

22 September 2011

QUARTER 1 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 1 (to end of June 2011), for services within the remit of the Panel.

Recommendation

To note the 2011/12 forecasted year end financial position for services under the remit of the Regeneration Panel is net revenue overspend of **£0.000m**, after the use of approved reserves and carry forwards and action planning. The capital programme is forecast to be overspent by £4k after slippage.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2010/11
2011/11 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:

A handwritten signature in blue ink, appearing to be 'Tim Johnson', followed by a vertical line.

Executive Director: Tim Johnson

Date: 6 September 2011

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 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 June 2011) is an overspend against budget of **£0.000m** (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 **£2.157m** (where approval has been given by Cabinet for additional funds for specific services or grants have been received in advance) and £63k of approved carry forwards from previous years.
- 1.4 **Table 1** shows the forecast outturn for each service.
- 1.5 Within the services associated with the panel there are risks estimated at **£710k**. 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 1**
- 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	814	199	263	64	878	64	(64)	0
Housing Services	1,136	267	287	21	1,748	611	(611)	0
Planning and Building Control	759	206	202	(4)	783	24	(24)	0
Property Services	4,869	1,215	1,249	34	5,051	182	(182)	0
Regeneration Management	473	118	111	(7)	496	22	(22)	0
Strategic Regeneration	625	156	136	(21)	806	180	(180)	0
Smarter Workplaces					1,136	1,136	(1,136)	0
Budget for monitoring purposes	8,676	2,161	2,248	87	10,896	2,220	(2,220)	0
Depreciation	1,123	281	281	0	1,123	0	0	0
FRS 17	364	91	91	0	364	0	0	0
CSS	2,953	738	738	0	2,953	0	0	0
Office Accommodation	(2,197)	(549)	(549)	0	(2,197)	0	0	0
Total Regeneration	10,920	2,722	2,809	87	13,140	2,220	(2,220)	0

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 June 2011) is predicted to overspent by £4k after slippage requests. Table 2 shows a summary per service with more detailed analysis by scheme at **Appendix 2**.

<u>Table 2 – Summary of Capital Programme – Quarter 1 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	8,165	342	7,625	540	540
Housing Services	2,661	226	2,661	0	0
Development & Delivery	2,063	1,301	2,063	0	0
Total Council Resources	12,889	1,869	12,349	540	540
Externally Funded					
Housing Services	1,598	343	1,598	0	0
Development & Delivery	919	85	922	(4)	0
Strategic Regeneration	3,322	85	3,322	0	0
Total Externally Funded	5,839	513	5,842	(4)	0
Total Regeneration	18,727	2,383	18,191	537	540

Appendix One – Financial Risks					
POTENTIAL RISK REGENERATION	LOWEST COST £'000	ASSESSMENT OF RISK £'000	HIGHEST COST £'000	ASSESSMENT OF RISK £'000	TOTAL FINANCIAL EXPOSURE TO RISK £'000
Housing have c60% occupancy rate due to working in line with new working smarter models. Based on this utilisation level carrying through until the end of the year there is a £228k pressure. There is already £110k of plans to mitigate this and work is ongoing to mitigate the remainder	0.000	H	118.000	L	118.000
Planning saw in June their worse month in recent memory for fees. As at end of June Planning is £60k under budget and land charges are £30k ahead. Assuming that these services both run at budget for the remainder of the year there is a £30k risk	0.000	H	30.000	L	30.000
Demolition of Mellish Road Church – Cabinet on 13 April agreed that if we are unable to recover costs from owners, then the cost would be funded from contingency (please note this is Development and Delivery not Property Services)	0.000	H	150.000	H	150.000
Cleaning & Caretaking income	0.000	H	112.000	H	112.000
Redundant buildings excess costs	0.000	H	120.000	H	120.000
Reduction in capital fee income	0.000	H	180.000	H	180.000
Total Regeneration	0.000		710.000		710.000

Appendix 2 - Summary of 2011/12 Capital Programme

Service	Annual Budget £	Actual To Date £	Year End Forecast £	Year End Variance £	Proposed Slippage to 2012/13 (£)
<u>Mainstream</u>					
<u>Development & Delivery</u>					
Acquisition of Cool Trader	677,000	666,519	677,000	0	0
Environmental regeneration	115,170	60,238	115,170	0	0
Regenerating Walsall	489,902	0	461,065	28,837	0
Strategic acquisitions	545,763	574,600	574,600	-28,837	0
Strategic corridors & gateways	114,533	0	114,533	0	0
Town, district and local centres	120,162	0	120,162	0	0
<u>Housing Services</u>					
Aids & adaptations	2,161,216	242,724	2,161,216	0	0
Health through warmth	500,000	0	500,000	0	0
Willenhall Lane travellers site phase 3	0	-16,470	0	0	0
<u>Property Services</u>					
Asbestos removal	155,000	1,940	155,000	0	0
Civic building air condition replacement	88,409	30,375	88,409	0	0
Control of legionella	275,000	57,856	275,000	0	0
Darlaston baths roof	200,000	0	0	200,000	200,000
Demolition of redundant buildings to save on rates	202,075	0	202,075	0	0
Fire risk assessment	200,000	0	200,000	0	0
Freer Street structural works	340,241	137	137	340,104	340,104
Planned property maintenance	166,850	95,589	166,850	0	0
Refurbishment of Leckie sons of rest in Walsall arboretum	190,000	0	190,000	0	0
Release of leased accommodation	200,000	10,970	200,000	0	0
Smarter Workplaces - Property Investment	1,831,456	0	1,831,456	0	0
Shop maintenance	49,554	3,359	49,554	0	0
Work resulting from the statutory testing of building services	344,451	141,382	344,451	0	0

Investment in ICT Technology to support smarter workplace	1,224,770	0	1,224,770	0	0
<u>Smarter Workplaces</u>					
Smarter Workplaces - Staffing Costs	648,357	0	648,357	0	0
Smarter Workplaces - ICT Investment	1,780,715	0	1,780,715	0	0
Smarter Workplaces - Property Investment	268,044	0	268,044	0	0
Subtotal mainstream funding	12,888,668	1,869,219	12,348,564	540,104	540,104
<u>Other funding</u>					
<u>Development & Delivery</u>					
Bridge Street/Ablewell Street THI - HLF	83,123	31,603	83,123	0	0
Darlaston SDA - Moxley & Whitworth Close	20,000	0	20,000	0	0
Relocation of Pleck boxing club	35,000	38,548	38,548	-3,548	0
Willenhall THI - HLF	450,000	0	450,000	0	0
Willenhall THI - VIEW contribution	225,000	0	225,000	0	0
Walsall Town Centre 'Way Finding Project'	105,659	15,000	105,659	0	0
<u>Housing Services</u>					
Disabled facilities grant	1,351,000	342,967	1,351,000	0	0
Growth Points - Heathfield Lane West	72,343	0	72,343	0	0
Kickstart	174,758	0	174,758	0	0
<u>Strategic Regeneration</u>					
Bus showcase	0	1,371	0	0	0
LTP grant	2,365,597	-4,905	2,365,597	0	0
Subtotal other funding	4,882,480	424,585	4,886,028	-3,548	0
Total Regeneration capital	17,771,148	2,293,803	17,234,592	536,556	540,104

