

**ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 7**

DATE: 4 OCTOBER 2010

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Harris – Leisure Culture & Environment
Councillor Ansell – Transport
Councillor Ali – Communities & Partnerships

Summary of report

This report summarises the predicted revenue and capital position for 2010/11, based on the performance for quarter 1 (1st April to 30th June 2010), for services within the remit of the Environment Scrutiny & Performance Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Environment Scrutiny & Performance Panel is net revenue overspend of **£174k**, after the use of approved reserves and carry forwards and action planning. The capital forecast is for a break even position.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2009/10
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:



Chief Finance Officer: James T Walsh
Date: 25 August 2010



Executive Director: Jamie Morris
Date: 25 August 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 overspends within service. Any year end 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.

Contact Officer:

Steve Hough, Group Accountant, Neighbourhood Services.

☎ 01922 653453, ✉ houghs@walsall.gov.uk

1 Forecast Revenue Outturn 2010/11 – Environment

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Environment Scrutiny & Performance Panel (based on the position as at the end of June 2010) is an overspend against budget of **£174k** (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 **£80k** (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 **£50k** 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 the position 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 £425k and £1.527m respectively. The full year effect of previous years' investments and savings included in the budget are £336k investments and £44k savings. A full breakdown of these can be found in the 2010/11 Neighbourhood Services 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

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of reserves £	Variance after Reserves £
<u>Environment Portfolio</u>								
Engineering & Transportation								
Pollution Control	659,066	164,766	124,538	(40,228)	650,312	(8,754)	0	(8,754)
Street Pride								
Grounds, Street Cleansing & Pub Cons	5,283,663	1,337,404	1,327,714	(9,690)	5,283,663	0	0	0
Policy & Performance	(441,371)	(110,334)	(124,662)	(14,328)	(441,371)	(0)	0	(0)
Waste Management	11,146,383	2,467,328	2,358,550	(108,778)	11,146,383	(0)	0	(0)
Fleet Services	2,142,055	535,518	593,563	58,045	2,142,055	0	0	0
Fleet Services Leasing replacement prog	649,857	410,695	410,695	0	649,857	0	0	0
Neighbourhood Service Management	200,832	50,205	47,828	(2,377)	200,832	0	0	0
<u>Transport Portfolio</u>								
Roadworks Management	1,116,363	279,087	288,922	9,835	1,306,363	190,000	(80,000)	110,000
Highways Maintenance & Public Lighting	7,915,519	1,978,875	2,026,195	47,320	7,915,519	0	0	0
Transportation & Forward Planning	674,913	168,729	46,307	(122,422)	665,124	(9,789)	0	(9,789)
Engineering Design and Construction	34,725	8,682	0	(8,682)	31,500	(3,225)	0	(3,225)
Traffic & Transportation General	(62,918)	(15,732)	51,728	67,460	(57,087)	5,831	0	5,831
Traffic & Transportation	644,137	160,701	273,163	112,462	706,956	62,819	0	62,819
Engineering Management	(8,750)	(2,184)	31,822	34,006	(8,750)	0	0	0
Structures & Geotechnics	470,350	117,591	103,347	(14,244)	463,074	(7,276)	0	(7,276)
Major Projects & Minor Improvements	(158,520)	(39,630)	(47,327)	(7,697)	(158,520)	0	0	0
<u>Communities & Partnerships Portfolio</u>								
Public Safety								
Environmental Health	1,441,844	370,225	324,052	(46,173)	1,465,844	24,000	0	24,000
Total Environment	31,708,148	7,881,926	7,836,436	(45,490)	31,961,754	253,606	(80,000)	173,606

2 Forecast Capital Outturn 2010/11 – Environment

- 2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of June 2010) is a predicted break even position against budget of **£8.460m**. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<u>Table 2 – Summary of Capital Programme - Quarter 1 2010-11</u>				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Street Pride	1,441,500	-13,396	1,441,500	0
Engineering & Transportation	6,145,509	1,642,705	6,145,509	0
Total Mainstream	7,587,009	1,629,308	7,587,009	0
Non Mainstream				
Street Pride	653,282	0	653,282	0
Engineering & Transportation	219,733	19,055	219,733	0
Total Non Mainstream	873,015	19,055	873,015	0
Total Environment	8,460,024	1,648,363	8,460,024	0

APPENDIX 1 MAIN REASONS FOR REVENUE VARIANCES		
Service Area	Explanation of Year End Forecast	Variance
Roadworks Management	Forecast underachievement of external income - this trend continues from that experienced in 2009/10. An action plan is currently being drawn up to reduce this overspend.	110,000
Traffic & Transportation	Under achievement of car parking fee income. An action plan is currently being drawn up to address this issue.	62,819
Other small net variances		787
TOTAL VARIANCE		173,606

Appendix 2 Financial Risk Assessment - Revenue Budget 2010/11

POTENTIAL RISK	LOWEST COST £M	ASSESSMENT OF RISK	HIGHEST COST £M	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £M
Public Safety restructure still ongoing - pressures could be identified later in year	0.000	LOW	?	LOW	?
Public Safety stray dogs kennelling costs (central contingency form to be submitted)	0.000	MEDIUM	0.000	MEDIUM	0.000
Loss of car park income with the opening of the new Tesco store	0.000	HIGH	?	HIGH	?
Further loss of section 74 income over that shown in monitoring	0.000	HIGH	0.050	HIGH	0.050
Total Neighbourhood services	0.000		0.050		0.050

Appendix 3 - Forecast Capital Outturn 2010/11

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Council Resources				
Street Pride - litter bins	10,000	0	10,000	0
Street Pride - Depot relocation	1,051,500	0	1,051,500	0
Street Pride - HSE works to Norfolk Place depot	264,000	(13,396)	264,000	0
Street Pride - Purchase of hot jet pavement cleaning machine	116,000	0	116,000	0
Eng & Transport - Bridge strengthening	854,193	14,597	854,193	0
Eng & Transport - Bridgeman Street car park	0	0	0	0
Eng & Transport - Disabled facilities at pedestrian crossings	48,572	36,214	48,572	0
Eng & Transport - Hatherton Road multi storey car park	200,000	0	200,000	0
Eng & Transport - Highways maintenance	950,000	860,491	950,000	0
Eng & Transport - Lower Bridge Street taxi rank	70,000	2,939	70,000	0
Eng & Transport - LTP	2,476,000	727,715	2,476,000	0
Eng & Transport - Maintenance contributions to TCTP	41,438	748	41,438	0
Eng & Transport - Town centre on street parking	250,000	0	250,000	0
Eng & Transport - Town centre transport package (TCTP)	625,306	0	625,306	0
Eng & Transport - Walsall TCTP ring road acquisition	630,000	0	630,000	0
Total Council Resources	7,587,009	1,629,308	7,587,009	0
Externally Funded				
Street Pride - Waste infrastructure capital grant	162,642	0	162,642	0
Street Pride - Depot relocation	490,640	0	490,640	0
Eng & Transport - Specific Road Safety Grant	25,763	18,552	25,763	0
Eng & Transport - Development of Highways Asset Management Plans(HAMPs)	193,970	503	193,970	0
Total Externally Funded	873,015	19,055	873,015	0
Total Environment	8,460,024	1,648,363	8,460,024	0