

22 January 2009

**Revenue & Capital Monitoring – 2008/09 Third Quarter Forecast**

**Ward(s)** All

**Portfolios:** Cllr Anthony Harris, Cllr Louise Harrison, Cllr Gary Perry, Cllr Rachel Walker

**Summary of report:**

This report gives a breakdown of the Directorate's revenue and capital outturn forecast for 2008/09 including explanations of variances and risks to the achievement of the forecast, based on 9 months of the financial calendar, April to December 2008.

**Background papers:**

Various financial working papers.

**Reason for scrutiny:**

To provide an update on the 2008/09 financial performance of the services falling within the remit of this panel.

**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 the overspend. Any corporate overspend will require replenishment in the 2009/10 budget.

**Citizen impact:**

None directly associated with this report.

**Environmental impact:**

None directly associated with this report.

**Performance and risk management:**

Financial performance is considered alongside service targets. Budgets are risk assessed and risk is reported to management on a monthly basis.

**Equality Implications:**

None directly associated with this report.

**Consultation:**

This report is produced in consultation with senior officers and budget holders.

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## **1 Forecast Revenue Outturn 2008-09 – Neighbourhood Services**

- 1.1 The forecast revenue outturn for the Neighbourhood Services directorate (as at the end of December 2008) is an expected overspend of **£206,353** (after the use of reserves), and an overspend of £1,162,449 prior to the use of reserves/central resources. The outturn shown is based upon actual information from the Oracle system and discussions with managers regarding year-end forecast and achievement of savings. **Table 1** shows the forecast outturn for each service area within the directorate. **Table 2** provides an analysis of the reasons for the forecast material variances.
- 1.2 **Risks to the Forecast**  
The forecast outturn only includes areas where there is a high degree of certainty about overspends and where there is limited scope for remedial action to offset these costs. Clearly all options will continue to be explored throughout the financial year so as to minimise the potential overspend.

**Table 1 – Forecast Revenue Outturn 2008-09**

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of reserves £	Variance after Reserves £	Risk (H/M/L)
<b>Built Environment</b>									
Street Pride	16,553,011	12,034,913	10,830,099	(1,204,814)	16,586,142	33,131	(550,131)	(517,000)	G
Engineering & Transportation	8,987,243	7,721,556	6,991,904	(729,652)	9,524,943	537,700	(50,000)	487,700	R
Public Protection	1,711,811	1,253,800	1,227,538	(26,262)	1,905,375	193,564	(26,313)	167,251	R
Safer Walsall Partnership	1,531,237	1,336,173	1,222,564	(113,609)	1,422,349	(108,888)	0	(108,888)	G
<b>Leisure, Culture &amp; LLL</b>									
Sports Mgt	1,498,861	1,191,486	1,213,717	22,231	1,704,658	205,797	(69,000)	136,797	R
Sports Development	441,677	379,036	567,484	188,448	441,677	0	0	0	G
Bryntysilio	346,278	256,216	294,905	38,689	346,278	0	0	0	G
Greenspaces	4,567,708	3,465,179	3,447,130	(18,049)	4,516,136	(51,572)	(27,200)	(78,772)	G
Arts & Events	784,614	564,872	808,193	243,321	776,839	(7,775)	0	(7,775)	G
Marketing & Box Office	194,785	146,351	141,929	(4,422)	194,785	0	0	0	G
Walsall Illuminations	(20,255)	(43,034)	55,694	98,728	135,442	155,697	0	155,697	R
Management Services	398,949	286,954	210,061	(76,893)	418,380	19,431	(12,000)	7,431	A
Catering	336,921	248,034	469,894	221,860	437,657	100,736	0	100,736	R
Libraries & Heritage	5,442,164	4,096,401	4,084,887	(11,514)	5,376,626	(65,538)	0	(65,538)	G
Ready Steady Summer	51,000	38,250	92,101	53,851	101,000	50,000	(50,000)	0	G
Creative Development	237,291	179,639	84,823	(94,816)	247,291	10,000	(10,000)	0	G
College of Continuing Educ	169,447	126,468	(1,211,590)	(1,338,058)	170,570	1,123	0	1,123	A
Art Gallery	963,912	831,356	1,436,519	605,163	1,033,912	70,000	0	70,000	R
First Stop Shop	268,118	520,034	498,952	(21,082)	245,592	(22,526)	0	(22,526)	G
Electoral Services	411,405	365,808	377,138	11,330	433,560	22,155	0	22,155	R
<b>Walsall Partnership</b>	156,400	55,692	157,670	101,978	156,670	270	(50,000)	(49,730)	G
<b>NPP</b>	1,355,212	1,015,031	1,290,114	275,083	1,374,357	19,145	(111,452)	(92,307)	G
<b>NS 2008-09 Cash Limit</b>	<b>46,387,789</b>	<b>36,070,215</b>	<b>34,291,726</b>	<b>(1,778,489)</b>	<b>47,550,238</b>	<b>1,162,449</b>	<b>(956,096)</b>	<b>206,353</b>	
Depreciation	6,587,344	0	0	0	6,587,344	0	0	0	
Notional Interest	5,592,153	0	0	0	5,592,153	0	0	0	
FRS 17	892,281				892,281	0	0	0	
CSS	7,568,648	0	0	0	7,568,648	0	0	0	
Office Accommodation	847,527	0	0	0	847,527	0	0	0	
<b>Total NS</b>	<b>67,875,742</b>	<b>36,070,215</b>	<b>34,291,726</b>	<b>(1,778,489)</b>	<b>69,038,191</b>	<b>1,162,449</b>	<b>(956,096)</b>	<b>206,353</b>	

**TABLE 2 - FORECAST VARIANCE 2008/09 - NEIGHBOURHOOD SERVICES - December 2008**

Service Area	DECEMBER			Explanation of Variance
	Amount £	Reserves £	Actual £	
<b>Built Environment</b>				
Street Pride	215,000	-215,000	0	Waste - new Waste Collection service - approved investment held centrally.
	105,131	-105,131	0	Waste projects funded from LABGI earmarked reserve.
	230,000	-230,000	0	Waste - Fryers Road Floor Pad - c/f of underspend from 07/08 held as reserves.
	-680,000	0	-680,000	Waste - There is a predicted underspend of £65k from additional recycling income from paper, textiles and scrap metal (due to increase in current market prices) - this is an in year saving only, as ongoing increased income will be needed for the implementation of the new waste collection service. In addition, there is also a £85k estimated saving on transport costs due to the closure of the transfer station at Fryers Road for works to the floor pad (waste delivered direct to waste disposal sites), £61k other various under/overspends within Waste Management, £375k relates to estimated reduction in waste disposal of 5,000 tonnes @ £50 per tonne, £30k from lower than expected external legal fees and £64k from other non essential spend
	-23,000	0	-23,000	Policy & Performance - non essential expenditure
	-50,000	0	-50,000	Grounds and Street Cleansing - non essential expenditure
	236,000	0	236,000	Fleet - This relates to (£40k) BSO grant claim for previous years, overspend on private contractor fees £85k under achievement of external income £18k, £180k overspend on fuel costs due to price increases and saving of (£7k) due to non essential expenditure
Engineering & Transportation	-3,500	0	-3,500	Pollution Control - expected under-recovery of income £33k offset by £36.2 underspend on expenditure
	50,000	-50,000	0	Engineering Design and Construction HMRP costs to be funded from central contingency bid.
	96,000	0	96,000	Traffic & Transportation - additional contractor charges - £151k due delay in DPC contract, offset by £55k underspend in expenditure.
	403,000	0	403,000	Car Parks unachievement of fee income.
	22,200	0	22,200	Roadworks Management - expected under-recovery of income (new income stream not now coming on line due to problems with software)
	-30,000	0	-30,000	Built Environment Management - identified in year non essential spend, this will be reallocated to services by year end
Public Protection	193,563	-26,313	167,250	This arises due to £2k long service awards; £14k due to under achievement of verification income (due to relocation of customer to Poland); £13k under achievement of prosecution income in Trading Standards; £192k underachievement of breavement services income (£46k has been added for increase in charges from January but in year fee income has also increased to negate addition income); £22k overspend due to increase in utility costs in breavement services; £26k underachievement of licensing income; £24k under achievement of disinfestation income, £12k overspend on stray dogs; (£110k) various underspends within service to help offset overspend and (£29k) restraint on non essential expenditure.
Safer Walsall Partnership	-108,888	0	-108,888	This arises from vacant posts and reduction in non essential expenditure
BE sub-total	<b>655,506</b>	<b>-626,444</b>	<b>29,062</b>	
<b>Leisure &amp; Culture</b>				
Greenspaces	-51,572	-27,200	-78,772	Reserves relate to £27,200 from Sport England. With a saving of £78k due to restraint of non essential expenditure and vacancy management

Sports centres	205,797	-69,000	136,797	This overspend relates to under recover of sports centres income £148k, Utility bills misreadings backdated for 3 years for gala baths £95k, a saving of (£58k) for non essential expenditure and a saving of (£48k) in supplies and services.
Management Services	19,431	-12,000	7,431	Use of reserves relates to Illuminations consultancy which will be funded from LABGI with a Cost of £6k being due to non achievement of vacancy management and £1k other.
Catering	100,736	0	100,736	(£16k) due to employees, as catering are currently going through a restructure and redundancy costs will be incurred, £80k due to provisions - increase in food costs, (£6)k due to Sheffield Comp no longer receiving a catering service from September, £12k due to cash collection, £10k increase in transports cost mainly due to increase in fuel prices, £120k unachievable management fee, £100k shortfall of investment bid, (£175k) due to New School Lunch Grant and crossover of 07/08 grant, (£120k) fee for the management of the FSM budget on behalf of SERCO, £49k due to unachievement of meal income, £14k overspend on equipment & materials, (£7k) saving on premise costs, £7k due to increase in refuse collection costs, (£4k) savings on other supplies and services. The savings due to restrictive spend have been netted off against the increase in unachieved income.
COCE	1,123	0	1,123	
Arts and Events	-7,775	0	-7,775	Net effect of Streets alive (£12k), offset in part by £4k overspend in supplies
Walsall Illuminations	155,697	0	155,697	unachieved income of £156k.
Electoral Registration	22,155	0	22,155	Anticipated overspend due to two by-elections prior to 31 March 2009
Creative Development	10,000	-10,000	0	Leaps & Bounds project - c/f of underspend from 07/08 held as reserves.
Art Gallery	70,000	0	70,000	Costa Coffee increase in income £34k is not viable, overspend on utilities £28k, other £8k.
First Stop Shop	-22,526	0	-22,526	(£8k) project costs have been transferred to capital and a (£15k) saving put forward as part of CMT request for savings.
Libraries & Heritage	-65,538	0	-65,538	In response to CMT request 2 posts are to remain vacant to year end. Previously reported overspend on premises have in part been offset by contribution of central contingency, anticipated overachievement of income and other small underspends. Libraries expect overspends due to an unexpected pension contribution for an employee who left in July 2007, and on premises, transport and equipment which is being mitigated by underspend in employees. ICT have yet to confirm charges for 2008/09 but based on previous years experience it is felt that £50k of this budget may not be required and reflected in December monitoring.
Ready Steady Summer	50,000	-50,000	0	Use of earmarked reserves for ex NRF funded projects.
<b>L&amp;C sub-total</b>	<b>487,528</b>	<b>-168,200</b>	<b>319,328</b>	
<b>WBSP</b>	<b>270</b>	<b>-50,000</b>	<b>-49,730</b>	Additional income from external partners. £50k reserve relates to LABGI funding for the Robotic Project
<b>Neighbourhood Programme and P'ships</b>	<b>19,145</b>	<b>-111,452</b>	<b>-92,307</b>	Identified savings due to in year restraint £100k, additional income of £6k in part offset by an overspend of £13k for temp.
<b>NS forecast variance</b>	<b>1,162,449</b>	<b>-956,096</b>	<b>206,353</b>	

## 2 Capital Programme

- 2.1 The forecast capital programme outturn for the Neighbourhood Services directorate (as at the end of December 2008), is predicted to be £2,240,381 underspent. **Table 3** provides a financial analysis of the capital position by service.

<b>Table 3 – Summary of Capital Programme - Outturn 2008-09</b>					
<b>Service Area</b>	<b>Annual Budget £</b>	<b>Year To Date £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>	<b>Risk (H/M/L)</b>
<b>Mainstream</b>					
<b>Built Environment</b>					
SWBP	381,320	52,522	148,680	(232,640)	<b>R</b>
Street Pride	1,300,000	0	1,300,000	0	<b>G</b>
Engineering & Transportation	5,439,084	2,668,154	5,439,084	0	<b>G</b>
Public Protection	339,555	79,272	339,555	0	<b>G</b>
<b>Leisure, Culture &amp; LLL</b>					
Libraries & Heritage	724,585	85,478	664,585	(60,000)	<b>A</b>
Catering	152,699	119,600	152,699	0	<b>G</b>
Green Spaces	360,448	61,308	148,416	(212,033)	<b>R</b>
First Stop Shop	442,000	149,026	400,761	(41,239)	<b>A</b>
<b>N'hoods Ptships &amp; Progs</b>	50,000	0	50,000	0	<b>G</b>
<b>Total Mainstream</b>	<b>9,189,691</b>	<b>3,215,361</b>	<b>8,643,779</b>	<b>(545,912)</b>	
<b>Non Mainstream</b>					
<b>Built Environment</b>					
Street Pride	445,766	0	173,166	(272,600)	<b>G</b>
Engineering & Transportation	2,829,000	5,381,402	2,829,000	0	<b>G</b>
SWBP	107,000	0	107,000		<b>G</b>
<b>Leisure, Culture &amp; LLL</b>					
Libraries & Heritage	925,795	54,864	58,030	(867,765)	<b>G</b>
College of Continuing Educn	12,000	12,356	12,356	356	<b>G</b>
Greenspaces	801,548	77,802	247,804	(553,745)	<b>G</b>
Sports	105,517	31,841	104,801	(716)	<b>G</b>
<b>WBSP</b>	151,970	0	151,970	0	<b>G</b>
<b>N'hoods Ptships &amp; Progs</b>	86,023	0	86,023	0	<b>G</b>
<b>Total Non Mainstream</b>	<b>5,464,619</b>	<b>5,558,265</b>	<b>3,770,150</b>	<b>(1,694,470)</b>	
<b>Total NS Capital</b>	<b>14,654,310</b>	<b>8,773,625</b>	<b>12,413,929</b>	<b>(2,240,381)</b>	

- 2.2 It is currently assumed that all resources will be adequately programmed and spent by year end, with the exception of those schemes summarised in Table 4.

<b>Table 4 – Analysis of variances within Capital Programme</b>	
<b>Mainstream</b>	<b>£000</b>
<b>SWBP</b> – slippage of the CCTV digitalisation (£132) and delays to move to Delves (£100)	(232)
<b>Greenspaces</b> - due to £75k Palfrey Park Pavilion match funding for grant – awaiting outcome of bid and £128k Walsall Arboretum project delay in start (match funding) and £9k DDA	(212)
<b>Libraries</b> – delay in replacement air conditioning at the Local History Centre	(60)
<b>First Stop Shop</b> – Local access bus	(41)
<b>Non Mainstream</b>	
Street Pride – Slippage of DEFRA grant into 2009/10	(273)
Libraries & Heritage – underspend on Bloxwich Library project to be slipped into 2009/10	(868)
Greenspaces – Walsall Children’s Play Fund – expected slippage into 2009/10. Delay due to design and purchase of vehicle.	(243)
Greenspaces – Palfrey Park Pavilion– awaiting outcome of funding bid.	(296)
Greenspaces – other minor variances	(14)
Sports – NOF for PE & Sport – funding secured – budget to be allocated	(1)
<b>TOTAL</b>	<b>(2,240)</b>