

**REGENERATION  
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item No. 9**

**DATE:** 28 February 2013

**QUARTER 3 FINANCIAL MONITORING POSITION FOR 2012/13**

**Ward(s)** All

**Portfolio:**

Councillor Andrew – Regeneration

**Summary of report**

This report summarises the predicted revenue and capital position for the year ended 2012/13, based on the performance for quarter 3 (to end of December 2012), for services within the remit of the Regeneration Scrutiny and Performance Panel.

**Recommendation**

To note that the 2012/13 forecasted year-end financial position for services under the remit of the Regeneration Scrutiny and Performance Panel, is a revenue variance (under spend) against budget of **£0.218m** (net of the use of earmarked reserves), and a capital under spend of **£10.896m** of which **£10.049m** will be requested to be carried forward.

**Background papers**

Quarter 1 Financial monitoring position for 2012/13  
Quarter 2 Financial monitoring position for 2012/13  
Various financial working papers  
2012/13 Budget Book on Council's Internet and Intranet

**Reason for scrutiny**

To inform the panel of the forecasted financial position for 2012/13 within the remit of this panel.

**Signed:**



**Chief Finance Officer:** James T Walsh



**Executive Director:** Tim Johnson

**Date:** 12 February 2013

**Date:** 13 February 2013

## **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. Any corporate overspend will require replenishment in the 2013/14 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 were put in place to mitigate overspends. 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:**

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## 1 Forecast Revenue Outturn 2012/13 – Regeneration Directorate

- 1.1 The forecast revenue outturn for 2012/13 for the services under the remit of the Regeneration Scrutiny and Performance Panel is an under spend against budget of **£0.218m** (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 the 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 the service and to manage additional risks as they arise.
- 1.3 The forecast includes use of reserves of **£4.229m** where approval was given by Cabinet for additional funds for specific services, and also transfers to reserves of **£1.718m**.
- 1.4 **Table 1** below provides a summary by service, and a full analysis of the material variances is shown in **Appendix 1**.
- 1.5 Within the services associated with the panel there are a number of risks around uncontrollable demand which is estimated at **£0.350m**. 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. A summary of the risk assessment is attached as **Appendix 2**.
- 1.6 The budget for 2012/13 included approved savings of **£0.635m**, of which £0.632m has been achieved. A full breakdown of investment and savings can be found in the 2012/13 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 2012/13**

<b>Service Area</b>	<b>Annual Budget</b>	<b>Profiled Budget</b>	<b>Year to Date</b>	<b>Variance</b>	<b>Final Outturn</b>	<b>Year End Variance</b>	<b>Use of Reserves</b>	<b>Transfer to Reserves</b>	<b>Adjusted Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Development & Delivery	695,880	534,779	731,474	196,695	2,411,029	1,715,149	-1,867,219	56,833	<b>-95,237</b>
Housing Services	1,002,292	758,639	519,910	-238,729	1,237,389	235,097	-565,961	330,861	<b>-3</b>
Planning & Building Control	469,813	297,535	271,529	-26,006	661,380	191,567	-276,822	216,665	<b>131,409</b>
Property Services	4,628,222	3,487,524	4,689,481	1,201,957	4,133,545	-494,677	-220,498	464,005	<b>-251,170</b>
Regeneration Management	464,374	348,291	322,889	-25,402	460,936	-3,438	0	0	<b>-3,438</b>
Smarter Workplaces	23,986	17,964	715,156	697,192	1,173,467	1,149,481	-1,149,481	0	<b>0</b>
Strategic Regeneration	1,726,705	1,295,055	609,525	-685,530	1,226,281	-500,424	-149,473	649,893	<b>-4</b>
<b>TOTAL REGENERATION</b>	<b>9,011,272</b>	<b>6,739,787</b>	<b>7,859,964</b>	<b>1,120,177</b>	<b>11,304,027</b>	<b>2,292,755</b>	<b>-4,229,454</b>	<b>1,718,257</b>	<b>-218,442</b>

## 2 Capital Outturn 2012/13 – Regeneration Directorate

2.1 The forecast capital outturn for 2012/13 for the schemes under the remit of this panel is an under spend against budget of **£10.896m**, of which £10.050m will be requested to be carried forward into 2013/14. **Table 2** provides a summary by service, and a detailed financial analysis by scheme is shown in **Appendix 3**.

<b>Table 2 - Forecast Capital Outturn 2012/13</b>						
<b>Service Area</b>	<b>Total Budget</b>	<b>Spend To Date</b>	<b>Year-end Forecast</b>	<b>Forecast Variance</b>	<b>Over/ (Under) Spend</b>	<b>Carry Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Mainstream Resources</u></b>						
Property Services	9,783,463	4,371,906	8,002,827	-1,780,636	-130,411	-1,650,225
Development & Delivery	3,549,587	669,225	1,901,897	-1,647,690	0	-1,647,690
Housing Services	3,009,322	953,960	1,513,871	-1,495,451	-685,451	-810,000
Strategic Regeneration	844,000	0	0	-844,000	0	-844,000
<b>Sub Total</b>	<b>17,186,372</b>	<b>5,995,091</b>	<b>11,418,595</b>	<b>-5,767,777</b>	<b>-815,862</b>	<b>-4,951,915</b>
<b><u>Other Resources</u></b>						
Property Services	4,095	4,095	4,095	0	0	0
Development & Delivery	3,443,956	181,850	246,822	-3,197,134	-30,507	-3,166,627
Housing Services	1,836,704	891,314	1,836,704	0	0	0
Strategic Regeneration	3,157,858	221,822	1,226,655	-1,931,203	0	-1,931,203
New Deal	0	-55,050	0	0	0	0
<b>Sub Total</b>	<b>8,442,613</b>	<b>1,244,031</b>	<b>3,314,276</b>	<b>-5,128,337</b>	<b>-30,507</b>	<b>-5,097,830</b>
<b>Total Regeneration</b>	<b>25,628,985</b>	<b>7,239,122</b>	<b>14,732,871</b>	<b>-10,896,114</b>	<b>-846,369</b>	<b>-10,049,745</b>

## Appendix 1 – Analysis of Variances

<b>Appendix 1 – Analysis of Reasons for Variances</b>		
<b>Service</b>	<b>Reason/ Explanation for Variance</b>	<b>Variance</b>
Development & Delivery	Over spend on market feasibility study	44,732
Development & Delivery - Markets	Under spends on salary, temporary staff budgets and supplies & services	-139,968
Building Control	Under spend on salaries	-9,957
Development Control	Under recovery of planning fee income due to falling demand for big works partly offset by vacant posts	178,909
Planning Services	Under spends on salaries and supplies & services to help mitigate the fee income shortfall.	-42,467
Planning Policy	Over spend on EcoRecord SLA costs	4,925
Asset Management	Shortfall on fee income (due to lower level of asset disposals)	16,769
Building Services	Under spends on repairs and security within PMI & redundant buildings. Fee income shortfall in building services	-92,881
Design & Project Management	Under spends on salary costs, premises and supplies and services	-80,525
Facilities Management	Lower repairs and premise costs on central office accommodation and caretakers houses	-94,533
Regeneration Management	Reduced fee from Black Country Consortium offset by contribution to Black Country director of transport post	-3,446
<b>Total Variance</b>		<b>-218,442</b>

## Appendix 2 – Financial Risks

<b>Potential risk</b>	<b>Lowest cost</b>	<b>Risk</b>	<b>Highest cost</b>	<b>Risk</b>	<b>Estimated exposure</b>
	<b>£'000</b>		<b>£'000</b>		<b>£'000</b>
<b>REGENERATION</b>					
<b>Markets - reduction in income</b>	0	L	50	L	50
<b>Housing Benefits – reduction in income</b>	0	L	50	L	50
<b>Planning fees – reduction in income</b>	0	M	50	M	50
<b>Design and project management fee – reduction in income</b>	0	L	100	L	100
<b>Property maintenance – emergency repairs required</b>	0	L	100	L	100
<b>Total Regeneration</b>	<b>0</b>		<b>350</b>		<b>350</b>

## Appendix 3 – Capital by scheme

MAINSTREAM SCHEMES	Total	Spend	Forecast	Forecast	Over/	Carry
	Budget £	To Date £	Spend £	Variance £	(under) spend £	Forward £
<b>Property Services</b>						
Asbestos removal	155,000	86,345	155,000	0	0	0
Control of Legionella	275,000	113,433	275,000	0	0	0
Darlaston baths roof	92,970	71,470	92,970	0	0	0
Demolition of redundant buildings	200,000	54,480	200,000	0	0	0
Fire risk assessment	230,947	23,390	230,947	0	0	0
Freer Street structural works	71,853	7,758	14,258	-57,595	0	-57,595
Planned property maintenance	450,000	260,470	450,000	0	0	0
Refurbishment of Leckie Sons of Rest	23,266	23,322	23,266	0	0	0
Shop maintenance	120,000	24,367	120,000	0	0	0
Work from the statutory testing of buildings	300,000	121,065	300,000	0	0	0
Green Lane Hostel	78,971	78,560	78,560	-411	-411	0
Green Rivers	185,000	0	89,500	-95,500	0	-95,500
Walsall Council House - Improvements	302,375	43,690	63,690	-238,685	0	-238,685
Land at Pelsall Lane	130,000	0	0	-130,000	-130,000	0
New Council Depot - land exchange	1,620,000	24,841	1,620,000	0	0	0
Relocation of pest control store	39,750	0	39,750	0	0	0
Smarter Workplaces - ICT	72,588	72,588	72,588	0	0	0
Smarter Workplaces - ICT	253,645	253,645	253,645	0	0	0
Smarter Workplaces - Programme Manager	549,988	328,416	420,988	-129,000	0	-129,000
Smarter Workplaces - Workplace Solutions	801,387	352,942	552,942	-248,445	0	-248,445
Smarter Workplaces - Property (Prudential)	2,675,391	2,382,744	2,525,391	-150,000	0	-150,000
Investment in ICT Technology to support smarter workplace	1,155,332	48,379	424,332	-731,000	0	-731,000
	<b>9,783,463</b>	<b>4,371,906</b>	<b>8,002,827</b>	<b>-1,780,636</b>	<b>-130,411</b>	<b>-1,650,225</b>
<b>Development &amp; Delivery</b>						
Enabling works of office development (Gigaport)	650,000	34,200	34,199	-615,801	0	-615,801
Regenerating Walsall	843,146	268,235	316,257	-526,889	0	-526,889
New Homes Bonus (RCCO/PWLB)	2,056,441	366,790	1,551,441	-505,000	0	-505,000
	<b>3,549,587</b>	<b>669,225</b>	<b>1,901,897</b>	<b>-1,647,690</b>	<b>0</b>	<b>-1,647,690</b>
<b>Housing</b>						
Aids & adaptations	2,009,322	733,645	924,099	-1,085,223	-275,223	-810,000
Health through warmth - see other resources	1,000,000	220,315	589,772	-410,228	-410,228	0
	<b>3,009,322</b>	<b>953,960</b>	<b>1,513,871</b>	<b>-1,495,451</b>	<b>-685,451</b>	<b>-810,000</b>
<b>Strategic Regeneration</b>						
Darlaston SDA	<b>844,000</b>	<b>0</b>	<b>0</b>	<b>-844,000</b>	<b>0</b>	<b>-844,000</b>

<b>Total Mainstream Regeneration</b>	<b>17,186,372</b>	<b>5,995,091</b>	<b>11,418,595</b>	<b>-5,767,777</b>	<b>-815,862</b>	<b>-4,951,915</b>
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<b>OTHER RESOURCES SCHEMES</b>	<b>Total Budget £</b>	<b>Spend To Date £</b>	<b>Forecast Spend £</b>	<b>Forecast Variance £</b>	<b>Over/ (under) spend £</b>	<b>Carry Forward £</b>
<b>Property Services</b>						
Collingwood Centre Car Park	<b>4,095</b>	<b>4,095</b>	<b>4,095</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Development &amp; Delivery</b>						
Bridge Street/Ablewell Street THI - HLF	58	0	0	-58	-58	0
Darlaston SDA - Moxley & Whitworth Close	12,131	2,438	2,438	-9,693	0	-9,693
Willenhall THI - HLF	775,259	89,306	121,792	-653,467	0	-653,467
Willenhall THI - VIEW contribution	375,259	89,306	121,792	-253,467	0	-253,467
Walsall Town Centre 'Way Finding Project'	31,249	800	800	-30,449	-30,449	0
Black Country Property Investment Programme	2,250,000	0	0	-2,250,000	0	-2,250,000
	<b>3,443,956</b>	<b>181,850</b>	<b>246,822</b>	<b>-3,197,134</b>	<b>-30,507</b>	<b>-3,166,627</b>
<b>Housing</b>						
Disabled Facilities grant	1,626,223	891,314	1,626,223	0	0	0
Kickstart	187,008	0	187,008	0	0	0
Contributions to Aids and Adaptations (mainstream)	5,111	0	5,111	0	0	0
Contributions to Health Through Warmth (mainstream)	18,362	0	18,362	0	0	0
	<b>1,836,704</b>	<b>891,314</b>	<b>1,836,704</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Strategic Regeneration</b>						
Darlaston SDA	2,875,000	156,714	1,059,047	-1,815,953	0	-1,815,953
Congestion Target Delivery Fund	31,858	31,858	31,858	0	0	0
Local Sustainable Transport Fund	251,000	33,250	135,750	-115,250	0	-115,250
	<b>3,157,858</b>	<b>221,822</b>	<b>1,226,655</b>	<b>-1,931,203</b>	<b>0</b>	<b>-1,931,203</b>
<b>New Deal for Communities</b>	<b>0</b>	<b>-55,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other Resources Regeneration</b>	<b>8,442,613</b>	<b>1,244,031</b>	<b>3,314,276</b>	<b>-5,128,337</b>	<b>-30,507</b>	<b>-5,097,830</b>

RCCO – Revenue Contribution to Capital Outlay  
PWLB – Public Works Loan Board  
THI – Townscape Heritage Initiative  
SDA – Strategic Development Area  
VIEW - Visionary Investment Enhancing Walsall