintenance and car parks, vacancy management and underspends on the integrated transport package PFI partly offset by a shortfall on land search income, a contribution to the Bosty Lane works and additional refurbishment costs.
- Public protection +£75k due to under achievement of income within cemeteries, cost of replacement of memorials to National Association of Memorial Masons (NAMM) standard and additional legal fees, partly offset by licensing and crematoria income and from vacancy management.
- Built environment management / service improvement and policy & performance +£213k due to additional project management and other staff costs of service improvement projects in the directorate.
- Leisure & culture & sports and operational services -£275k arising mainly from savings/efficiencies identified within the action plan and vacancy management.

#### ➤ **ICT +£258k**

- Additional costs of the customer contact centre, the PtCF contract and extension of the mainframe; partly offset by additional income. The final cost of the strategic partnership project is covered by an earmarked reserve. Approval for £350k of this was approved by Cabinet in November 2005. The final element of £200k now requires similar formal approval. This has been replenished in the 2006/7 budget to ensure opening reserves in line with the MTFS.

#### ➤ **Organisational Development -£185k**

- Additional income to be received from the Department of Health for training programmes and national training strategy.

➤ **Corporate Services**

- Finance -£239k – a reduction in Audit Commission fees, additional income from payroll contracts and vacancy management.
- Performance management -£81k from vacancy management and savings on software acquisitions and consultant fees.

➤ **Council Wide Services +£576k**

- Lower than expected income from external advertising. Right to buy income, built into the budget following the LSVT based on WHG projections, has continued to under perform. Revised projections received from WHG in 2005/6 suggest an income shortfall of c £2 m, which has been addressed in the 2006/7 budget.

➤ **Print and Design and Communications +£437k**

- Print and Design +£471k due to lower than expected internal income than budgeted for due to less printing activity, partly offset from a small underspend within communications and mayoral services.

➤ **Social Care and Inclusion +£479k**

- In previous years client demand has been lower than anticipated resulting in significant under-spends. This funding was returned as part of the 2005/6 budget setting process. However, this year the picture is different but reflects the national scene. Increased levels of activity are evident in home care across all client groups. Whilst new residential and nursing admissions continue to reduce over time, there is an increase in the length of stay.
- The introduction and marketing of direct payments has created new demand above anticipated levels.
- A new home care contract introduced to improve quality has increased activity and a changed mix of demand has placed pressure on the system. Clients have moved to new suppliers with different rates and a changed balance towards preventative interventions which has affected the distribution across rates increasing unit costs by approximately £1 per hour. This is notoriously difficult to forecast and a volatile market to seek to manage. Even at this revised unit cost the service is still £1 per hour below the average of our West Midland comparator group.
- A corrective action plan has been produced by the Assistant Director Adult Services and is being closely monitored for the rest of the year. The above is partly offset by:
- Learning disabilities -£249k due to underspends within the pooled budget which will be returned to the local authority and the remainder arising from the implementation of the 2005/6 action plan to mitigate overspends within the directorate.
- Supported housing -£117k arising from the implementation of the action plan.
- Policy, equality and research -£120k due to vacancy management and general underspends on supplies and services.

➤ **Capital Financing -£198k**

- Arising from proactive treasury management.

## CAPITAL PROGRAMME 2005/6

### Mainstream funded

The mainstream capital programme currently shows unallocated resources of c£1.39m (**Table 2**). This assumes that capital schemes will continue as currently predicted by project managers and that identified capital receipts have been received to date. 2005/6 was challenging because expected underspends from 2004/5 did not materialise and slippage into 2005/6 caused an in-year pressure on the capital financing budget. Action took place in partnership with several managers to determine the level of underspends in 2005/6 and £4.945m was released to mitigate the 2005/6 pressure.

TABLE 2 : MAINSTREAM PROGRAMME		
<b><u>RESOURCES</u></b>	<b>£m</b>	<b>£m</b>
<b>Supported Borrowing</b>		13.603
<b>Capital Receipts</b>		
Capital receipts secured to 31 January 2006	2.607	
Forecasted capital receipts	0.600	
Receipts brought forward from 2004/05	14.958	
Planned capital receipts to be carried forward to 2006/7	-9.103	9.062
Mainstream resources brought forward from 2004/5		10.808
Under spent allocations used to support 2005/6 pressure		-4.945
<b>Total forecasted resources</b>		<b>28.528</b>
<b><u>EXPENDITURE</u></b>		
Actual expenditure as at 31 January 2006		17.692
Balance remaining at year (from cashflow forecasts)		9.446
<b>Total forecasted capital expenditure for year</b>		<b>27.138</b>
<b>Surplus forecast mainstream resources</b>		<b>1.390</b>

### Prudential Programme

In line with the Treasury Management Strategy, £1.63m additional unsupported borrowing was used in 2005/6 as a more effective source of funding than capital receipts. This allowed capital receipts of £14.96m to be carried forward in line with the approved capital programme. Whether to use unsupported borrowing or capital receipts will be considered again having regard to prevailing markets and the corporate financial position.

TABLE 3 : PRUDENTIAL PROGRAMME	
<b><u>RESOURCES</u></b>	<b>£m</b>
Unsupported borrowing	12.099
<b>Total estimated resources</b>	<b>12.099</b>
<b><u>EXPENDITURE</u></b>	
Actual expenditure as at 31 January 2006	5.500
Balance remaining for year (from cashflow forecasts)	3.414
<b>Total forecasted capital expenditure for year</b>	<b>8.914</b>
<b>Surplus in forecasted prudential resources</b>	<b>3.185</b>

## Capital Receipts

**Table 4** shows anticipated total capital receipts and their use in 2005/6. It is planned to carry forward £9.1m of capital receipts to support the 2006/7 capital programme.

<b>TABLE 4 : CAPITAL RECEIPTS 2005/06</b>		
<b>Funding</b>	<b>Actual £m</b>	<b>Target £m</b>
Capital receipts brought forward from 2004/5	14.96	15.23
Receipts received to date 2005/6	2.61	1.41
Additional receipts expected to be received	0.60	1.80
<b>Total capital receipts as at 31.03.06</b>	<b>18.17</b>	<b>18.44</b>
Use of capital receipts 2005/6	9.07	14.02
<b>Capital receipts carried forward to 2006/7</b>	<b>9.10</b>	<b>4.42</b>

## Non-mainstream funded

The non-mainstream capital programme shows an unfinanced debtor of c£6.144m to be carried forward to 2006/7 (**Table 5**). Grant income is generally received after expenditure occurs, so a time lag of funding is expected and accounted for. Monitoring ensures grant is regularly claimed and received. No scheme is allowed to start unless an approval from the funding provider has been received to avoid calls on mainstream resources.

<b>TABLE 5 : NON-MAINSTREAM FUNDED</b>	
<b><u>RESOURCES</u></b>	<b>£m</b>
Grant received as at 31 January 2006	27.795
Forecasted grant to be received by 31 March 2006	1.510
<b>Total forecasted resources</b>	<b>29.305</b>
<b><u>EXPENDITURE</u></b>	
Actual expenditure as at 31 January 2006	16.552
Balance remaining for year (from cashflow forecasts)	8.673
<b>Total forecasted capital expenditure for year</b>	<b>25.225</b>
Unfinanced debtors brought forward from 2004/5	10.224
Unfinanced debtors to be carried forward to 2006/7	-6.144
<b>Total capital commitment</b>	<b>29.009</b>
<b>Surplus/(shortfall) in forecasted non- mainstream resources</b>	<b>0</b>

## Leasing

Leasing minimises the call on capital resources by spreading cost over several years, financing from revenue. Services bid for £11.55m of leasing in 2004/5. £3.203m of the provision has been used to date and a further £0.263m is planned in 2005/6.



<b>TABLE 6 : LEASING PROGRAMME</b>	<b>£m</b>
Resources available	11.547
Leasing provision used as at 31 January 2006	- 3.203
Leasing provision forecasted to be used by 31 March 2006	- 0.263
<b>Surplus/(shortfall) in leasing programme</b>	<b>8.081</b>

*NB: There are no surplus capital resources due to financing only of used provision via revenue.*

The prudential system allows borrowing to fund the purchase of leased items. This expenditure is treated as capital expenditure and means the council buys the assets outright. The decision to lease or buy depends on several variables, for example, the cost of borrowing and the residual value of the asset at the end of its leased life. Before each drawdown our leasing advisors produce a report and recommendations as to which financing approach is most appropriate. A vigorous evaluation is then carried out before a decision to lease or buy is made, ensuring value for money.

### **Capital Contingency**

During a financial year a capital scheme may be introduced into the capital programme through the central contingency. **Table 7** shows the contingency used to date.

<b>TABLE 7 : CAPITAL CONTINGENCY</b>	<b>£m</b>
Resources available with capital programme	0.250
Provision utilised as at 31 January 2006	0.142
<b>Surplus contingency</b>	<b>0.108</b>

### **EXTERNAL FUNDING - PARTNERSHIPS**

The Neighbourhood Renewal Programme is currently expected to be under spent by c£41k against an allocation of c£7.7m. New Deal for Communities and European Objective 2 are also expected to be fully spent at year end.

2005/6 is the final year of SRB and this is forecast to be fully spent with only £12k of the funding not allocated at present.

## PREDICTED 2005/6 CORPORATE REVENUE YEAR END POSITION AS AT 31.01.06

SERVICE	ANNUAL BUDGET 2005/6			YEAR END FORECAST 2005/6				
	EXPENDITURE	INCOME	NET	EXPENDITURE	INCOME	NET	OVER / (UNDER)	
	£M	£M	£M	£M	£M	£M	£M	%
<b>Regeneration</b>								
Regeneration	3.721	-1.702	2.019	5.072	-3.007	2.065	0.047	2.32
Walsall Borough Strategic Partnership	0.742	-0.463	0.279	0.721	-0.527	0.194	-0.085	-30.47
<b>Total Regeneration</b>	<b>4.463</b>	<b>-2.165</b>	<b>2.298</b>	<b>5.793</b>	<b>-3.534</b>	<b>2.259</b>	<b>-0.038</b>	<b>-1.66</b>
<b>Neighbourhood Services</b>								
Street Pride	28.604	-12.168	16.435	30.575	-13.502	17.072	0.637	3.88
Built Environment Management / Service Improvement	0.148	0.000	0.148	0.273	0.000	0.273	0.125	84.26
Asset Management	13.444	-9.880	3.564	17.227	-13.663	3.564	0.000	0.00
Planning & Transport	15.333	-7.414	7.919	15.490	-7.945	7.545	-0.374	-4.72
Public Protection (inc. licencing and coroners)	4.127	-2.421	1.706	4.283	-2.502	1.780	0.075	4.37
Leisure & Culture (inc elections)	22.884	-5.452	17.433	22.621	-5.401	17.220	-0.213	-1.22
Sports & Operational Services (inc. cleaning, caretaking, SCPW, catering)	16.336	-13.628	2.708	16.274	-13.628	2.646	-0.062	-2.29
Neighbourhood / Programme Management	0.704	-0.387	0.317	0.661	-0.387	0.274	-0.043	-13.55
Community safety / CCTV	1.580	-0.411	1.170	1.530	-0.411	1.120	-0.050	-4.28
ICT	6.388	-0.585	5.803	7.602	-1.542	6.061	0.258	4.44
Organisational Development	3.468	-0.706	2.762	3.662	-1.085	2.577	-0.185	-6.71
Human Resources	2.971	-0.270	2.701	2.996	-0.267	2.729	0.029	1.06
<b>Total Neighbourhood Services</b>	<b>115.989</b>	<b>-53.322</b>	<b>62.667</b>	<b>123.194</b>	<b>-60.331</b>	<b>62.862</b>	<b>0.196</b>	<b>0.31</b>
<b>Corporate</b>								
Finance (inc internal audit, insurance)	6.810	-0.654	6.156	6.467	-0.550	5.917	-0.239	-3.88
CWSS, NDC'S & C&DC	3.067	-4.273	-1.205	2.582	-3.211	-0.629	0.577	-47.85
EMT	1.116	0.000	1.116	1.094	-0.006	1.087	-0.029	-2.59
Registrars	0.270	-0.179	0.091	0.251	-0.194	0.057	-0.034	-37.25
Legal (inc democratic services)	3.816	-0.368	3.448	3.830	-0.317	3.513	0.064	1.87
Performance Management	1.950	0.000	1.950	1.869	0.000	1.869	-0.081	-4.14
Revenue & benefits (incl. welfare services)	89.518	-86.332	3.186	89.821	-86.635	3.186	0.000	0.00
<b>Total Corporate</b>	<b>106.548</b>	<b>-91.806</b>	<b>14.743</b>	<b>105.915</b>	<b>-90.913</b>	<b>15.002</b>	<b>0.259</b>	<b>1.76</b>
<b>Children and Young People</b>								
Education	204.404	-48.353	156.051	206.087	-50.129	155.959	-0.092	-0.06
Childrens Services	31.241	-5.169	26.071	31.836	-5.696	26.140	0.069	0.26
Communications & Mayoral	0.526	0.000	0.526	0.500	-0.008	0.492	-0.034	-6.45
Print & Design	1.485	-1.791	-0.306	1.509	-1.344	0.165	0.471	-153.78
<b>Total Children &amp; Young People</b>	<b>237.655</b>	<b>-55.313</b>	<b>182.342</b>	<b>239.932</b>	<b>-57.176</b>	<b>182.756</b>	<b>0.414</b>	<b>0.23</b>
<b>Social Care &amp; Inclusion</b>								
Strategic Housing	1.753	-0.636	1.117	1.545	-0.474	1.071	-0.046	-4.12
Supported Housing	4.550	-3.824	0.726	4.223	-3.614	0.609	-0.117	-16.12

SERVICE	ANNUAL BUDGET 2005/6			YEAR END FORECAST 2005/6				
	EXPENDITURE	INCOME	NET	EXPENDITURE	INCOME	NET	OVER / (UNDER)	
	£M	£M	£M	£M	£M	£M	£M	%
Adult's social care	85.083	-36.337	48.746	84.837	-35.286	49.551	0.806	1.65
Support Services	11.348	-7.622	3.726	11.565	-7.883	3.682	-0.044	-1.18
Policy, Equality & Research (inc procurement & emergency planing)	2.179	0.000	2.179	2.099	-0.040	2.059	-0.120	-5.51
<b>Total Social Care &amp; Inclusion</b>	<b>104.911</b>	<b>-48.419</b>	<b>56.492</b>	<b>104.268</b>	<b>-47.297</b>	<b>56.971</b>	<b>0.479</b>	<b>0.85</b>
<b>Centrally Held Budgets</b>								
Capital Financing	16.796	-3.489	13.308	17.173	-4.064	13.110	-0.198	-1.49
Carry forwards from 2004/5	-1.524	0.000	-1.524	-1.524	0.000	-1.524	0.000	0.00
Other Central Items	1.634	0.000	1.634	1.522	0.000	1.522	-0.112	-6.83
<b>Levies</b>								
PTE	12.235	0.000	12.235	12.235	0.000	12.235	0.000	0.00
Environment Agency	0.079	0.000	0.079	0.079	0.000	0.079	0.000	0.00
<b>Total Centrally Held Budgets</b>	<b>29.220</b>	<b>-3.489</b>	<b>25.732</b>	<b>29.486</b>	<b>-4.064</b>	<b>25.422</b>	<b>-0.310</b>	<b>-1.20</b>
<b>SUB TOTAL</b>	<b>598.787</b>	<b>-254.514</b>	<b>344.273</b>	<b>608.588</b>	<b>-263.316</b>	<b>345.272</b>	<b>0.999</b>	<b>0.29</b>
<b>Costs to be met from earmarked reserves</b>								
Path to excellence	0.000	0.000	0.000	0.405	0.000	0.405	0.405	
Long service awards	0.000	0.000	0.000	0.130	0.000	0.130	0.130	
Equal pay claims - cleaning	0.000	0.000	0.000	0.155	0.000	0.155	0.155	
Move to monthly pay costs	0.000	0.000	0.000	0.073	0.000	0.073	0.073	
PTCF costs	0.000	0.000	0.000	0.350	0.000	0.350	0.350	
Client / Strategic Change Team	0.000	0.000	0.000	0.120	0.000	0.120	0.120	
Extension to mainframe	0.000	0.000	0.000	0.267	0.000	0.267	0.267	
Community engagement LNP's	0.000	0.000	0.000	0.250	0.000	0.250	0.250	
Right to buy receipts	0.000	0.000	0.000	0.682	0.000	0.682	0.682	
Agreed carry forwards from 2004/5	0.000	0.000	0.000	1.524	0.000	1.524	1.524	
<b>SUB TOTAL</b>	<b>598.787</b>	<b>-254.514</b>	<b>344.273</b>	<b>612.544</b>	<b>-263.316</b>	<b>349.229</b>	<b>4.956</b>	<b>1.44</b>
<b>Reserves</b>								
Contribution from balances	0.000	-1.235	-1.235	0.000	-1.235	-1.235	0.000	
Use of agreed carry forwards from 2004/5	0.000	0.000	0.000	0.000	-1.524	-1.524	-1.524	
Use of other earmarked reserves	0.000	-0.568	-0.568	0.000	-3.000	-3.000	-2.432	
Transfers to earmarked reserves	0.000	0.000	0.000	0.000	0.040	0.040	0.040	
<b>Net Position as at 30.11.05</b>	<b>598.787</b>	<b>-256.317</b>	<b>342.470</b>	<b>612.544</b>	<b>-269.035</b>	<b>343.509</b>	<b>1.039</b>	<b>0.30</b>

CWSS = council wide special services

NDC = non distributed costs

C&amp;DC = corporate and democratic core

**Summary of underspend carry forwards from 2004/5**

<b>DIRECTORATE</b>	<b>Value Approved £</b>	<b>Value expected to be unspent at end of 2005/6</b>
<b><u>Neighbourhood services</u></b>		
ISS - Funding costs associated with PtCF project	460,000	
Fleet - improvements to MOT bay	84,336	
Organisational development - SC&SH modular childcare training	76,950	
Decriminalisation of car parks	75,000	75,000
Parks & green spaces strategy consultancy	50,000	
Community safety temporary wardens	55,000	
ITP - PFI	40,000	
Public protection - safety of memorials	14,000	
Licensing software	14,000	
Sports - club development officer	13,000	
Planning & transport - server	12,000	
Local history centre extension	11,869	
Organisational development - SC&SH training for contract & commissioning staff	10,000	
Walsall Museum - temp.staff	5,500	
<b>Total neighbourhood services</b>	<b>921,655</b>	<b>75,000</b>
<b><u>Regeneration</u></b>		
Contribution to strategic environmental assessment	11,000	
<b>Total regeneration</b>	<b>11,000</b>	<b>0</b>
<b><u>Social care &amp; inclusion</u></b>		
Supported housing repair and maintenance programme for hostels	345,000	
Older peoples restructuring initiative	280,980	
Learning disabilities vehicle adaptations	50,000	
Policy services - shopmobility consultancy costs	12,300	
Procurement initiatives	5,325	
<b>Total social care and inclusion</b>	<b>693,605</b>	<b>0</b>
<b><u>Corporate</u></b>		
Implementation of performance management system	199,984	60,000
Housing benefits verification framework	129,000	
<b>Total corporate</b>	<b>328,984</b>	<b>60,000</b>
<b>GRAND TOTAL</b>	<b>1,955,244</b>	<b>135,000</b>

## APPENDIX 3

USE OF EARMARKED RESERVES			
Reserve	Value of Reserve £	Currently expected to be used in year £	Balance remaining £
Path to excellence – Community Associations	250,000	250,000	NIL
Path to excellence - pump priming to achieve 2 star services within social care	100,000	70,000	30,000
Path to excellence - Implications of traffic management act - lane rental*	65,000	NIL	65,000
Path to excellence – pump priming for local public service agreements	100,000	NIL	100,000
Path to excellence – financial systems development*	98,000	85,000	13,000
Improving the working environment*	271,000	NIL	271,000
Summer reloaded*	109,000	NIL	109,000
Community engagement LNPs	250,000	250,000	NIL
Extension to mainframe	267,000	267,000	NIL
Strategic partnership costs	350,000	350,000	NIL
Strategic Transformation Team	275,000	170,000	105,000
<b>Total</b>	<b>2,135,000</b>	<b>1,442,000</b>	<b>693,000</b>

\* Remaining balances transferred back to general reserves

USE OF CENTRAL CONTINGENCY	
	£
Budget approved for 2005/6	337,000
<b>Less allocations:</b>	
Temporary staff to support LNP implementation	40,500
Emergency planning – late notification of ring fenced RSG not reflected in budget	62,300
Temporary appointment part time to support Multi-Faith Forum	30,000
Recruitment costs of PTCF manager – client	10,000
Tool allowance for craft workers to comply with national agreement for increased rates	4,464
Purchase of promotional literature & products to promote and encourage employees to start buying Fairtrade products	1,000
Tracker survey – policy services	20,000
To fund extension of 3 temporary posts until March 06 needed to ensure delivery of front line service in the First Stop Shop to meet increased demand.	30,000

Locum costs for legal services	59,750
Fleet services – to cover costs of changing to monthly pay	24,000
Fleet services – to cover increased fuel charges	50,000
<b>Balance remaining as at 31.01.06</b>	<b>4,986</b>

**FINANCIAL RISK ASSESSMENT**

DETAIL OF RISK	WORST CASE IMPACT £000
<b>Neighbourhood services:</b> <ul style="list-style-type: none"> <li>A potential overspend within street pride of £1.75m was identified in period 5 (August). Since then a detailed action plan has been prepared by the Head of Service, in conjunction with finance. The plan has identified actions that are expected to deliver a significant proportion of savings to ensure that the service area does not overspend at the year end. There is a risk that not all of the savings identified in the action will be delivered but alternative savings are being investigated to mitigate any further overspend.</li> <li>An action plan exists to manage these risks.</li> </ul>	500
<b>Social care and inclusion:</b> <ul style="list-style-type: none"> <li>High risk due to increased levels of activity in areas of home care, across all client groups, the introduction and marketing of direct payments and introduction of a new home care contract. An action plan exists to manage this risk.</li> </ul>	1,369
<b>Children &amp; young people:</b> <ul style="list-style-type: none"> <li>Based on current client numbers, there is a high risk of increased direct payments packages for children with disabilities. An action plan exists to manage this risk.</li> <li>Dispute with Education Walsall in relation to SEN monies and also SEN monies due from 2004/5.</li> <li>Potential interest loss on grant due to late submission by Education Walsall</li> </ul>	995   335  400

Whilst it is important and good practice to identify potential risks to the forecast outturn, these represent a worse case scenario and are being actively managed.