

2 DECEMBER 2009

REVENUE and CAPITAL MONITORING – 2009/10 SECOND 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 2 (April to September 2009), for services within the remit of the Regeneration Scrutiny and Performance Panel. The forecasted year end financial position is a predicted revenue variance (overspend) against budget of **£0.961m** (net of use of earmarked reserves), which reduces to **£0.512m** following actions in place to help the council's overall financial position and the agreed funding of rental income shortfalls from corporate resources, and a forecast capital underspend of **£0.342m**.

Recommendation

To note the 2009/10 forecasted year end financial position for services under the remit of the Panel.

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



Executive Director: Tim Johnson

Date: 19 November 2009

Date: 19 November 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 in place to mitigate overspends within service where possible. 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.

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 September 2009) is an overspend against budget of **£0.961m** (net of the use of earmarked reserves), which reduces to **£0.512m** following actions in place to help the council's overall financial position, and the agreed funding of rental income shortfalls from corporate resources. 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 this 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 £0.845m, where approval has been given by Cabinet for additional funds for specific services, and include approved carry forwards from 2008/09. **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	123,014
Town Centre Management	Use of LABGI	56,539
Shopmobility	Use of LABGI and cfwd 08/09	38,503
Development & Delivery	Use of LABGI	73,235
Regeneration Management	Use of LABGI (BCC contribution)	53,861
Building Control	Redundancy costs to be funded centrally	10,895
Property Services	Asset Management System (earmarked reserve)	100,000
	Condition Surveys (earmarked reserve)	50,000
	Fire Risk (earmarked reserve)	71,000
	Ex WMBC properties – loss of rental income (central contingency bid)	36,000
	Loss of income – Brownhills Market (central contingency bid)	30,033
	Fire risk (earmarked reserve)	109,000
Housing Standards & Improvements	Use of corporate resources to fund redundancy costs	92,953
TOTAL USE OF RESERVES		845,033

Table 2 – Forecast Revenue Outturn 2009/10

[illegible]

Service Area	QTR 1 JUNE '09	SEPTEMBER			Explanation of Year end Variance
		Amount £	Reserves £	Actual £	
Strategic Regeneration					
Strategic Regeneration	0	123,014	-123,014	0	Use of LABGI reserve.
Markets	97,494	45,494	0	45,494	Overspends of £105k expected - cleaning contracts (£59k), agency staff (38k), and underachievement of income (£8k). Partly offset by projected income from Brownhills Market (£25k), reduction in general running costs (£15k) and use of WNF funding (£20k).
Shopmobility	0	38,503	(38,503)	0	Use of LABGI reserve.
Town Centre Mgt	0	56,539	(56,539)	0	Use of LABGI reserve.
Levpt & Delivery	0	73,235	(73,235)	0	Use of LABGI reserve.
Regeneration Mgt	0	53,861	(53,861)	0	Use of LABGI reserve to fund part contrn to BCC
Planning Services					
Building Control	0	10,895	(10,895)	0	Redundancy costs to be funded corporately.
and Charges	17,681	0	0	0	Income reviewed on a monthly basis - no variance to budget currently predicted.
Property Services					
Building Services	37,944	242,677	0	242,677	Overspends expected due to shortfall in fee income of £298k from a reduction in the Education capital programme, utilities and rates on redundant buildings of £22k and £89k respectively, partly offset by a freeze on the repairs & mtnc budget of -£166k.
Design & Project Mgt	249,689	100,000	0	100,000	Projected shortfall in fee income.
Contract Procurement	46,487	146,548	(150,000)	(3,452)	Net underspend which relates to increased costs of £170k survey work for Serco and £9k insurance surveys, both offset by additional income and underspends on staffing.
Facilities Management	53,978	101,849	(180,000)	(78,151)	Decision made not to review the Cleaning & Caretaking service as planned using the approved net investment of £73k for 2009/10. Additional underspends from the restraint of non-essential expenditure.
Assets Management	263,085	234,307	(66,033)	168,274	Shortfall in rental income of £273k (Vigo Quarry £140k, WHG £80k, general rents £53k), and shortfall in survey income (£21k), offset by £126k underspends on vacant posts. In the report to Cabinet on 18 November 2009, it has been recommended that the shortfall in income for both Vigo Quarry and WHG will be funded from central resources.
Strategic Housing					
Housing Standards & Improvement	0	252,368	(92,953)	159,415	Originally expected due to the change in the method of fee charging. This has since been reviewed, and is expected to reduce by £100k as part of the service action plan.
Housing Strategy & Partnerships	0	9,991	0	9,991	Originally expected to underspend by £50k due to salaries and non-essential expenditure. An additional £60k redundancy provision has had to be made based on the decision to bring forward a saving earmarked for 2010/11.
Supported Housing	0	131,000	0	131,000	Overspend on Accommodation Services of £161k is expected, offset by £30k from the restraint of expenditure. This is subject to ongoing review.
New Deal	0	186,000	0	186,000	Succession costs arising from the costs of the succession strategy in preparation for closure of the New Deal programme in March 2011.
Total Regeneration	766,358	1,806,281	(845,033)	961,248	

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 September 2009) is currently assumed to be an underspend of **£0.342m**. **Table 4** on the following page provides a summary by service.

2.2 It is currently assumed that all resources will be adequately programmed and spent by the year end, with the exception of those below:-

Council resources

- Environmental Regeneration – expected to be slipped into 2010/11
- Regenerating Walsall – expected to be slipped into 2010/11
- Strategic Corridors & Gateways – expected to be slipped into 2010/11
- Town, District & Local Centres – expected to be slipped into 2010/11
- 1 Bentley Mill Way – minor underspend expected

Table 4 – Forecast Capital Outturn 2009/10

Service Area / Scheme	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Councils own resources				
<u>Regeneration Portfolio</u>				
Strategic Regn - Brownhills Market stalls	41,120	41,120	41,120	0
Development / Delivery				
Environmental Regeneration	180,223	53,820	90,223	(90,000)
Regenerating Walsall	852,779	143,665	702,779	(150,000)
Relocation of Pleck Boxing Club	190,000	89,485	190,000	0
Strategic Corridors & Gateways	183,675	6,808	133,675	(50,000)
Town, District & Local Centres	825,378	578,669	775,378	(50,000)
Property Services				
Asbestos Removal	155,000	38,633	155,000	0
Civic Building Air Conditioning	300,000	17,050	300,000	0
Safe Water Supplies in Council Premises	275,000	20,434	267,514	(7,486)
Structural repairs to Central Library	250,000	24,624	250,000	0
Statutory Testing of mechanical/electrical	300,000	51,108	300,000	0
Essential Mtnce to Non Educ Buildings	500,000	173,744	507,486	7,486
Rewire of Willenhall Leisure Centre	57,000	42,518	57,000	0
Redundant Buildings	200,000	86,561	200,000	0
Shop Maintenance	120,000	3,043	120,000	0
Leased Accommodation	1,000,000	0	1,000,000	0
Housing Standards & Improvements				
Aids & Adaptations	2,783,602	264,715	2,783,602	0
Willenhall Travellers Site	228,624	69,995	228,624	0
<u>Transport Portfolio</u>				
Strategic Regn - 1 Bentley Mill Lane	2,769	834	834	(1,935)
Total Councils own resources	8,445,170	1,706,825	8,103,235	(341,935)
Externally Funded				
<u>Regeneration Portfolio</u>				
Development / Delivery				
Bridge St / Ablewell St - AWM	338,173	45,065	338,173	0
Bridge St / Ablewell St - HLF	376,243	52,818	376,243	0
Environmental Regeneration Matchfunding	21,450	0	21,450	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	618,532	3,282,000	0
Housing Standards & Improvements				
Disabled Facilities Grant	1,215,000	1,215,000	1,215,000	0
Gypsy Council grant phase 2	80,008	0	80,008	0
New growth points	250,000	0	250,000	0
Private Sector Renovation Grants	474,940	172,169	474,940	0
Regional Hsg Pot - Health through warmth	262,561	257,425	262,561	0
Regional Hsg Pot - Kickstart	69,738	38,498	69,738	0
Regional Hsg Pot - Regn & growth	4,128,028	141,199	4,128,028	0
Regional Hsg Pot - Repair assistance prog	500,000	173,568	500,000	0
Regional Hsg Pot-Whall Lane Travellers Site	67,000	0	67,000	0
<u>Transport Portfolio</u>				
Strategic Regeneration				
Bus Showcase	2,500,000	297,674	2,500,000	0
Engineering & Transportation contributions	66,634	0	66,634	0
HAMP contributions	59,600	0	59,600	0
LTP - Darlaston Development Project	150,000	385,257	150,000	0
LTP grant	4,314,502	641,477	4,314,502	0
Red Routes	1,147,000	46,586	1,147,000	0
Total Externally Funded	19,619,625	4,085,268	19,619,625	0

Total Regeneration	28,064,795	5,792,093	27,722,860	(341,935)
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