

DATE: 09 FEBRUARY 2012

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2011/12

Ward(s) All

Portfolio:

Councillor Ansell – Transport & Environment

Summary of report

This report summarises the predicted revenue and capital position for 2011/12, based on the performance for quarter 3 (1 April to 31 December 2011), for services within the remit of the Environment Scrutiny & Performance Panel.

Recommendation

To note the 2011/12 forecasted year end financial position for services under the remit of the Environment Scrutiny & Performance Panel is net revenue underspend of **£122k**, after the use of approved reserves and carry forwards into 2011/12 and action planning. The capital forecast is an underspend of **£592k** for which slippage of **£448k** will be requested into 2012/13.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2010/11
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: Jamie Morris

Date: 11 January 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.

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 – Environment

- 1.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Environment Scrutiny & Performance Panel (based on the position as at the end of December 2011) is an underspend against budget of **£122k** (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 use of reserves of **£832k** (where approval has been given by Cabinet for additional funds for specific services) and 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, totalling **£200k** which has not been included within the above forecast. 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 the position 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 savings, as approved by Cabinet on 9 February 2011, totalling £2.073m. The full year effects of previous years' savings included in the budget are £68k. 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 £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of reserves £	Windfall income £	Expe Varia £
<u>Transport & Environment Portfolio</u>									
Street Pride									
Street Cleansing & Pub Cons	1,405,218	1,027,748	933,689	(94,059)	1,405,218	0	0	0	
Policy & Performance	9,741,330	7,444,144	7,321,352	(122,792)	9,375,721	(365,609)	(82,872)	245,362	(203,
Waste Management	2,974,366	2,250,379	1,608,594	(641,785)	2,881,866	(92,500)	0	0	(92,
Fleet Services	1,156,188	878,267	1,037,222	158,955	1,156,188	0	0	0	
Fleet Services Leasing replacement programme	156,627	117,817	71,566	(46,251)	156,627	0	0	0	
Neighbourhood Service Management	256,572	194,015	211,842	17,827	256,572	0	0	0	
Engineering & Transportation									
Engineering & Transportation General	23,260	18,161	15,369	(2,792)	32,431	9,171	(3,018)	0	6
Highways Maintenance	1,890,975	1,461,713	1,145,227	(316,486)	1,885,391	(5,584)	(1,205)	0	(6,
Public Lighting	4,595,784	2,266,645	2,541,150	274,505	3,405,643	(1,190,141)	1,190,141	0	
Structures & Geotechnics	210,934	158,112	69,069	(89,043)	201,544	(9,390)	0	0	(9,
Pollution Control	651,479	489,367	419,920	(69,447)	596,429	(55,050)	(22,437)	0	(77,
Road Works Management	2,483,742	1,812,949	1,859,727	46,778	2,817,611	333,869	(163,845)	0	170
Major Projects & Minor Improvements	(19,972)	(15,075)	(18,003)	(2,928)	(23,862)	(3,890)	(6,291)	0	(10,
Engineering Management	50,221	37,786	(19,207)	(56,993)	49,567	(654)	(1,623)	0	(2,
Traffic Management	539,850	412,571	660,194	247,623	818,810	278,960	(59,653)	0	219
Transportation Forward Planning	706,472	535,837	382,666	(153,171)	608,259	(98,213)	(17,134)	0	(115,
Total Environment	26,823,046	19,090,436	18,240,377	(850,059)	25,624,014	(1,199,032)	832,063	245,362	(121,

2 Forecast Capital Outturn 2011/12 – Environment

- 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 a predicted underspend against budget of **£592k**. Of this underspend **£448k** will be requested to be slipped into 2012/13. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

Table 3 – Summary of Capital Programme - Outturn 2011-12

Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £	Proposed Slippage to 2012/13 £	Proposed Underspend £
Mainstream						
Street Pride *	1,289,608	1,034,872	1,134,648	(154,960)	(38,960)	(116,000)
Engineering & Transportation	3,223,043	1,131,201	3,012,043	(211,000)	(186,000)	(25,000)
Total Mainstream	4,512,650	2,166,073	4,146,690	(365,960)	(224,960)	(141,000)
Non Mainstream						
Street Pride *	653,282	0	653,282	0	0	0
Engineering & Transportation	2,480,851	795,819	2,254,746	(226,105)	(222,705)	(3,400)
Total Non Mainstream	3,134,133	795,819	2,908,028	(226,105)	(222,705)	(3,400)
Total NS Capital	7,646,783	2,961,892	7,054,718	(592,065)	(447,665)	(144,400)

* Street Pride excludes grounds maintenance

APPENDIX 1 - MAIN REASONS FOR REVENUE VARIANCES		
Service Area	Explanation of Year end Variance	Variance £
Engineering & Transportation		
Engineering & Transportation General	Higher employee costs	6,153
Highways Maintenance	Higher than anticipated income	(6,789)
Structures & Geotechnics	Lower employee costs	(9,390)
Pollution Control	Due mainly to underspend on flood risk grant due to delay in recruitment plus other small under/overspends	(77,487)
Road Works Management	Under recovery of Section 74 income and higher employee costs	170,024
Major Projects & Minor Improvements	Lower employee costs	(10,181)
Engineering Management	Lower employee costs	(2,277)
Traffic Management	Estimated under achievement of car park income £450k offset by reduction on private contractor fees, equipment and water costs.	219,307
Transportation Forward Planning	Lower than anticipated employee costs, Joint Data Team costs and expenditure relating to road safety cameras	(115,347)
Street Pride		
Street Pride	The predominant reasons are lower than anticipated employee costs and an underspend on waste containers	(295,619)
Forecast variance		(121,608)

Appendix 2 Financial Risk Assessment - Revenue Budget 2011/12

POTENTIAL RISK	LOWEST COST £'000	ASSESSMENT OF RISK	HIGHEST COST £'000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £'000
ENVIRONMENT					
Severe winter impact on winter maintenance budget due to additional gritting	0	Medium	150	Medium	150
Increase in 3rd Party claims due to reduction in capital and revenue funding	50	High	100	Medium	50
Total Environment	50		250		200

Table 3 – Summary of Capital Programme - Outturn 2011-12

Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £	Proposed Slippage to 2012/13 £	Estimated Underspend £
Mainstream						
Depot relocation	1,173,608	1,034,872	1,134,648	(38,960)	(38,960)	
Purchase of hot jet pavement cleaning machine	116,000	0	0	(116,000)	0	(116,000)
Beacon Road land slip - contingency	107,838	3,100	107,838	0	0	
Combined wind turbine and street lighting	25,000	0	0	(25,000)	0	(25,000)
Hatherton Road multi storey car park	200,000	77,927	200,000	0	0	
Highways maintenance	1,400,000	564,194	1,400,000	0	0	
Lighting to save initiatives	250,000	0	250,000	0	0	
LTP including bridge strengthening	550,898	27,062	364,898	(186,000)	(186,000)	
Town centre on street parking	59,307	11,766	59,307	0	0	
Walsall TCTP ring road acquisition	630,000	447,152	630,000	0	0	
Total Mainstream	4,512,650	2,166,073	4,146,690	(365,960)	(224,960)	(141,000)
Non Mainstream						
Waste infrastructure capital grant	653,282	0	653,282	0	0	
LTP Highway Maintenance	2,118,167	696,361	2,118,167	0	0	
Contaminated land grant - Oakridge Drive	4,061	4,061	4,061	0	0	
Development of Highways Asset Management Plan (HAMPS)	206,026	18,321	48,321	(157,705)	(157,705)	
Low emission strategy - Air quality grant	100,000	27,880	35,000	(65,000)	(65,000)	
Traffic signal energy/carbon saving measures	52,597	49,197	49,197	(3,400)	0	(3,400)
Total Non Mainstream	3,134,133	795,819	2,908,028	(226,105)	(222,705)	(3,400)
Total NS Capital	7,646,783	2,961,892	7,054,718	(592,065)	(447,665)	(144,400)