

REGENERATION SCRUTINY AND PERFORMANCE PANEL

Agenda Item
No. 9

DATE: 15 March 2012

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2011/12

Ward(s) All

Portfolio:

Councillor Andrew – Regeneration

Summary of report

This report summarises the predicted revenue and capital outturn position for 2011/12, based on the performance for quarter 3 (to end of December 2011), for services within the remit of the Regeneration Panel.

Recommendation

To note the 2011/12 forecasted year end financial position for services under the remit of the Regeneration Panel is net revenue underspend of **£0.409m**, after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be £543k underspent after slippage.

Background papers

Various financial working papers.
Quarter 2 financial monitoring position for 2011/12
2011/12 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2011/12 within the remit of this panel.

Signed:



Executive Director: Tim Johnson

Date: 1 March 2012

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. Any 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.

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1 Forecast Revenue Outturn 2011/12 – Regeneration

- 1.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Regeneration Panel (based on the position as at the end of December 2011) is an underspend against budget of **£0.409m** (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 currently estimated use of reserves of **£1.801m** and transfer to reserves of **£0.163m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance), **£0.160m** windfall income transferred centrally and **£0.063m** of 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 Within the services associated with the panel there are a number of risks around uncontrollable demand which is estimated at **£0.418m**. 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 monitoring as overspends. A summary of the risk assessment is attached as **Appendix 2**
- 1.6 Included within the directorate budget are approved 2011/12 new investments and savings, as approved by cabinet on 24 February 2011, totalling **£669k** and **£705k** respectively. The full year effect of previous years' investments and savings included in the budget are **£662k** savings from investments (as a result of invest to save initiatives mainly around the lease release programme) and **£215k** savings. A full breakdown of these can be found in the 2011/12 Corporate 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 2011/12

Service Area	Annual Budget £'000	Profiled Budget £'000	Year To Date £'000	Variance £'000	Year End Forecast £'000	Year End Variance £'000	Use of reserves £'000	Variance after Reserves/ Action Plan/ Non essential Spend £000
Development and Delivery	805	612	485	-127	855	50	-101	-51
Housing Services	1,145	834	646	-188	1,195	51	-200	-150
Planning and Building Control	788	541	691	150	1,150	362	-149	213
Property Services	4,981	3,808	3,832	24	4,847	-134	-178	-312
Regeneration Management	475	356	342	-14	459	-15		-15
Strategic Regeneration	705	547	411	-136	778	73	-167	-93
Smarter Workplaces			280	280	746	746	-745	1
Budget for monitoring purposes	8,898	6,698	6,687	-11	10,030	1,132	-1,541	-409
Depreciation	1,123	843	843	0	1,123	0	0	0
FRS 17	364	273	273	0	364	0	0	0
CSS	2,953	2,214	2,214	0	2,953	0	0	0
Office Accommodation	-2,197	-1,647	-1,647	0	-2,197	0	0	0
Total Regeneration	11,141	8,381	8,370	-11	12,273	1,132	-1,541	-409

2 Forecast Capital Outturn 2011/12 – Regeneration

- 2.1 The forecast capital outturn for 2011/12 for the schemes under the remit of this panel (as at the end of December 2011) is predicted to be underspent by **£543k** after slippage requests. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<u>Table 2 – Summary of Capital Programme – Quarter 3 2011-12</u>					
Service Area	Annual Budget £'000	Year To Date £'000	Year End Forecast £'000	Year End Variance £'000	Slippage £'000
Council Resources					
Property Services	8,269	2,417	6,802	-1,467	-1,270
Housing Services	2,607	1,113	1,610	-997	-651
Development & Delivery	2,046	1,377	1,929	-117	-117
Total Council Resources	12,922	4,906	10,342	-2,580	-2,037
Externally Funded					
Housing Services	1,658	1,136	1,658		
Development & Delivery	926	137	417	-510	-510
Strategic Regeneration	2,997	865	2,378	-618	-618
Total Externally Funded	5,581	2,139	4,453	-1,128	-1,128
Total Regeneration	18,503	7,045	14,794	-3,708	-3,165

Appendix 1 - Reasons for revenue forecast underspend		
Service	Variance £'000	Explanation of Year End Forecast
Development and Delivery	-51	Agency and salary underspends.
Housing Services	-150	Vacant posts and use of grant funding.
Planning and Building Control	213	Shortfall in planning income.
Property Services	-312	Vacant posts, maintenance underspends.
Strategic Regeneration	-93	Walsall Regeneration Company contribution saving
Regeneration forecast outturn	-409	

Appendix 2: Financial Risks					
POTENTIAL RISK	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK
	£'000		£'000		£'000
Housing occupancy levels may drop in future months. A mitigation plan will be implemented to offset this pressure.	0	H	50	L	50
Planning continues to see shortfalls in actual against profiled income.	0	H	50	M	50
Energy costs	0	H	30	M	30
Cleaning & Caretaking income	0	H	68	H	68
Redundant buildings excess costs	0	H	120	H	120
DPM - Reduction in capital fee income	0	H	100	H	100
Total Regeneration	0		418		418

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance (£)	Proposed Slippage to 2012/13 (£)
Council Funded					
<u>Development & Delivery</u>					
Acquisition of Cool Trader	681,303	681,300	681,303	0	0
Regenerating Walsall	789,767	121,126	673,246	-116,521	-116,521
Strategic acquisitions	574,800	574,800	574,800	0	0
<u>Housing Services</u>					
Aids & adaptations	2,107,401	1,051,328	1,456,894	-650,507	-650,507
Health through warmth - see other resources	500,000	61,245	153,497	-346,503	0
<u>Property Services</u>					
Asbestos removal	155,000	58,419	155,000	0	0
Civic building air condition replacement	88,409	52,480	76,480	-11,929	0
Control of legionella	275,000	186,527	275,000	0	0
Darlaston baths roof	200,000	0	15,000	-185,000	0
Demolition of redundant buildings to save on rates	202,075	81,628	202,075	0	0
Fire risk assessment	200,000	6,554	200,000	0	0
Freer Street structural works	90,241	14,503	14,503	-75,738	-75,738
Green Lane Hostel	353,815	0	353,815	0	0
Planned property maintenance	166,850	141,372	166,850	0	0
Refurbishment of Leckie sons of rest in Walsall arboretum	190,000	33,000	190,000	0	0
Shop maintenance	49,554	8,963	49,554	0	0
Work resulting from the statutory testing of building services	344,451	211,403	344,451	0	0
<u>Smarter Workplaces</u>					
Release of leased accommodation	200,000	1,646	0	-200,000	-200,000
Investment in ICT Technology to support smarter workplace	1,224,770	615,060	1,320,079	95,309	0
Smarter Workplaces - Property Investment	1,831,456	1,131	1,736,147	-95,309	0
Smarter Workplaces - Property Investment	2,048,759	971,625	1,427,859	-620,899	-620,899
Smarter Workplaces - Staffing Costs	648,357	32,363	275,114	-373,243	-373,243
Subtotal mainstream funding	12,922,008	4,906,474	10,341,667	-2,580,341	-2,036,909

Externally Funded					
<u>Development and Delivery</u>					
Bridge Street/Ablewell Street THI - HLF	90,736	74,887	90,736	0	0
Darlaston SDA - Moxley & Whitworth Close	20,000	0	20,000	0	0
Relocation of Pleck boxing club	35,000	35,000	35,000	0	0
Walsall Town Centre 'Way Finding Project'	105,659	0	105,659	0	0
Willenhall THI - HLF	150,000	13,790	90,276	-59,724	-59,724
Willenhall THI - HLF	300,000	0	0	-300,000	-300,000
Willenhall THI - VIEW contribution	75,000	13,790	75,000	0	0
Willenhall THI - VIEW contribution	150,000	0	0	-150,000	-150,000
<u>Housing Services</u>					
Contributions to Aids and Adaptations (mainstream)	59,362	0	59,362	0	0
Contributions to Health Through Warmth (mainstream)	215	0	215	0	0
Disabled facilities grant	1,351,000	1,126,935	1,351,000	0	0
Growth Points - Heathfield Lane West	72,343	9,097	72,343	0	0
Kickstart	174,758	0	174,758	0	0
<u>Strategic Regeneration</u>					
Bus showcase	0	-353	0	0	0
LTP grant	2,365,597	617,691	1,747,314	-618,283	-618,283
Red routes	630,989	247,953	630,989	0	0
Subtotal externally funded	5,580,659	2,138,792	4,452,652	-1,128,007	-1,128,007
Regeneration total	18,502,667	7,045,266	14,794,319	-3,708,348	-3,164,916