

REGENERATION SCRUTINY AND PERFORMANCE PANEL

**Agenda Item
No. 5**

DATE: 17 March 2011

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Andrew - Regeneration

Summary of report

This report summarises the predicted revenue and capital outturn position for 2010/11, based on the performance for quarter 3 (October to December 2010), for services within the remit of the Regeneration Scrutiny & Performance Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Regeneration Scrutiny Panel is net revenue under spend of **£0.081m**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an under spend of **£3.365m**.

Background papers

Various financial working papers.
2010/11 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2010/11 within the remit of this panel.

Signed:



Executive Director: Tim Johnson

Date: 2010

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.

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 2010/11

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Regeneration Scrutiny Panel (based on the position as at the end of December 2010) is an under spend against budget of **£0.081m** (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 **£0.569m** (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 **£0.801m**, which have 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 monitoring as overspends. A summary of the risk assessment is attached as **Appendix 2**
- 1.6 Included within the directorate budget are approved 2010/11 new investments and savings, as approved by cabinet on 22 February 2010, totalling £1.190m and £0.872m respectively. The full year effect of previous years' investments and savings included in the budget are -£0.054m investments and -£0.434m savings. A full breakdown of these can be found in the 2010/11 Regeneration 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 2010-11 at Head of Service level

Service	Annual Budget £	Profiled Budget £	Actual to Date £	Variance to profiled budget £	Year End Forecast £	Year End Variance before reserves £	Use of Reserves £	Year End Variance after reserves £	Year End Variance after action plan £
Property Services	3,187,620	2,462,970	2,764,146	301,176	3,673,064	485,444	(385,060)	100,384	100,384
Planning Services	976,715	746,418	841,543	95,125	1,037,475	60,760	(5,723)	55,037	55,037
Strategic Regeneration	998,626	747,143	1,082,072	334,929	1,084,957	86,331	(86,331)	0	0
Development & Delivery	907,421	663,809	497,503	(166,306)	839,127	(68,294)	(34,590)	(102,884)	(102,884)
Housing Services	1,085,790	810,461	796,179	(14,282)	952,060	(133,730)	0	(133,730)	(133,730)
New Horizons	0	0	34,267	34,267	138,341	138,341	(138,341)	0	0
Budget for monitoring purposes	7,156,172	5,430,801	6,015,709	584,908	7,725,025	568,853	(650,045)	(81,192)	(81,192)
Depreciation	2,095,091	1,571,318	1,571,318	0	2,095,091	0	0	0	0
Notional Interest	0	0	0	0	0	0	0	0	0
FRS 17	362,074	271,556	271,556	0	362,074	0	0	0	0
CSS	3,656,064	2,742,048	2,742,048	0	3,656,064	0	0	0	0
Office Accommodation	(2,444,604)	(1,833,453)	(1,833,453)	0	(2,444,604)	0	0	0	0
Total Regn Cash Limit	10,824,797	8,182,270	8,767,178	584,908	11,393,650	568,853	(650,045)	(81,192)	(81,192)

2 Forecast Capital Outturn 2010/11

2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of December 2010) is a predicted under spend against budget of **£3.365m**. Table 2 shows a detailed analysis by scheme.

Table 2 – Forecast Capital Outturn 2010/11				
Service Area / Scheme	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Councils own resources				
<u>Regeneration Portfolio</u>				
Development / Delivery				
Environmental Regeneration	132,750	13,122	17,796	(114,954)
Regenerating Walsall	614,456	98,521	194,365	(420,091)
Strategic Acquisitions	550,000	1,500	550,000	0
Strategic Corridors & Gateways	125,610	10,624	10,624	(114,985)
Town, District & Local Centres	129,102	36,043	36,043	(93,060)
Property Services				
Acquisition of land adj to 17/18 Norton Road, Pelsall	4,650	0	4,650	0
Asbestos Removal	155,000	162,887	162,887	7,887
Civic Building Air Conditioning	459,600	335,551	459,600	0
Darlaston Baths Roof	200,000	0	0	(200,000)
Darlaston Scout Hut	55,000	55,000	55,000	0
Redundant Buildings	200,000	121,814	200,000	0
EDC Works to Driveway	25,000	60	25,000	0
Freer Street Structural Works	350,000	8,125	9,125	(340,875)
Essential Mtnce to Non Educ Buildings	500,000	244,275	490,374	(9,626)
Leased Accommodation	1,883,417	138,738	289,571	(1,593,846)
Rewire of Walsall Gala Baths	203,133	172,153	198,330	(4,803)
Rewire of Willenhall Leisure Centre	1,090	1,091	1,091	1
Safe Water Supplies in Council Premises	275,000	177,159	275,000	0
Shop Maintenance	120,000	22,890	120,000	0
Statutory Testing of mechanical/electrical	300,000	85,031	300,000	0
Structural repairs to Central Library	2,562	4,300	4,300	1,738
Walsall town hall asbestos removal	116,488	95,728	116,488	0
Housing Standards & Improvements				
Aids & Adaptations	1,922,824	453,908	1,922,824	0
- Total Councils own resources	8,325,681	2,238,520	5,443,068	(2,882,613)
Externally Funded				
<u>Regeneration Portfolio</u>				
Development / Delivery				
Bloxwich THI	41,426	0	41,426	0
Bridge St / Ablewell St - AWM	158,173	127,819	158,173	0
Bridge St / Ablewell St - HLF	302,749	140,941	210,167	(92,582)
Contributions to regenerating walsall	15,382	0	15,382	0
Contributions to town, district and local centres	9,511	0	9,511	0
Contributions to Darlaston SRF study	24,236	0	24,236	0
Environmental Regeneration Matchfunding	3	0	3	0
Relocation of Pleck Boxing Club	199,572	0	35,000	(164,572)
Smith House & Thomas House	1,001	1,001	1,001	0

Willenhall THI - HLF	150,000	0	0	(150,000)
Willenhall THI - View	75,000	0	0	(75,000)
New Deal	1,016,000	920,587	1,016,000	0
Housing Standards & Improvements				
Disabled Facilities Grant	1,215,000	1,215,000	1,215,000	0
New Growth Points	247,000	151,850	247,000	0
Regional Housing Pot - Kickstart	191,545	16,787	191,545	0
Regional housing Pot	5,457,154	1,487,639	5,457,154	0
<u>Transport Portfolio</u>				
Strategic Regeneration				
Bus Showcase	1,461,000	1,483,839	1,461,000	0
LTP - Grant	3,125,266	1,489,243	3,125,266	0
LTP - Darlaston Development Project	150,000	0	150,000	0
Red Routes	1,450,000	1,519,767	1,450,000	0
Total Externally Funded	15,290,020	8,554,473	14,807,866	(482,154)
Total Regeneration	23,615,701	10,792,993	20,250,934	(3,364,767)

APPENDIX 1

Service	Variance £	Explanation of Year End Forecast
<u>Property Services</u>	-199,768	Vacant post savings less agency and other staff costs
	219,860	Security costs of redundant buildings
	-8,518	Rates under spend due to reduced rateable values
	99,065	Income shortfall from plant, rents and capital receipts
	123,671	Fee recovery shortfall
	12,300	Carbon Reduction Commitment
	-174,794	Non essential spend cutbacks
	28,570	One off restructure costs
Sub total	100,386	
<u>Housing</u>	-210,168	Net salary underspend
	87,234	Housing benefit income shortfall
	-10,796	Savings due to lower take up of emergency bed and breakfast places
Sub total	-133,730	
<u>Planning</u>	35,658	Development management legal fees
	19,379	Shortfall in achievement of vacancy management targets
Sub total	55,037	
<u>Development and Delivery</u>	14,221	Under recovery of income part offset by salary savings
	2,225	Shopmobility shortfall on income and increased running costs
	-119,330	Additional markets income due to increased take up of stalls
Sub total	-102,884	

Overall total	-81,192	
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APPENDIX 2	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK
POTENTIAL RISKS	£M		£M		£M
REGENERATION					
Property Services - reduction in rental income from shops / other buildings	0.000	MEDIUM	0.050	MEDIUM	0.050
Property Services - cleaning & caretaking client	0.000	MEDIUM	0.150	MEDIUM	0.150
Property Services - redundant building security costs	0.000	MEDIUM	0.126	MEDIUM	0.126
Property Services - Reduced fee due to capital projects not proceeding	0.000	HIGH	0.150	HIGH	0.150
Property Services - Schools - contingency for energy bills to be recovered from schools	0.000	MEDIUM	0.100	MEDIUM	0.100
Council Wide - bad debt provision for non school energy bills	0.000	MEDIUM	0.050	MEDIUM	0.050
Planning Services - Development Control legal fees on planning appeals	0.000	HIGH	0.030	HIGH	0.030
Planning Services - Development Control legal planning application fees	0.000	HIGH	0.100	HIGH	0.100
Planning Services - Land Charges personal search fee income	0.000	HIGH	0.045	HIGH	0.045
Total Regeneration	0.000		0.801		0.801