

**REGENERATION
SCRUTINY AND PERFORMANCE PANEL**

Agenda Item No. 10

DATE: 6 March 2014

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2013/14

Ward(s) All

Portfolio:

Councillor Andrew – Regeneration

Summary of report

This report summarises the predicted revenue and capital position for the financial year 2013/14. This is based on performance up to the end of Quarter 3 (April-December 2013) for services within the remit of the Regeneration Scrutiny and Performance Panel.

Recommendation

To note that the forecast 2013/14 financial position for services under the remit of the Regeneration Scrutiny and Performance Panel is a revenue over spend against budget of **£0.44m** (net of the use of earmarked reserves). There is a forecast capital variance of **£17.150m**, of which the majority (£17.112m) is slippage into the next financial year with the remaining £0.037m being true under-spend..

Background papers

Various financial working papers
2013/14 Budget Book on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecast financial position for 2013/14 within the remit of this panel.



Chief Finance Officer: James T Walsh

Date: 23 February 2014



Executive Director: Simon Neilson

Date:

Resource and legal considerations

Services are required to manage their services within budget. Variances from budget 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 2014/15 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.

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1 Forecast Revenue Outturn 2013/14 – Regeneration Directorate

- 1.1 The forecast revenue outturn for 2013/14 for the services under the remit of the Regeneration Scrutiny and Performance Panel is an over spend against budget of **£0.44m** (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 **£2.806m** where approval was given by Cabinet for additional funds for specific services, and also transfers to reserves of **£0.030m**.
- 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 **£0.209m**. At this stage the risks are not certainties and as such are not included in the monitoring as overspends. If the risks become more certain then alternative action will need to be identified. A summary of the risk assessment is attached as **Appendix 2**.
- 1.6 The budget for 2013/14 included approved savings of **£1.489m**, of which £1.240m has been achieved. A full breakdown of investment and savings can be found in the 2013/14 budget book. Where savings are not able to be achieved in full in the year, directorate management teams are required to identify and manage alternative savings in liaison with the relevant portfolio holder.

Table 1– Forecast Revenue Outturn 2013/14

Service Area	Annual Budget	Profiled Budget	Year to Date Actual	Profiled Variance	Final Outturn	Year End Variance	Use of Reserves	Transfer to Reserves	Adjusted Variance
	£	£	£	£	£	£	£	£	£
Development & Delivery	781,637	572,072	959,747	387,675	1,501,873	720,236	(800,237)	0	(80,001)
Planning & Building Control	560,789	358,651	1,099,189	740,538	1,364,131	803,342	(870,232)	4,473	(62,417)
Property Services	4,328,473	3,251,846	4,441,951	1,190,105	4,874,377	545,904	(390,315)	25,552	181,141
Regeneration Management	450,829	338,112	378,420	40,308	456,448	5,619	0	0	5,619
Smarter Workplaces	139,420	98,949	85,781	(13,168)	193,882	54,462	(54,462)	0	0
Strategic Regeneration	551,603	413,903	946,290	532,387	1,242,275	690,672	(690,672)	0	0
TOTAL REGENERATION	6,812,751	5,033,533	7,911,379	2,877,846	9,632,987	2,820,236	(2,805,918)	30,025	44,343

2. Capital Outturn 2013/14 – Regeneration Directorate

- 2.1 The forecast capital outturn for 2013/14 for the schemes under the remit of this panel is a variance of **£17.150m** against budget, of which £0.037m is a true under-spend of budget and **£17.112m** will be requested to be carried forward into 2014/15. **Table 2** provides a summary by service, and a detailed financial analysis by scheme is shown in **Appendix 3**.

The majority of the slippage (£11.176m) relates to delayed expenditure on the Darlaston SDA project. This is because as at 31 December 2013 there were outstanding land objections, with a public enquiry expected to take place on 14 January. However, since this date agreement has been made with all landowners and full approval is expected in the first 2-3 months of 2014.

Table 2 - Forecast Capital Outturn 2012/13				
Service Area	Total Budget	Spend To Date	Year-end Forecast	Forecast Variance
	£	£	£	£
<u>Mainstream Resources</u>				
Property Services	3,495,786	1,175,248	2,007,131	(1,488,655)
Development & Delivery	3,137,101	1,025,290	2,039,768	(1,097,333)
Smarter Workplaces	1,406,868	353,290	448,730	(958,138)
Strategic Regeneration	1,865,000	0	0	(1,865,000)
Sub Total	9,904,755	2,553,828	4,495,629	(5,409,126)
<u>Non Mainstream Resources</u>				
Development & Delivery	3,315,841	716,309	885,854	(2,429,987)
Strategic Regeneration	15,297,057	2,762,747	5,986,238	(9,310,819)
Sub Total	18,612,898	3,479,056	6,872,092	(11,740,806)
Total Regeneration	28,517,653	6,032,884	11,367,721	(17,149,932)

Appendix 1 – Analysis of Variances

Appendix 1 – Analysis of Reasons for Variances		
Service	Explanation for Variance	Variance £
Development & Delivery	Under-spend on employee expenses of £117k due to vacant posts offset by under-recovery of income budgets (£26k).	(91,183)
Markets	Expected income shortfall of £125k due to Walsall market move offset by under-spends in employee costs (£100k, being mainly the vacant markets manager post and call outs) and other under spends in supplies (£14k).	11,182
Development & Delivery total		(80,001)
Building Control	Under spend on staff costs.	(21,486)
Development Management	Additional planning income anticipated (£38k), plus under-spend on employee expenses due to vacant posts.	(58,992)
Planning Services	Under-achievement of land charges income of £75k offset against vacancies in Development Management and Planning Services.	33,175
Planning Policy	Under-spend on supplies and services	(15,114)
Planning and Building Control total		(62,417)
Cleaning and Caretaking	Being mainly under-spends of staff costs in caretaking due to vacant posts and use of stand-by staff.	(37,494)
Asset Management	Shortfall on 2013/14 savings target (£249k) offset by surplus shop income	185,804
Building Services	Shortfall on income forecast due to slippage on capital works	18,000
Building Services	Backdated energy costs (£24k) and overspend on centralised energy (£50k)	74,000
Building Services	Vacant posts (£30k) net of overspend utilities costs (£24k)	(5,967)
Design and Project Management	Three vacant posts	(140,791)
Facilities Management	Mainly due to overspends on CAB and Darwell Street offices for which there is no budget, although subsequent to 31.12.13 it has been agreed that these costs will be recharged to service which was reflected in January's monitoring.	87,589
Property Services total		181,141

Appendix 2 – Financial Risks

POTENTIAL RISK	LOWEST COST £000	ASSESSMENT OF RISK	HIGHEST COST £000	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK £000
Property Services - redundant buildings excess costs	0	Low	50	Low	10
Property services - risk of major repairs or maintenance required that cannot be met from existing budget	0	Low	50	Low	10
Development and Delivery – shortfall of markets income	0	Low	50	Low	10
Property Services – risk of loss of cleaning and caretaking contracts with higher income than salary costs	0	Medium	60	Medium	24
Property Services – reductions in capital fee income (academies programme ending)	0	Medium	150	Medium	60
Development and Delivery - revenue costs associated with new capital projects	0	Medium	50	Medium	20
Increase in energy costs	0	High	125	High	75
Total Regeneration	0		535		209

Appendix 3 – Capital by scheme

Scheme and service area	Total Budget	Spend to Date	Forecast Spend	Forecast Variance
Mainstream Resources	£	£	£	£
Asbestos Removal	155,000	57,686	155,000	0
Safe water supplies	275,000	232,317	275,000	0
Demolition of redundant buildings to save on rates	204,369	52,965	204,369	0
Fire risk assessment	207,451	35,053	207,451	0
Freer Street structural works	57,579	6,100	20,100	(37,479)
Planned property maintenance	500,000	295,095	500,000	0
Shop maintenance	185,979	108,788	185,979	0
Statutory Testing	299,998	253,023	299,998	0
Green Rivers	96,202	71,189	96,202	0
Civic Centre essential maintenance	566,306	0	0	(566,306)
Walsall Council House	945,702	60,833	60,833	(884,869)
Depot Landswap	2,200	2,199	2,199	(1)
Property services	3,495,786	1,175,248	2,007,131	(1,488,655)
Regenerating Walsall	724,690	18,553	103,818	(620,872)
Enabling works to Office development (Gigaport)	580,611	83,650	104,150	(476,461)
Old Square Redevelopment	1,831,800	923,087	1,831,800	0
Development & Delivery	3,137,101	1,025,290	2,039,768	(1,097,333)
Smarter Workplaces - Programme Manager	175,579	65,366	136,998	(38,581)
Smarter Workplaces - Workplace Solutions	378,057	259,728	283,536	(94,521)
Smarter Workplaces ICT	306,645	610	610	(306,035)
Smarter Workplaces - Property	546,587	27,586	27,586	(519,001)
Smarter Workplaces	1,406,868	353,290	448,730	(958,138)
Darlaston SDA	1,865,000	0	0	(1,865,000)
Strategic Regeneration	1,865,000	0	0	(1,865,000)
	9,904,755	2,553,828	4,495,629	(5,409,126)
Non Mainstream Resources				
New Homes Bonus	372,667	372,667	372,667	0
Darlaston SDA – Moxley & Whitworth Close	9,692	0	9,692	0
Willenhall THI – Heritage Lottery Fund	791,296	171,881	230,319	(560,977)
Willenhall THI – VIEW	352,762	171,881	230,320	(122,442)
Black Country Business Property Investment Programme (BCBPIP)	1,582,038	(4,500)	25,470	(1,556,568)
Black Country Enterprise Zone	200,000	0	10,000	(190,000)
Way Finding Project	7,386	4,380	7,386	0
Development & Delivery	3,315,841	716,309	885,854	(2,429,987)
Darlaston SDA (Pre-works)	258,610	258,610	258,610	0
Darlaston Strategic Development Area Access	13,431,561	1,611,735	4,120,742	(9,310,819)
Local Sustainable Transport Fund	434,428	416,734	434,428	0
Local Transport Plan	1,172,458	475,668	1,172,458	0
Strategic Regeneration	15,297,057	2,762,747	5,986,238	(9,310,819)
	18,612,898	3,479,056	6,872,092	(11,740,806)
Total	28,517,653	6,032,884	11,367,721	(17,149,932)

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