

**ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.
7**

DATE: 08 SEPTEMBER 2011

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2011/12

Ward(s) All

Portfolio:

Councillor Ansell – Transport & Environment

Summary of report

This report summarises the predicted revenue and capital position for 2011/12, based on the performance for quarter 1 (1 April to 30 June 2011), for services within the remit of the Environment Scrutiny & Performance Panel.

Recommendation

To note the 2011/12 forecasted year end financial position for services under the remit of the Environment Scrutiny & Performance Panel is net revenue overspend of **£144k**, after the use of approved reserves and carry forwards and action planning. The capital forecast is for a break even position.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2010/11
2011/12 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2011/12 within the remit of this panel.

Signed:



Executive Director: Jamie Morris

Date: 2 August 2011

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.

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.

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1 Forecast Revenue Outturn 2011/12 – Environment

- 1.1 The forecast revenue outturn for 2011/12 for the services under the remit of the Environment Scrutiny & Performance Panel (based on the position as at the end of June 2011) is an overspend against budget of **£144k** (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 **£186k** (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, with the area for predicted overspend being within the traffic management service. This is due to the impact of the parking regulations at the new Tesco site and other short stay car parks not run by the council. To date it is expected that a loss of income in the region of £144k will be demonstrated in the “0-2 hours parking” range.
- 1.5 Within the services associated with the panel there are a number of risks, totalling **£278k** 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 the position as overspends. A summary of the risk assessment is attached as **Appendix 1**.
- 1.6 Included within the directorate budget are approved 2011/12 new savings, as approved by Cabinet on 9 February 2011, totalling £2.073m. The full year effects of previous years’ savings included in the budget are £68k. A full breakdown of these can be found in the 2011/12 Corporate 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.

2 Forecast Capital Outturn 2011/12 – Environment

2.1 The forecast capital outturn for 2011/12 for the schemes under the remit of this panel (as at the end of June 2011) is a predicted break even position against budget of **£7.608m**. **Table 2** shows a summary per service.

<u>Table 2 – Summary of Capital Programme - Outturn 2011-12</u>				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Street Pride (excluding grounds maintenance)	1,289,608	922,629	1,289,608	0
Engineering & Transportation	3,223,043	412,832	3,223,043	0
Total Mainstream	4,512,651	1,335,461	4,512,651	0
Non Mainstream				
Street Pride (excluding grounds maintenance)	658,302	0	658,302	0
Engineering & Transportation	2,437,153	33,566	2,437,153	0
Total Non Mainstream	3,095,455	33,566	3,095,455	0
Total Capital	7,608,106	1,369,027	7,608,106	0

Appendix 1 Financial Risk Assessment - Revenue Budget 2011/12

POTENTIAL RISK	LOWEST COST £'000	ASSESSMENT OF RISK	HIGHEST COST £'000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £'000
ENVIRONMENT					
Loss of section 74 income	50	Medium	70	High	60
Loss of contaminated land grants after October announcements	0	Medium	6	Low	3
Severe winter impact on winter maintenance budget due to additional gritting	0	Medium	150	Medium	150
Increase in 3rd Party claims due to reduction in capital and revenue funding	50	High	100	Medium	65
Total Environment	100		326		278