

6 December 2010

QUARTER 2 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Andrew

Summary of report

This report summarises the predicted revenue and capital outturn position for 2010/11, based on the performance for quarter 2 (July to September 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 **£0.084m**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an under spend of **£0.467m**.

Background papers

Various financial working papers.
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: 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

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 September 2010) is an under spend against budget of **£0.084m** (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 **£0.687m** (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 Within the services associated with the panel there are a number of risks, totalling **£0.723m**, 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 2**
- 1.6 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

Service	Annual Budget £	Profiled Budget £	Actual to Date £	Variance to profiled budget £	Year End Forecast £	Year End Variance before reserves £	Use of Reserves £	Year End Variance after reserves £	Proposed Action plan £	Year End Variance after action plan £
Property Services	3,692,040	1,920,637	2,047,880	127,243	4,107,232	415,192	(385,060)	30,132	0	30,132
Planning Services	887,071	443,496	416,540	(26,956)	951,780	64,709	1,116	65,825	0	65,825
Strategic Regeneration	941,079	470,566	531,372	60,806	1,038,358	97,279	(97,279)	(0)	0	(0)
Development & Delivery	913,966	456,954	410,051	(46,903)	916,347	2,381	(67,446)	(65,065)	0	(65,065)
Housing Services	1,073,538	535,794	307,432	(228,362)	958,411	(115,127)	0	(115,127)	0	(115,127)
New Horizons	0	0	9,268	9,268	138,341	138,341	(138,341)	0	0	0
Budget for monitoring purposes	7,507,694	3,827,447	3,722,542	(104,905)	8,110,470	602,776	(687,010)	(84,234)	0	(84,234)
Depreciation	2,095,091	1,047,546	1,047,546	0	2,095,091	0	0	0	0	0
Notional Interest	0	0	0	0	0	0	0	0	0	0
FRS 17	362,074	181,037	181,037	0	362,074	0	0	0	0	0
CSS	3,656,064	1,828,032	1,828,032	0	3,656,064	0	0	0	0	0
Office Accommodation	(2,444,604)	(1,222,302)	(1,222,302)	0	(2,444,604)	0	0	0	0	0
Total Regn Cash Limit	11,176,319	5,661,760	5,556,855	(104,905)	11,779,095	602,776	(687,010)	(84,234)	0	(84,234)

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 **£0.467m**. Table 2 shows a detailed analysis by scheme.

Table 2 – Forecast Capital Outturn 2010/11				
Service Area / Scheme	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Councils own resources				
<u>Regeneration Portfolio</u>				
Development / Delivery				
Environmental Regeneration	132,750	8,748	132,750	0
Regenerating Walsall	614,456	83,419	614,456	0
Strategic Acquisitions	0	1,500	0	0
Strategic Corridors & Gateways	125,610	490	125,610	0
Town, District & Local Centres	129,102	24,541	129,102	0
Property Services				
Asbestos Removal	155,000	157,559	155,000	0
Civic Building Air Conditioning	459,600	0	459,600	0
Darlaston Baths Roof	200,000	0	0	(200,000)
Darlaston Scout Hut	55,000	55,000	55,000	0
Redundant Buildings	200,000	25,619	200,000	0
EDC Works to Driveway	25,000	60	25,000	0
Freer Street Structural Works	350,000	0	87,500	(262,500)
Essential Mtnce to Non Educ Buildings	500,000	116,306	500,000	0
Leased Accommodation	1,883,417	110,746	1,883,417	0
Rewire of Walsall Gala Baths	203,133	172,001	198,330	(4,803)
Rewire of Willenhall Leisure Centre	1,090	0	1,090	0
Safe Water Supplies in Council Premises	275,000	46,752	275,000	0
Shop Maintenance	120,000	13,517	120,000	0
Statutory Testing of mechanical/electrical	300,000	59,472	300,000	(0)
Structural repairs to Central Library	2,562	400	2,562	0
Walsall town hall asbestos removal	116,488	3,989	116,488	0
Housing Standards & Improvements				
Aids & Adaptations	1,922,824	299,901	1,922,824	0
-				
Total Councils own resources	7,771,031	1,180,019	7,303,728	(467,303)
Externally Funded				
<u>Regeneration Portfolio</u>				
Development / Delivery				
Bloxwich THI	41,426	0	41,426	0
Bridge St / Ablewell St - AWM	158,173	121,322	158,173	0
Bridge St / Ablewell St - HLF	302,749	130,070	302,749	0
Contributions to regenerating Walsall	15,382	0	15,382	0
Contributions to town, district and local centres	9,511	0	9,511	0
Contributions to Darlaston SRF study	24,236	0	24,236	0
Environmental Regeneration Matchfunding	3	0	3	0
Relocation of Pleck Boxing Club	199,572	0	199,572	0
Smith House & Thomas House	1,001	953	1,001	0
Willenhall THI - HLF	150,000	0	150,000	0
Willenhall THI - View	75,000	0	75,000	0

New Deal	1,016,000	641,721	1,016,000	0
Housing Standards & Improvements				
Disabled Facilities Grant	1,215,000	518,443	1,215,000	0
New Growth Points	247,000	0	247,000	0
Regional Housing Pot – Aids & Adaptations	319,971	0	319,971	0
Regional Housing Pot – Bentley Development sites	26,500	0	26,500	0
Regional Housing Pot - Birchills Canalside Communities	98,500	0	98,500	0
Regional Housing Pot – Birchills Master Plan	88,000	17,720	88,000	0
Regional Housing Pot – Birchills Property Imp	230,000	176,930	230,000	0
Regional Housing Pot - Choice based lettings	80,000	0	80,000	0
Regional housing Pot - D'ston MPC SI	20,500	0	20,500	0
RHP - Direct action - housing related repair	70,000	0	70,000	
Regional Housing Pot – Empty Properties	50,000	50	50,000	0
Regional housing Pot – Goscote purchases	150,000	45,155	150,000	0
Regional Housing Pot - Goscote Site SRF Site J	45,000	0	45,000	0
Regional Housing Pot - Goscote Site investigation	73,000	0	73,000	0
Regional housing Pot - Growth Point R1	180,000	0	180,000	0
Regional Housing Pot - Growth Point R2	597,000	0	597,000	0
RHP - Gypsy and traveller site - new site purchase	300,000	0	300,000	0
Regional Housing Pot - Health through warmth	1,268,000	387,535	1,268,000	0
regional Housing Pot - Housing Needs Study	8,000	0	8,000	0
Regional Housing Pot - Kickstart	173,169	16,087	173,169	(0)
Regional Housing Pot – Minor Works	50,000	0	50,000	0
Regional Housing Pot – Moxley Properties	20,000	0	20,000	0
Regional housing Pot - Care and Repair inc BC	313,000	76,462	313,000	
Regional Housing Pot – Renewable energy	400,000	0	400,000	0
Regional Housing Pot - Sandwell House reprovion	300,000	0	300,000	0
Regional housing Pot - SI and Site prep on hsg sites	120,000	0	120,000	0
Regional Hosing Pot - SRF N'hood Mgt	46,000	0	46,000	0
Regional Housing Pot - SHLA	13,683	11,361	13,683	0
Regional Housing Pot - Whitworth Close Timber Frame	520,000	0	520,000	0
Regional Housing Pot - Whall Travellers Site	70,000	0	70,000	0
<u>Transport Portfolio</u>				
Strategic Regeneration				
Bus Showcase	1,461,000	154,229	1,461,000	0
LTP - Darlaston Development Project	3,125,266	253,894	3,125,266	0
LTP grant	150,000	5,868	150,000	0
Red Routes	1,450,000	62,431	1,450,000	0
Total Externally Funded	15,271,644	2,620,232	15,271,644	(0)
Total Regeneration	23,042,675	3,800,251	22,575,372	(467,303)

Service	Variance £	Explanation of Year End Forecast
<u>Property Services</u>	-185,798	Vacant post savings less agency staff costs
	174,402	Security costs of redundant buildings
	-9,061	Rates under spend due to reduced rateable values
	135,659	Income shortfall from plant, rents and capital receipts
	-59,169	Fee recovery
	12,300	Carbon Reduction Commitment
	-66,771	Non essential spend cutbacks
	28,570	One off restructure costs
Sub total	30,132	
<u>Housing</u>	-121,216	Net salary underspend
	16,389	Housing benefit income shortfall
	-10,299	Savings due to lower take up of emergency bed and breakfast places
Sub total	-115,126	
<u>Planning</u>	37,913	Development management legal fees
	27,912	Shortfall in achievement of vacancy management targets
Sub total	65,825	
<u>Development and Delivery</u>	7,235	Shopmobility shortfall on income and increased running costs
	-72,300	Additional markets income due to increased take up of stalls
Sub total	-65,065	
Overall total	-84,234	

APPENDIX 2	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK
POTENTIAL RISKS	£M		£M		£M
REGENERATION					
Property Services - reduction in rental income from shops / other buildings	0.000	MEDIUM	0.050	MEDIUM	0.050
Property Services - cleaning & caretaking client	0.000	MEDIUM	0.150	MEDIUM	0.150
Property Services - redundant building security costs	0.000	MEDIUM	0.126	MEDIUM	0.126
Property Services - Loss of fee due to capital projects not proceeding	0.000	LOW	0.072	LOW	0.072
Schools - contingency for energy bills to be recovered from schools	0.000	MEDIUM	0.100	MEDIUM	0.100
Council Wide - bad debt provision for non school energy bills	0.000	MEDIUM	0.050	MEDIUM	0.050
Planning Services - Development Control legal fees on planning appeals	0.000	HIGH	0.030	HIGH	0.030
Planning Services - Development Control legal planning application fees	0.000	HIGH	0.100	HIGH	0.100
Planning Services - Land Charges personal search fee income	0.000	HIGH	0.045	HIGH	0.045
Total Regeneration	0.000		0.723		0.723