

**DATE: 23 September 2010**

**QUARTER 1 FINANCIAL MONITORING POSITION FOR 2010/11**

**Ward(s)** All

**Portfolio:** Councillor A. Andrew (Deputy Leader) - Regeneration

**Summary of report**

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

**Recommendation**

To note the 2010/11 forecasted year end financial position for services under the remit of the Regeneration Scrutiny Panel is net revenue under spend of **£0.034m**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an under spend of **£1.285m**.

**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:**



**Executive Director:** Tim Johnson

**Date:** 7 September 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 any overspends within service. Any corporate overspend will require replenishment in the 2010/11 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:**

Chris Knowles , Lead Accountant,  
☎ 01922 652964, ✉ [knowlesc@walsall.gov.uk](mailto:knowlesc@walsall.gov.uk)

## 1 Forecast Revenue Outturn 2010/11

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Regeneration Scrutiny Panel (based on the position as at the end of June 2010) is an under spend against budget of **£0.034m** (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 **£0.707m** (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 Where an expected overspend is forecast the services need to identify an in year action plan to mitigate this position. At this point in the year the action plan for this service totals £0.051m and is detailed in **Appendix 2**
- 1.6 Within the services associated with the panel there are a number of risks, totalling **£3.305m** 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 monitoring as overspends. A summary of the risk assessment is attached as **Appendix 3**
- 1.7 Included within the directorate budget are approved 2010/11 new investments and savings, as approved by cabinet on 22 February 2010, totalling £1.190m and £0.872m respectively. The full year effect of previous years' investments and savings included in the budget are -£0.054m investments and -£0.434m savings. A full breakdown of these can be found in the 2010/11 Regeneration 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 at Head of Service level**

<b>Service</b>	<b>Annual Budget £</b>	<b>Profiled Budget £</b>	<b>Actual to Date £</b>	<b>Variance to profiled budget £</b>	<b>Year End Forecast £</b>	<b>Year End Variance before reserves £</b>	<b>Use of Reserves £</b>	<b>Year End Variance after reserves £</b>
Property Services	3,524,351	913,339	920,349	7,010	3,822,146	297,795	-347,048	-49,253
Planning Services	455,833	113,946	133,151	19,205	496,833	41,000	-41,000	0
Strategic Regeneration	933,789	233,454	280,804	47,350	1,031,067	97,278	-97,278	0
Development & Delivery	913,402	228,339	222,228	-6,111	994,160	80,758	-80,758	0
Housing Services	1,187,826	296,454	318,142	21,688	1,202,660	14,834	0	14,834
New Horizons	0	0	7,177	7,177	138,341	138,341	-138,341	0
<b>Budget for monitoring purposes</b>	<b>7,015,201</b>	<b>1,785,532</b>	<b>1,881,851</b>	<b>96,319</b>	<b>7,685,207</b>	<b>670,006</b>	<b>-704,425</b>	<b>-34,419</b>
Depreciation	2,095,091	523,773	523,773	0	2,095,091	0	0	0
Notional Interest	0	0	0	0	0	0	0	0
FRS 17	362,074	90,519	90,519	0	362,074	0	0	0
CSS	3,656,064	914,016	914,016	0	3,656,064	0	0	0
Office Accommodation	-2,444,604	-611,151	-611,151	0	-2,444,604	0	0	0
<b>Total Regn Cash Limit</b>	<b>10,683,826</b>	<b>2,702,688</b>	<b>2,799,008</b>	<b>96,319</b>	<b>11,353,832</b>	<b>670,006</b>	<b>-704,425</b>	<b>-34,419</b>

## 2 Forecast Capital Outturn 2010/11

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 under spend against budget of **£1.285m**. Table 2 shows a detailed analysis by scheme.

**Table 4 – Summary of Capital Programme - 2010/11**

<b>Service</b>	<b>Annual Budget £</b>	<b>Actual To Date £</b>	<b>Year End Forecast £</b>	<b>Year End Variance £</b>	<b>Proposed Slippage to 2011/12 £</b>
<b>Mainstream</b>					
<b><u>Regeneration Portfolio</u></b>					
<u>Strategic Regn</u> - Brownhills Market stalls	0	0	0	0	0
<u>Development / Delivery</u>					
Environmental Regeneration	132,750	4,374	132,750	0	0
Regenerating Walsall	785,456	5,094	614,456	(171,000)	0
Strategic Corridors & Gateways	125,610	490	125,610	0	0
Town, District & Local Centres	129,102	10,234	129,102	0	0
Willenhall THI	75,000	0	0	(75,000)	0
<u>Property Services</u>					
Asbestos Removal	155,000	35,872	155,000	0	0
Civic Building Air Conditioning	459,600	0	459,600	0	0
Darlaston Baths Roof	200,000	0	200,000	0	0
Darlaston Scout Hut	55,000	30,000	55,000	0	0
Redundant Buildings	200,000	1,131	200,000	0	0
EDC Works to Driveway	25,000	0	25,000	0	0
Freer Street Structural Works	350,000	0	350,000	0	0
Heating replacement at Collingwood	0	0	0	0	0
Essential Mtnce to Non Educ Buildings	500,000	62,054	500,000	0	0
Leased Accommodation	1,883,417	32,773	1,883,417	0	0
Rewire of Walsall Gala Baths	203,133	51,252	198,330	(4,803)	4,803
Rewire of Willenhall Leisure Centre	1,090	0	1,090	0	0
Safe Water Supplies in Council Premises	275,000	25,031	275,000	0	0
Shop Maintenance	120,000	3,459	120,000	0	0
Statutory Testing of mechanical/electrical	300,000	31,107	300,000	0	0
Structural repairs to Central Library	2,562	0	2,562	0	0
<u>Housing Standards &amp; Improvements</u>					
Aids & Adaptations	1,922,824	142,209	1,922,824	0	0
Willenhall Lane Travellers Site	0	(99,948)	0	0	0
<b>Total Mainstream</b>	<b>7,900,543</b>	<b>335,132</b>	<b>7,649,740</b>	<b>(250,803)</b>	<b>4,803</b>
<b>Non Mainstream</b>					
<b><u>Regeneration Portfolio</u></b>					
<u>Development / Delivery</u>					
Bridge St / Ablewell St - AWM	286,924	70,128	286,924	0	0
Bridge St / Ablewell St - HLF	410,690	40,076	410,690	0	0
Green Rivers	64,359	0	0	(64,359)	0

Relocation of Pleck Boxing Club	199,572	0	0	(199,572)	199,572
Environmental Regeneration					
Matchfunding	3	0	3	0	0
Smith House & Thomas House	1,001	1,001	1,001	0	0
Willenhall THI - HLF	150,000	0	150,000	0	0
Willenhall THI - View	75,000	0	75,000	0	0
<b><u>New Deal</u></b>	<b>1,016,000</b>	<b>563,204</b>	<b>1,016,000</b>	<b>0</b>	<b>0</b>
<b><u>Housing Standards &amp; Improvements</u></b>					
Disabled Facilities Grant	1,215,000	253,037	1,215,000	0	0
Evolve - Housing Market Renewal	0	0	0	0	0
New Growth Points	247,000	0	247,000	0	0
Regional housing Pot – Aids & Adaptations	3,559,700	0	3,559,700	0	0
Regional Housing Pot – Regen Master Plan	60,000	3,724	60,000	0	0
Regional Housing Pot – Birchills Master Plan	60,000	0	60,000	0	0
Regional Housing Pot – Birchills Property Imp	160,783	174,047	160,783	0	0
Regional Housing Pot – Darlaston Pinfold St	0	0	0	0	0
Regional Housing Pot - D'ston SP support	6,540	0	6,540	0	0
Regional Housing Pot – Empty Properties	30,000	0	30,000	0	0
Regional housing Pot – Goscote purchases	143,518	1,376	143,518	0	0
Regional Housing Pot - Health through warmth	732,212	193,050	732,212	0	0
Regional Housing Pot - Kickstart	173,169	11,087	173,169	0	0
Regional Housing Pot – Minor Works	50,000	0	50,000	0	0
Regional Housing Pot – Moxley Properties	20,000	0	20,000	0	0
Regional housing Pot – Home Safety	35,000	0	35,000	0	0
Private Sector Renovation Grants	440,280	51,705	440,280	0	0
Regional Housing Pot – Renewable energy	100,000	0	100,000	0	0
Regional Housing Pot - SHLA	13,683	11,361	13,683	0	0
Regional Housing Pot - Whall Travellers Site	45,438	0	45,438	0	0
<b><u>Transport Portfolio</u></b>					
<b><u>Strategic Regeneration</u></b>					
Bus Showcase	2,019,633	230,461	2,019,633	0	0
LTP - grant	3,895,266	746,914	3,125,266	(770,000)	0
LTP Darlaston Development Project	150,000	1,238	150,000	0	0
Red Routes	1,800,000	119,040	1,800,000	0	0
<b>Total Non Mainstream</b>	<b>17,160,772</b>	<b>2,471,450</b>	<b>16,126,841</b>	<b>(1,033,931)</b>	<b>199,572</b>
<b>Total Regeneration Capital</b>	<b>25,061,315</b>	<b>2,806,581</b>	<b>23,776,581</b>	<b>(1,284,734)</b>	<b>204,375</b>

## APPENDIX 1 - REASONS FOR REVENUE VARIATIONS

SERVICE	REASON / EXPLANATION FOR VARIANCE	VARIANCE £
Property Services		
Building Services	One off costs funded in 2009/10	-106,684
Design & Project Mgmt/ Building Services/ Facilities Mgmt	Retained costs of 3 staff following re-structure - dismissal dates agreed	28,772
Design & Project Mgmt	DPM additional agency costs	124,145
Building Services	BS additional agency costs	20,604
Various	Vacant posts within Property services	-90,192
Various	Underspend on rates	-18,166
Building Services	Security costs prior to demolition	6,200
Asset Management	Unclassified Land & Building rental income shortfall	60,000
Design & Project Mgmt	DPM additional fee income	-124,145
Building Services	BS additional fee income	-20,604
Asset Management	AM 2010 interim project costs, project designed to generate future year savings to offset these costs and deliver ongoing efficiencies.	70,817
Sub Total Property Services		-49,253
Housing		
Policy Partnership Team	Salaries - vacant post	-8,289
Housing Strategy	Actual salaries for post less than budget allocated	-14,451
Willenhall Lane Caravan Site	Additional forecast income for Housing Benefit	-8,141
Dolphin Close	Worse case Housing Benefit income potentially not achieved	21,475
Rivers House	Worse case scenario Housing Benefit income potentially not achieved (£20k) and additional costs to cover staff on sick leave (£11.5k)	31,581
Housing Options	Forecast overspend on salaries offset by underspend on supplies and services	6,247
Floating Support	Underspend on salaries due to staff not in Pension scheme - reduced contributions	-13,588
Sub Total Housing		14,834
<b>TOTAL VARIANCE</b>		<b>-34,419</b>

**Appendix 2 - 2010/11 Budget Action Plan**

<b>Service</b>	<b>Action identified</b>	<b>Initial Action Plan £m</b>	<b>Action Plan delivered + included in Outturn £m</b>	<b>RAG</b>
Building Services	Expected to increase fees to offset additional salary costs	0.026	0.026	<b>G</b>
Design & Project Management	Expected to increase fees to offset additional salary costs	0.025	0.025	<b>G</b>
Markets	Release of supplies and services budgets	0.010	0.000	<b>G</b>
Delivery & development	Release of unspent superannuation budgets	0.018	0.000	<b>G</b>
Regeneration	Release of uncommitted HPDG grant	0.040	0.000	<b>G</b>
<b>TOTAL</b>		<b>0.119</b>	<b>0.051</b>	



### Appendix 3 - Financial Risk Assessment - Revenue Budget 2010/11

<b>POTENTIAL RISK</b>	<b>LOWEST COST</b>	<b>ASSESSMENT OF RISK</b>	<b>HIGHEST COST</b>	<b>ASSESSMENT OF RISK</b>	<b>TOTAL FINANCIAL EXPOSURE TO RISK</b>
	<b>£M</b>		<b>£M</b>		<b>£M</b>
<b>REGENERATION</b>					
Property Services - reduction in rental income from shops / other buildings	0.000	<b>MEDIUM</b>	0.050	<b>MEDIUM</b>	0.050
Property Services - cleaning & caretaking client	0.000	<b>MEDIUM</b>	0.150	<b>MEDIUM</b>	0.150
Property Services - redundant building security costs	0.000	<b>MEDIUM</b>	0.212	<b>MEDIUM</b>	0.212
Property Services - Loss of fee due to capital projects not proceeding	0.000	<b>LOW</b>	0.072	<b>LOW</b>	0.072
Property Services - possible penalties on contracted energy consumption	0.000	<b>LOW</b>	0.400	<b>LOW</b>	0.400
Property Services - ongoing review of fee recovery	0.000	<b>HIGH</b>	0.050	<b>HIGH</b>	0.050
Property Services - delay in release of leased accommodation	0.000	<b>MEDIUM</b>	0.100	<b>MEDIUM</b>	0.100
Council Wide - Carbon reduction commitment	0.000	<b>LOW</b>	2.000	<b>LOW</b>	2.000
Planning Services - Development Control legal fees on planning appeals	0.000	<b>HIGH</b>	0.030	<b>HIGH</b>	0.030
Planning Services - Development Control legal planning application fees	0.000	<b>HIGH</b>	0.100	<b>HIGH</b>	0.100
Planning Services - Land Charges personal search fee income	0.000	<b>HIGH</b>	0.045	<b>HIGH</b>	0.045
Housing Services - achievement of agency savings	0.000	<b>HIGH</b>	0.046	<b>HIGH</b>	0.046
Housing Services - fee recovery on Housing Standards	0.000	<b>HIGH</b>	0.050	<b>HIGH</b>	0.050
<b>Total Regeneration</b>	<b>0.000</b>		<b>3.305</b>		<b>3.305</b>