REGENERATION SCRUTINY AND PERFORMANCE PANEL **Agenda Item No. 8**

DATE: 30 JULY 2009

REVENUE & CAPITAL MONITORING – 2009/10 FIRST QUARTER FORECAST

Ward(s) All

Portfolio:

Councillor Andrew – Regeneration
Councillor Ansell – Transport

Summary of report

This report summarises the predicted revenue and capital outturn position for 2009/10, based on the performance for quarter 1 (April to June 2009), for services within the remit of the Regeneration Scrutiny and Performance Panel.

Recommendation

To note that the 2009/10 forecasted year end financial position for services under the remit of the Regeneration Scrutiny and Performance Panel, is a predicted revenue variance (overspend) against budget of **£0.766m** (net of use of earmarked reserves), and capital expected to deliver within budget.

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.

Signed:

Chief Finance Officer: James T Walsh

Date: 17 July 2009

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 currently under review by Regeneration officers, to identify options 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.

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 currently under review to identify options 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

Consultation was undertaken as part of the budget setting process, and throughout the financial year with senior officers on the financial position and reporting thereof.

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1 Forecast Revenue Outturn 2009/10 – Regeneration

1.1 The forecast revenue outturn for 2009/10 for the services under the remit of the Regeneration Scrutiny and Performance Panel (based on the position as at the end of June 2009) is an overspend against budget of **£0.766m** (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 net use of reserves of £0.499m, where approval has been given by cabinet for additional funds for specific services. **Table 1** provides a summary of these.

1.4 **Table 2** overleaf shows the forecast outturn for each service, and **Table 3** provides an analysis of the reasons for the forecast material variances.

Table 1 – Analysis of 2009/10 Use of Earmarked Reserves		
Service Area	**Reason / Explanation**	**£**
Strategic Regeneration	Use of LABGI	227,974
Town Centre Management	Use of LABGI	40,597
Property Services	Asset Management System	100,000
	Condition Surveys	60,000
	Fire Risk	71,000
TOTAL USE OF RESERVES		**499,571**

Table 2 – Forecast Revenue Outturn 2009-10

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of Reserves £	Variance Net of Reserves £
Strategic Regeneration								
Strategic Regeneration	628,495	149,909	560,027	410,118	856,469	227,974	(227,974)	(0)
Markets	(23,396)	119,386	164,297	44,911	74,098	97,494		97,494
Shopmobility	57,820	0	0	0	98,417	40,597	(40,597)	0
Town Centre Management	25,587	6,564	45,550	38,986	25,587	0	0	0
Development & Delivery	749,493	188,310	243,020	54,710	749,493	0		0
Regeneration Management	337,330	84,345	(336,211)	(420,555)	337,330	0	0	0
Planning Services								
Administrative Services	(67,003)	(16,575)	42,440	59,016	(67,003)	0	0	0
Planning	334,206	53,259	132,070	78,812	334,206	0	0	0
Building Control	214,809	58,037	34,135	(23,902)	214,809	0	0	0
Land Charges	(148,763)	(37,188)	(42,543)	(5,355)	(131,081)	17,682	0	17,682
Property Services								
Building Services	1,094,807	323,378	534,850	211,472	1,132,751	37,944	0	37,944
Building Design	(342,854)	(80,080)	456,798	536,878	(93,165)	249,689	0	249,689
Contract Procurement	72,234	18,053	51,650	33,597	278,721	206,487	(160,000)	46,487
Facilities Management	2,963,476	1,250,722	2,279,177	1,028,456	3,088,454	124,978	(71,000)	53,978
Estates Management	(380,855)	(79,905)	(134,856)	(54,950)	(117,770)	263,085	0	263,085
Total Regeneration	**5,515,386**	**2,038,214**	**4,030,406**	**1,992,192**	**6,781,315**	**1,265,929**	**(499,571)**	**766,358**

TABLE 3 - ANALYSIS OF REASONS FOR FORECAST VARIANCES

Service Area	JUNE			Explanation of Variance
	Amount	Reserves	Actual	
	£	£	£	
Strategic Regeneration				
Strategic Regeneration	227,974	(227,974)	0	Relates to salary overspends to be funded from LABGI earmarked reserve
Markets	97,494		97,494	Relates to overspends on electrical contracts £59k and agency staff £38k
Town Centre Management	40,597	(40,597)	0	Relates to salary overspends to be funded from LABGI earmarked reserve
Planning Services				
Land Charges	17,681	0	17,681	Relates to a possible under recovery of fees - income based on extrapolation of income generated in June 09
Property Services				
Building Services	37,944	0	37,944	Overspends identified in relation to utilities on redundant buildings
Building Design	249,689	0	249,689	Relates to projected shortfall in fee income recovery
Contract Procurement	206,487	(160,000)	46,487	Reserves relate to asset management system (£100k) and condition surveys(£60k). Overspend relates to £46k under-recovery of income from fees
Facilities Management	124,978	(71,000)	53,978	Reserves relate to £71k fire risk. The overspend relates to £45k unachievable cleaning/ caretaking client income, £5k overspend on hygiene contracts, £2k overspend on window cleaning and £2k on costs of gas oil
Estates Management	263,085	0	263,085	Mainly shortfall in rental income - £140k Vigo quarry income shortfall, £80k WHG income shortfall, £40k shortfall on survey income, and £3k overspend on land terrier system
Total Regeneration	**1,265,929**	**(499,571)**	**766,358**	

2 Forecast Capital Outturn 2009/10 – Regeneration

2.1 The forecast capital outturn for 2009/10 for the schemes under the remit of this panel (as at the end of June 2009) is currently assumed to be on budget – that all resources will be adequately programmed and spent by the year end. **Table 4** provides a summary by service.

Table 4 – Forecast Capital Outturn 2009-10

Programme	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Strategic Regeneration				
1 Bentley Mill Lane	2,769	1,677	2,769	0
Development / Delivery				
Environmental Regeneration	180,223	20,732	180,223	0
Regenerating Walsall	852,779	11,539	852,779	0
Relocation of Pleck Boxing Club	190,000	2,000	190,000	0
Strategic Corridors & Gateways	183,675	1,650	183,675	0
Town, Districy & Local Centres	825,378	325,930	825,378	0
Property Services				
Asbestos Removal	155,000	0	155,000	0
Civic Building Air Conditioning	300,000	17,050	300,000	0
Essential Mtnce to Non Educ Buildings	500,000	35,419	500,000	0
Leased Accommodation	1,000,000	0	1,000,000	0
Redundant Buildings	200,000	30,957	200,000	0
Rewire of Willenhall Leisure Centre	57,000	0	57,000	0
Safe Water Supplies in Council Premises	275,000	19,640	275,000	0
Shop Maintenance	120,000	2,869	120,000	0
Statutory Testing of mechanical/electrical	300,000	(202)	300,000	0
Structural repairs to Central Library	250,000	0	250,000	0
Total Mainstream	**5,391,824**	**469,261**	**5,391,824**	**0**
Non Mainstream				
Strategic Regeneration				
Strategic Regen				
Bus Showcase	1,000,000	39,237	1,000,000	0
LTP - Darlaston Development Project	150,000	0	150,000	0
LTP grant	4,314,502	197,260	4,314,502	0
Red Routes	2,000,000	20,647	2,000,000	0
Development / Delivery				
Bridge St / Ablewell St - AWM	338,173	42,448	338,173	0
Bridge St / Ablewell St - HLF	376,243	0	376,243	0
Smith House & Thomas House	16,748	0	16,748	0
Willenhall THI - HLF	150,000	0	150,000	0
Willenhall THI - View	150,000	0	150,000	0
New Deal	3,282,000	87,020	3,282,000	0
Total Non Mainstream	**11,777,666**	**386,612**	**11,777,666**	**0**
Total Regeneration	**17,169,489**	**855,873**	**17,169,489**	**0**