

REGENERATION SCRUTINY AND PERFORMANCE PANEL

Agenda Item No. 6

DATE: 27 November 2012

QUARTER 2 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 2 (to end of September 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 **£0.269m** (net of the use of earmarked reserves), and a capital under spend of **£1.941m**.

Background papers

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: 8 November 2012

Date: 15 November 2012

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

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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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 **£0.269m** (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 **£6.052m** where approval was given by Cabinet for additional funds for specific services, and also transfers to reserves of **£0.980m**.
- 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 £0.630m 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

	Annual Budget	Profiled Budget	Year to Date	Variance	Final Outturn	Year End Variance	Use of Reserves	Transfer to Reserves	Adjusted Variance
Service Area	£	£	£	£	£	£	£	£	£
Development & Delivery	688,069	354,252	411,653	57,401	2,854,654	2,166,585	-2,378,338	79,522	-132,231
Housing Services	999,830	513,724	148,816	-364,908	2,877,992	1,878,162	-1,878,162	0	0
Planning & Building Control	435,139	142,618	302,491	159,873	893,034	457,895	-307,471	70,734	221,158
Property Services	4,462,081	2,264,060	2,481,515	217,455	3,961,395	-500,686	-216,317	361,620	-355,383
Regeneration Management	464,374	232,176	202,537	-29,639	472,425	8,051	0	0	8,051
Smarter Workplaces	14,418	7,200	469,519	462,319	1,076,431	1,062,013	-1,062,013	0	0
Strategic Regeneration	1,690,002	855,132	434,005	-421,127	1,420,851	-269,151	-209,920	468,115	-10,956
TOTAL REGENERATION	8,753,913	4,369,162	4,450,535	81,373	13,556,782	4,802,869	-6,052,221	979,991	-269,361

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 **£1.941m**, of which £1.810m 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**.

Table 2 - Forecast Capital Outturn 2012/13

Service Area	Total Budget £	Spend To Date £	Year-end Forecast £	Forecast Variance £	Over/ (Under) Spend £	Carry Forward £
<u>Mainstream Resources</u>						
Property Services	10,047,968	2,939,837	9,917,557	-130,411	-130,411	0
Development & Delivery	3,549,587	483,100	2,649,287	-900,300	0	-900,300
Housing Services	3,009,322	586,489	3,009,322	0	0	0
Strategic Regeneration	844,000	0	844,000	0	0	0
Sub Total	17,450,877	4,009,426	16,420,166	-1,030,711	-130,411	-900,300
<u>Other Resources</u>						
Property Services	4,095	4,095	4,095	0	0	0
Development & Delivery	3,443,956	110,005	2,533,792	-910,164	0	-910,164
Housing Services	1,561,481	499,338	1,561,481	0	0	0
Strategic Regeneration	2,906,800	104,985	2,906,800	0	0	0
New Deal	0	-55,050	0	0	0	0
Sub Total	7,916,332	663,373	7,006,168	-910,164	0	-910,164
Total Regeneration	25,367,209	4,672,799	23,426,334	-1,940,875	-130,411	-1,810,464

Appendix 1 – Analysis of Variances

Appendix 1 – Analysis of Reasons for Variances		
Service	Reason/ Explanation for Variance	Variance
Development & Delivery	Under spends on salary costs.	1,531
Development & Delivery - Markets	Under spends on salary, temporary staff budgets and supplies & services.	(133,762)
Building Control	Under spend on salaries.	(24,594)
Development Management	Under recovery of planning fee income due to falling demand for big works.	294,633
Planning Services	Under spends on salaries and supplies & services to help mitigate the fee income shortfall.	(56,183)
Planning Policy	Over spend on data retention & collection costs.	7,302
Asset Management	Shortfall on fee income (due to lower level of asset disposals.)	39,354
Building Services	Under spends on repairs & security within property maintenance & redundant buildings. Fee income shortfall in building services.	(246,456)
Design & Project Management	Under spend on salary costs.	(99,851)
Facilities Management	Lower repairs & premise costs on central office accommodation & caretakers houses offset by additional roof works.	(48,430)
Regeneration Management	Reduced fee from Black Country Consortium offset by contribution to Black Country director of transport post.	8,051
Strategic Regeneration	Under spends on supplies & services.	(10,956)
Total Variance		(269,361)

Appendix 2 – Financial Risks

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

Appendix 3 – Capital by scheme

MAINSTREAM SCHEMES	Total Budget £	Spend To Date £	Forecast Spend £	Forecast Variance £	Over/ (under) spend £	Carry Forward £
Property Services						
Asbestos removal	155,000	18,242	155,000	0	0	0
Control of legionella	275,000	76,256	275,000	0	0	0
Darlaston baths roof	92,970	15,470	92,970	0	0	0
Demolition of redundant buildings	200,000	27,330	200,000	0	0	0
Fire risk assessment	230,947	6,187	230,947	0	0	0
Freer Street structural works	71,853	7,245	71,853	0	0	0
Planned property maintenance	450,000	114,606	450,000	0	0	0
Refurbishment of Leckie Sons of Rest	23,266	12,669	23,266	0	0	0
Shop maintenance	120,000	1102.93	120,000	0	0	0
Statutory testing of buildings	300,000	102,435	300,000	0	0	0
Green Lane Hostel	78,971	78,560	78,560	-411	-411	0
Green Rivers	185,000	0	185,000	0	0	0
Walsall Council House - Improvements	302,375	33,732	302,375	0	0	0
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
Smarter Workplaces - ICT	72,588	72,588	72,588	0	0	0
Smarter Workplaces - ICT	259,000	252,719	259,000	0	0	0
Smarter Workplaces - Programme Manager	728,862	208,100	728,862	0	0	0
Smarter Workplaces - Workplace Solutions	1,001,446	237,550	1,001,446	0	0	0
Smarter Workplaces - Property Investment in ICT Technology to support smarter workplace	2,595,358	1,650,202	2,595,358	0	0	0
	1,155,332	0	1,155,332	0	0	0
	10,047,968	2,939,837	9,917,557	-130,411	-130,411	0
Development & Delivery						
Enabling works of office dev't (Gigaport)	650,000	175	49,700	-600,300	0	-
Regenerating Walsall	843,146	116,135	543,146	-300,000	0	-
New Homes Bonus	2,056,441	366,790	2,056,441	0	0	300,000
	3,549,587	483,100	2,649,287	-900,300	0	900,300
Housing						
Aids & adaptations	2,009,322	522,996	2,009,322	0	0	0
Health through warmth	1,000,000	63,493	1,000,000	0	0	0
	3,009,322	586,489	3,009,322	0	0	0
Strategic Regeneration						
Darlaston SDA	844,000	0	844,000	0	0	0
Total Mainstream Regeneration	17,450,877	4,009,426	16,420,166	-1,030,711	-130,411	900,300

OTHER RESOURCES SCHEMES	Total Budget £	Spend To Date £	Forecast Spend £	Forecast Variance £	Over/ (under) spend £	Carry Forward £
Property Services						
Collingwood Centre Car Park	4,095	4,095	4,095	0	0	0
Development & Delivery						
Bridge Street/ Ablewell Street THI	58	58	58	0	0	0
Darlaston SDA - Moxley & Whitworth Close	12,131	2,438	12,131	0	0	0
Willenhall THI – Heritage Lottery Fund	775,259	53,355	120,177	-655,082	0	-655,082
Willenhall THI – VIEW contribution	375,259	53,355	120,177	-255,082	0	-255,082
Walsall Town Centre 'Way Finding Project'	31,249	800	31,249	0	0	0
Black Country Property Investment Programme	2,250,000	0	2,250,000	0	0	0
	3,443,956	110,005	2,533,792	-910,164	0	-910,164
Housing						
Disabled Facilities grant	1,351,000	499,338	1,351,000	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
	1,561,481	499,338	1,561,481	0	0	0
Strategic Regeneration						
Darlaston SDA	2,875,000	104,985	2,875,000	0	0	0
Congestion Target Delivery Fund	31,800	0	31,800	0	0	0
	2,906,800	104,985	319,300	0	0	0
New Deal for Communities	0	-55,050	0	0	0	0
Total Other Resources Regeneration	7,916,332	663,373	4,418,668	-910,164	0	-910,164

THI – Townscape Heritage Initiative
SDA – Strategic Development Area
VIEW - Visionary Investment Enhancing Walsall