

## **Cabinet – 8 February 2012**

### **Corporate Financial Performance 2011/12**

**Portfolio:** Councillor C Towe – Finance and Personnel

**Service:** Finance – council wide

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### **1. Summary of report**

The report details the year-end forecast for revenue and capital, which is based on the financial position for the third quarter of the year (to 31 December 2012). The report sets out a projected revenue underspend of £1.54m. The capital programme is currently forecast to be underspent by £1.27m.

#### **2. Recommendations**

Cabinet are requested to:

- Note a net projected revenue underspend of £1.54m, c0.2% of gross budget.
- Note and approve that the first call on any year end underspends will be to replenish earmarked reserves where needed
- Note carry forward requests received for planned underspends amount to £1.11m and approve that only those requests which meet council priorities will be considered by Cabinet for endorsement at the year end, and only if the corporate outturn, after transfers to earmarked reserves, is an underspend overall.
- Note re-phasing of projects on the mainstream capital programme of £2.80m into 2012/13, and a forecast underspend on the mainstream capital programme after re-phasing of £1.27m and approve its use to support the 2012/13 programme.

#### **3. Background information**

Cabinet receives regular financial reports to allow it to monitor the financial performance of the council and consider plans for corrective action. It is not unusual for there to be projected variances during the course of the year. The council has a strong track record of managing financial pressures and maintaining financial stability is a key requirement.

#### 4. Resource and legal considerations

4.1 Managers are required to deliver their service targets and improvements within budget. The RAG status of this report is green.

#### 4.2 General Reserves

General reserves are expected to be in line with the medium term financial strategy.

#### 4.3 Progress of efficiencies/fees and charges/policy changes/new investment 2011/12

Council approved a total of £19.40m of planned savings with £17.25m being new savings and £2.15m being full year effects of previous years' savings. To date c£1.80m is not expected to be realised due to delays in implementation. Action plans to mitigate these pressures in year have been identified and all savings will be fully achieved in 2012/13. In addition, investment of c£7.90m was approved which includes new investment and the full year effect of previously approved investment. To date this is projected to be fully utilised against the purpose for which it was given.

#### 4.5 Revenue Budget 2011/12

The main areas of variance have been widely reported. The current forecast for 2011/12 is an underspend of £1.54m or c0.2% of the gross budget. **Table 1** illustrates the financial position by Directorate.

<b>Table 1: Forecast revenue analysis 2011/12 by Directorate as @ December</b>			
<b>Directorate</b>	<b>Net Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
Regeneration	8.90	8.49	(0.41)
Neighbourhood	45.48	45.33	(0.15)
Resources	28.37	27.98	(0.38)
Children's	42.18	41.59	(0.59)
Social Care	65.92	65.91	(0.01)
Central budgets	55.25	55.25	0.00
<b>Total</b>	<b>246.09</b>	<b>244.55</b>	<b>(1.54)</b>

4.6 A number of services have identified overachievement of income against budget or receipt of unexpected income totalling £1.68m. This income will be transferred to an earmarked reserve in line with the windfall income protocol.

#### 4.7 Carry forward requests

Requests for carry forwards have been received in relation to a number of underspends, totalling £1.11m. Should the corporate position allow at the year end, Cabinet may approve some of these provided they meet council priorities. This will be considered, in consultation with the portfolio holder for finance and personnel, alongside the need to replenish existing earmarked reserves where needed. Following approval of earmarked and carry forward reserves, the remaining underspend will then be transferred to the project reserve, in accordance with the capital and medium term financial strategies, which will provide resources to supplement both the revenue budget of the council and provide resources for major capital projects where necessary.

4.8 Capital Programme 2011/12

The revised capital programme reported to Cabinet on 9 November 2011 totalled £112.51m. Amendments have taken place since last reported which are detailed in **Table 2**, resulting in a revised programme of £112.56m.

<b>Table 2 : Amendments to Capital Programme 2011/12</b>	
	<b>£m</b>
<b>Programme as reported to Cabinet 9 November 2011</b>	<b>112.51</b>
Development of Highway Asset Management Plan (HAMPS) – confirmation of funding	0.04
Aids and adaptations – transfer of budget to support Green Lane Hostel	-0.05
Freer Street structural works - transfer of budget to support Green Lane Hostel	-0.25
Regenerating Walsall – transfer of budget to support Green Lane Hostel	-0.05
Green Lane Hostel	0.35
Bridge Street / Ablewell Street THI - HLF - confirmation of grant	0.01
<b>Revised capital programme</b>	<b>112.56</b>

The mainstream capital programme currently shows predicted re-phasing of £2.80m from 2011/12 to 2012/13 as shown in **Table 3**.

<b>Table 3 : Re-phasing 2011/12 to 2012/13</b>	
<b>Project</b>	<b>£m</b>
Aids and Adaptations - contractual commitments which will now fall into 2012/13	0.65
Allotments – some projects re-phased into 2012/13	0.02
Delivering – Right Fast and Simple – some projects re-phased into 2012/13	0.39
Depot relocation – retention monies	0.04
Disaster recovery scheme – delay in contract sign off	0.03
Eldon House reprovision – project re-phased, to be completed by May 2012	0.35
Freer Street structural works – delays due to property being a listed building	0.08
George rose park development – delays in tenders due to Darlaston Academy	0.28
Increased productivity to be delivered by home working - project to be extended until 2012/13	0.05
Integrated Children’s system – system due to be complete in 2013	0.05
Local Transport Plan including bridge strengthening – funding required to deliver works to Yorks bridge, dependant on outcome of requested additional options appraisals and public consultation	0.17
Regenerating Walsall – some projects re-phased until 2012/13	0.12
Release of leased accommodation – project runs till December 2012	0.20
Schools access initiative – funding to be allocated to specific schemes in 2012/13	0.26

Walsall arboretum lido 2011/12 – retention monies	0.01
Walsall arboretum restoration programme – delay in start of main landscape contract	0.10
<b>Total</b>	<b>2.80</b>

The mainstream capital programme currently shows predicted underspends of £1.27m as shown in **Table 4**. The underspend will be used to support the funding of the 2012/13 capital programme.

<b>Table 4 : Underspends/savings 2011/12</b>	
<b>Project</b>	<b>£m</b>
Purchase of hot jet pavement cleaning machine	(0.12)
Civic building air condition replacement	(0.01)
Combined wind turbine and street lighting	(0.02)
Demolition of Willenhall leisure centre	(0.20)
Delivering – Right Fast and Simple	(0.11)
Health through warmth	(0.35)
Project reserve	(0.46)
<b>Total</b>	<b>(1.27)</b>

## 5. Citizen impact

Demonstration of financial stability and sound financial management promotes public confidence and credibility.

## 6. Community safety

None directly associated with this report.

## 7. Environmental impact

None directly associated with this report.

## 8. Performance and risk management issues

8.1 Managers are required to deliver service and improvement targets on time, to standard and within budget. The performance management system uses a red, amber, green (RAG) indicator to show the current status. The current position is green.

8.2 Risk management is embedded in budget preparation, monitoring and forecasting to enable potential budget variances and risks to be identified early and addressed. A number of assumptions have been made in the forecast figures by managers. There are risks attached to this that could impact adversely on the current position and which are being actively and robustly managed.

## 9. Equality implications

None directly associated with this report.

## 10. Consultation

The report is prepared in consultation with the Chief Finance Officer, relevant managers and executive directors.

**Background papers:** Various financial working papers.

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31 January 2012

Signed:



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31 January 2012