

**NEIGHBOURHOODS
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 7**

12 NOVEMBER 2014

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2014/15

Ward(s) All

Portfolio (s):

Councillor Hussain – Community, Leisure and Culture
Councillor Jeavons – Environment and Transportation

Summary of report

This report summarises the predicted revenue and capital position for 2014/15, based on the performance for quarter 2 (1 July to 30 September 2014), for services within the remit of the Neighbourhoods Scrutiny and Performance Panel.

The 2014/15 forecasted year-end financial position for services under the remit of the Neighbourhoods Scrutiny and Performance Panel is a net revenue underspend of **£301k**, after the use of approved reserves, carry forwards, transfer of windfall income and implementation of a corrective action plan. The capital forecast is an in year underspend of **£0.080m** of which the majority (£0.060m) will be requested to be carried forward into the next financial year with the remaining (£0.020m) being the net underspend.

Recommendation

To note the forecast year-end financial position for services under the remit of the Neighbourhoods Scrutiny and Performance Panel.

Background papers

Various financial working papers.
Quarter 1 Financial monitoring position for 2014/15
2014/15 Budget Books on council's Internet and Intranet.

Reason for scrutiny

To inform the panel of the forecasted financial position for 2014/15 for services within the remit of this panel.

Signed:



Chief Finance Officer: James T Walsh
Date: 24 October 2014

Executive Director: Jamie Morris
Date: 24 October 2014

Resource and legal considerations

Services are required to manage their services within budget. Variances 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 the directorate. .

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. Variances against budget are identified in the report along with any corrective action.

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 Officers:

Chris Knowles, Services Finance Manager.

☎ 01922 650392 ✉ knowlesc@walsall.gov.uk

1 Forecast Revenue Outturn 2014/15

- 1.1 The forecast revenue outturn for 2014/15 for the services under the remit of the Neighbourhoods Scrutiny and Performance Panel (based on the position as at the end of September 2014) is an underspend against budget of **£301k** (net of the use of earmarked reserves, transfer of windfall income). The outturn shown is based on actual information from the Oracle system, and discussions with managers regarding year-end forecasts 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 and to report on these 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 (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years of **£2.468m** and a year-end transfer to reserves of **£1.379m**. A summary of the reserves is attached as **Appendix 1**
- 1.4 **Table 1** provides the forecast outturn for each service, with **Appendix 2** giving detailed reasons for the forecast overspend.
- 1.5 Within the services associated with the panel there are a number of potential risks totalling **£0.529m**. At this stage the risks are not certainties and as such are not included in the monitoring as under or 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 3**.
- 1.6 Included within the directorate budget for 2014/15 are savings, as approved by Council on 27 February 2014, totalling **£4.110m**. The full year effect of previous years' savings included in the budget is **£1.300m** and **£2.811m** of new savings. The 2014/15 budget includes investment of **£0.704m** for inflationary pressures and **£0.414m** for service pressures. A full breakdown of investment and savings can be found in the 2014/15 budget book. Where savings are not able to be achieved in full in year, directorate management teams are required to identify and manage alternative savings in liaison with the relevant portfolio holder.

Table 1 – Forecast Revenue Outturn 2014/15

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of reserves £	Transfer to reserves £	Windfall income £	Variance after Reserves £
Clean & Green Services	18,745,403	9,681,710	9,679,817	(1,893)	18,694,980	(50,423)	(186,497)	0	45,000	(191,920)
Communities & Partnership	2,102,820	1,051,440	984,790	(66,650)	3,296,900	1,194,080	(1,264,744)	0	0	(70,664)
Engineering & Transportation	11,082,001	5,465,436	5,555,772	90,336	10,158,641	(923,360)	(272,521)	1,196,946	0	1,065
Leisure & Community Health	366,733	405,493	520,444	114,951	608,523	241,790	(367,203)	112,294	2,357	(10,762)
Libraries Heritage & Arts	6,079,843	2,962,075	3,040,654	78,579	6,322,843	243,000	(255,424)	0	0	(12,424)
Regulatory Services	1,984,954	992,532	806,920	(185,612)	2,089,544	104,590	(121,599)	0	0	(17,009)
WACC & WLLA	130,679	65,310	71,668	6,358	60,982	(69,697)	0	69,697	0	0
Strategic Transportation	(44,738)	(22,368)	35,414	57,782	(44,738)	0	0	0	0	0)
Total	40,447,695	20,601,628	20,695,479	93,851	41,187,675	739,980	-2,467,988	1,378,937	47,357	-301,714

2 Forecast Capital Outturn 2014/15

- 2.1 The forecast capital outturn for 2014/15 for the schemes under the remit of this panel (as at the end of September 2014) is a predicted underspend against budget of **£0.080m** of which **£0.020m** is a net underspend and **£0.060m** will be requested to be carried forward into 2015/16. **Table 2** provides a summary of capital variances per service with a more detailed analysis by scheme at **Appendix 4**.

Table 2 – Summary of Capital Programme - Forecast 2014/15				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Engineering & Transportation	3,097,557	754,792	3,071,405	(26,152)
Clean and Green Services	1,702,672	1,019,297	1,728,773	26,101
Communities & Partnership	259,975	9,225	259,975	0
Leisure & Community Health	155,000	14,792	135,000	(20,000)
Libraries Heritage & Arts	441,340	2,211	441,340	0
WACC	85,000	60,912	85,000	0
Total Mainstream	5,741,544	1,861,229	5,721,493	(20,051)
Non Mainstream				
Engineering & Transportation	2,588,787	657,004	2,528,430	(60,357)
Clean and Green Services	2,473,239	643,546	2,473,239	0
Libraries Heritage & Arts	144,064	190	144,064	0
Strategic Transportation	1,605,846	255,827	1,605,839	(7)
Total Non Mainstream	6,811,936	1,566,537	6,751,572	(60,364)
Total Capital	12,553,480	3,417,767	12,473,065	(80,415)

Appendix 1 – Breakdown of Reserve Utilisation 2014/15

Type of Reserve	Reserve details	Reserve expected to be used £	To be transferred to reserves £
IFRS	Grange Planting	(9,977)	
IFRS	Forestry Commission	(4,860)	
IFRS	Section 106	(126,289)	
IFRS	NHS projects	(49,500)	
IFRS	Paul Hamlyn Foundation/Right to Read	(370)	
IFRS	Bookstart	(4,528)	
IFRS	Early Years 13/14	(3,000)	
IFRS	New Art Gallery - Audience Black Country Membership	(5,520)	
IFRS	Sport England - Marketing	(33,278)	
IFRS	Sport England - Workforce and skills	(7,381)	
IFRS	Sportivate	(1,056)	
IFRS	Specialised Conditions	(3,389)	
IFRS	Sports Development-Active England	(15,277)	
IFRS	Sports Development-Doorstep Sports Clubs	(2,325)	
IFRS	Sports Development-Extend	(5,419)	
IFRS	Sports Development-Walk on	(39,835)	
IFRS	Sports Development-Way Forward	(9,320)	
IFRS	Public Health Transition funding	(15,108)	
IFRS	Health retailer	(14,549)	
IFRS	Tobacco funding	(15,000)	
IFRS	Tobacco control	(2,293)	
IFRS	Sniffer Dog Grant	(2,107)	
IFRS	No Cold Calling Zones	(2,000)	
Central	Area partnerships	(63,780)	
Central	Performance reward grant	(108,141)	
Central	Six area partnership funding	(240,000)	
Central	Hub Funding - Moxley	(186,733)	
Central	Hub Funding - Ryecroft	(163,463)	
Central	Local Area Co-ordinator	(48,460)	
Central	Healthwatch	(20,745)	
Central	Assets of community value	(3,150)	
Central	Working Neighbourhood Fund	(380,772)	
Central	Log / Wood Shed	(10,569)	
Central	Darlaston Rec	(5,850)	
Central	Redundancies	(19,512)	
Central	Legal Fees	(16,000)	
Central	Willenhall Lawn Cemetery feasibility	(87,659)	
Central	Pension costs	(3,660)	
Central	Contingency for catenaries (Festive decorations)	(8,400)	
Central	Pension and redundancies	(167,022)	
Central	Restructure pay protection	(13,912)	
Central	Pension and redundancies	(49,012)	
Central	Commutated sum Shannons Mill	(6,000)	
Central	Highways Insurance Liabilities	(130,000)	
Central	Bus Lane enforcement	(126,521)	
Central	Legal fees	(58,993)	
Central	Redundancies	(13,844)	
Central	Superannuation auto enrollment	(35,759)	
Carry forward	Trading Standards Shared Services Pilot	(69,650)	
Carry forward	Sports Dev	(20,000)	
Carry forward	Rights of Way	(10,000)	
IFRS	Environmental Levy & Exclusive Burial Rights	(28,000)	112,294
Central	Skills funding agency		69,697
Central	Street lighting PFI		1,196,946
	Total Reserves	(2,467,988)	1,378,937

IFRS stands for International financial reporting standard – this was the standard that determined that some funds had to be treated as reserves as opposed to receipts in advance as previously allowed.

Appendix 2 – Breakdown of Revenue Variances 2014/15

Service Area	Detail	£
Clean and green		
Operational	Staffing underspend, reduced cost for issuing of new bins and reduced cost of leasing	(363,516)
Strategic	Shortfall in recyclable waste income £133k, increase in premises £75k and staffing costs £75k, partly offset by reduced transport £70k and additional fleet income £40k	172,303
	Other small variances	(707)
Communities & partnership		
Community safety	Posts held vacant to fund overspend below	(82,961)
Voluntary & community	Walsall Voluntary Action £100k funding partly offset by vacancies £44k and contract savings £44k	12,297
Engineering & transportation		
Engineering & transportation General	Posts held vacant to fund overspend below	(67,037)
Road works management	Increased spend on drainage works and safety fencing	174,152
Transportation forward planning	Posts held vacant	(105,601)
	Small variances	(449)
Leisure & community health		
Bereavement services	Police providing coroner's service	(63,430)
Catering	Income shortfall, mainly around Town hall restaurant and Bistro	52,575
	Other small variances	93
Libraries, heritage & arts		
Creative development team	Income shortfall	46,372
Libraries	Underspend on salaries £115k partly offset by additional supplies £31k	(87,265)
New art gallery	Shortfall on income £10k and investments £13k, and increased expenditure on supplies £29k partly offset by vacant posts £36k	15,589
Heritage	Salary overspend	12,736
	Other small variances	144
Regulatory services		
Environmental health	Reduced third party recharges	(4,716)
Trading standards	Staffing underspend £24k, partly offset by increased cost of supplies and services £9k	(12,740)
	Small variances	447
		(301,714)

Appendix 3 – Potential Risks 2014/15

Potential risk	Risk exposure £'000	Assessment of likelihood
Regulatory Services - Unknown court costs arising from prosecutions	23	Low
Regulatory Services - Unknown court costs arising from licensing act appeals	30	Low
Regulatory Services - Unknown court costs arising from taxi/private hire appeals	4	Low
Bereavement Services - Home Office citizenships not returning to a normal level	3	Low
Leisure Centres - Request for Council contribution to free swimming for under 16s is not agreed	6	Low
Subtotal low risk	66	
Green spaces - possible action against horses on Council land at £1,500 each	6	Medium
Creative development team - reduction in the number of external commissions resulting in lower income	36	Medium
Regulatory Services - Increase in the cost of kennelling stray dogs.	10	Medium
Regulatory Services - Increase in the number of stray dogs due to the economic down turn	10	Medium
Regulatory Services - Incursion of additional unauthorised encampments	20	Medium
Regulatory Services - underachievement of pest control income due to a cold summer	6	Medium
Regulatory Services - burial costs where there is no known family	8	Medium
Bereavement Services - impact of a pandemic flu outbreak	12	Medium
Catering - loss of contracts	100	Medium
Subtotal medium risk	208	
Engineering - Impact of a severe winter, additional gritting required	90	High
Engineering - Reduction in usage of car parks or loss of car parks resulting in less income	30	High
Regulatory Services - Incident(s) of infectious disease either in animal health or human e.g. ecoli, legionnaires	45	High
Clean and Green - reduction in levels of co-mingled recyclables and or market value resulting in reduced income	16	High
Clean and Green - increased waste tonnage disposal.	74	High
Subtotal high risk	255	
TOTAL	529	

Appendix 4 – Capital Programme 2014/15

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16	Estimated (Under) / Overspend
	£	£	£	£	£	£
Mainstream						
Engineering and Transportation						
Walsall TCTP ring road acquisition	100,000	0	100,000	0	0	0
Highways maintenance	1,700,000	557,517	1,700,000	0	0	0
LTP including bridge strengthening 2010/11	508,058	13,448	508,058	0	0	0
Retained Housing Land	119,489	50,079	119,489	0	0	0
Lighting to save initiatives	11,986	8,688	11,986	0	0	0
Public Lighting Invest to Save for replacement LED lighting	250,000	0	250,000	0	0	0
Footpath Highfield Road, Pelsall	15,607	0	0	(15,607)	0	(15,607)
New car park provision - Lucknow Road	168,000	351	168,000	0	0	0
New Invention car park	23,436	9,970	13,436	(10,000)	0	(10,000)
Pelsall Road flood alleviation scheme	11,270	4,725	6,725	(4,545)	0	(4,545)
Traffic signals infrastructure conversion LED signal operation	45,000	0	45,000	0	0	0
Valley Road	10,000	0	14,000	4,000	0	4,000
Verge Parking	134,711	110,015	134,711	0	0	0
Clean and Green				0	0	0
Allotment and community garden strategy - Borneo Street	195	195	195	0	0	0
Allotments	6,027	1,961	6,027	0	0	0
Arboretum Play Area	4,477	1,600	4,477	0	0	0
George Rose Park	31,243	23,127	31,243	0	0	0
Goscote Valley Sustrans Bridge Repair	3,000	0	3,000	0	0	0
Green space improvement plan	75,473	101,574	101,574	26,101	0	26,101
Kendrick Place	19,250	0	19,250	0	0	0
Restoration and Renovation of Broadway West Playing Fields	75,000	0	75,000	0	0	0
Walsall Arboretum Car Park Resurfacing	170,000	0	170,000	0	0	0
Walsall Arboretum Embankment	981,000	938,094	981,000	0	0	0
Walsall Arboretum Restoration Programme - illuminated Park proposals	270,000	0	270,000	0	0	0
Willenhall Memorial Park	67,007	(17,254)	67,007	0	0	0
Depot relocation	0	(30,000)	0	0	0	0

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16	Estimated (Under) / Overspend
Communities and Partnership						
Improving security in local neighbourhoods	4,225	0	4,225	0	0	0
Darlaston Community Association	255,750	9,225	255,750	0	0	0
Leisure and Community Health						
Headstone safety in Cemeteries	80,000	14,792	60,000	(20,000)	0	(20,000)
Willenhall EACT Academy Swimming Pool Changing Provision	75,000	0	75,000	0	0	0
Libraries and Heritage						
Forest Arts Centre (renovation of sports hall)	198,800	1,866	198,800	0	0	0
Bentley Community Facility	175,000	0	175,000	0	0	0
Libraries Universal Digital Offer	67,540	345	67,540	0	0	0
WACC						
Refurbishment & upgrade of college facilities & premises	85,000	60,912	85,000	0	0	0
Total Mainstream	5,741,544	1,861,228	5,721,492	(20,052)	0	(20,052)
Non Mainstream						
Engineering and Transportation						
Additional Highway Maintenance emergency road repairs severe weather	251,947	0	251,947	0	0	0
Additional Highway Maintenance pothole funding	448,614	35,376	448,614	0	0	0
Development of Highways Asset Management Plan (HAMPS)	110,856	499	50,499	(60,357)	(60,357)	0
Local Highways Maintenance Funding	188,000	0	188,000	0	0	0
LTP Highway Maintenance - Bridges	262,945	54,412	262,945	0	0	0
Low emission Strategy	1,990	831	1,990	0	0	0
Land North of Leamore Lane	2,435	0	2,435	0	0	0
LTP Highway Maintenance	1,322,000	565,887	1,322,000	0	0	0
Clean and Green						
King George v playing fields S106	150,522	137,644	150,522	0	0	0
Kings Hill park improvement - phase 2	0	10	0	0	0	0
Palfrey Park	6,994	0	6,994	0	0	0
Pleck Park	0	20	0	0	0	0
Recreating the Croft	2,288	2,288	2,288	0	0	0
Reedswood Park	0	0	0	0	0	0

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Requested Carry Forward to 2015/16	Estimated (Under) / Overspend
Walsall arboretum restoration programme (PRU)	2,061,099	470,175	2,061,099	0	0	0
Waste infrastructure capital grant	252,336	33,408	252,336	0	0	0
Libraries and Heritage						
Pelsall library, children's centre and health centre	144,064	190	144,064	0	0	0
Strategic Transportation						
LTP Black Country quick wins 2	71,000	51,995	71,000	0	0	0
Local Sustainable Transport Fund	27,000	0	27,000	0	0	0
Local Transport Plan	1,507,846	203,832	1,507,839	(7)	(7)	0
Total Non Mainstream	6,811,936	1,556,537	6,751,572	(60,364)	(60,364)	0
Overall total	12,553,480	3,417,767	12,473,065	(80,415)	(60,364)	(20,052)

Comments on variances

- Footpath on Highfield Road Pelsall, this project has been cancelled.
- New Invention Car park, £10k is not required to complete the project and has therefore been offered up as an underspend
- Pelsall Road flood alleviation scheme, scheme coming in under original projections, overspend to offset Valley Road
- Valley Road, additional requirement to upgrade highway under new legislation
- Green spaces improvement plan, additional funding to be sought but required work to be completed prior to claiming.
- Headstone safety in cemeteries, reduction in demand for new rafts
- Development of Highway Asset Management Plan, ongoing project, funding to be carried forward into 2015/16