

30 AUGUST 2012

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2012/13

Ward(s) All

Portfolio:

Councillor Z Ali – Public Protection
Councillor T Ansell – Transport & Environment
Councillor A Harris – Leisure & Culture
Councillor I Shires – Community Engagement & Voluntary Sector

Summary of report

This report summarises the predicted revenue and capital position for 2012/13, based on the performance for quarter 1 (1 April to 30 June 2012), for services within the remit of the Community Services & Environment Scrutiny and Performance Panel.

Recommendation

To note the 2012/13 forecasted yearend financial position for services under the remit of the Community Services & Environment Scrutiny and Performance Panel is net revenue overspend of **£215k**, after the use of approved reserves and carry forwards. The capital forecast is for an underspend of **£4.989m** of which **£4.679m** carry forward will be requested into 2013/14.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2011/12
2012/13 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2012/13 for services within the remit of this panel.

Signed:



Executive Director: Jamie Morris

Date: 25 July 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.

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

- 1.1 The forecast revenue outturn for 2012/13 for the services under the remit of the Community Services & Environment Scrutiny and Performance Panel (based on the position as at the end of June 2012) is an overspend against budget of **£215k** (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 **£3.074m** (where approval has been given by Cabinet for additional funds for specific services) and approved carry forwards from previous years and a yearend transfer to reserves of **£1.469m**.
- 1.4 **Table 1** shows the forecast outturn for each service, with **Appendix 1** giving detailed reasons for the forecast overspend. The main variances at this present time are due to underachievement of section 74 income of £139k; £252k from under achievement of car parking income and additional income and vacancies in Catering (£227)k.
- 1.5 Within the services associated with the panel there are a number of risks, over spends totalling **£1.123m** and under spends of **£50k** 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 under or overspend. 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 2**.
- 1.6 Included within the budget are approved 2012/13 new savings, as approved by Cabinet on 23rd February, totalling £1.281m. A full breakdown of these can be found in the 2012/13 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.

Table 1 – Forecast Revenue Outturn 2012-13

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of reserves £	Variance after Reserves £
Engineering & Transportation	11,366,128	2,847,044	1,650,571	(1,196,473)	10,490,749	(875,379)	1,235,489	360,110
Street Pride	18,277,714	4,646,295	5,527,072	880,777	18,599,369	321,655	(287,808)	33,847
Regulatory Services	2,026,115	508,525	532,257	23,732	2,019,249	(6,866)	(7,649)	(14,515)
Leisure & Community Health	3,568,933	948,728	1,029,187	80,459	3,656,075	87,142	(301,389)	(214,247)
Libraries, Heritage & Arts	6,020,375	1,662,828	1,359,748	(303,080)	6,159,917	139,542	(94,042)	45,500
Walsall Adult & Community College	198,667	49,680	(178,472)	(228,152)	198,667	0	0	0
Communities & Partnership	2,545,431	636,354	512,027	(124,327)	4,692,339	2,146,908	(2,146,908)	0
Strategic Transportation	(9,199)	(2,298)	11,251	13,549	(2,395)	6,804	(2,890)	3,913
Total	43,994,164	11,297,156	10,443,642	(853,515)	45,813,970	1,819,806	(1,605,197)	214,608

2 Forecast Capital Outturn 2012/13

2.1 The forecast capital outturn for 2012/13 for the schemes under the remit of this panel (as at the end of June 2012) is a predicted underspend against budget of **£4.989m**. Of this underspend **£4.679m** will be requested to be carried forward into 2013/14. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<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				
Engineering & Transportation	2,714,653	472,663	2,404,895	(309,758)
Street Pride	0	(30,000)	0	0
Leisure & Community Health	1,800,840	17,508	1,695,840	(105,000)
Libraries, Heritage & Arts	415,114	60,968	415,114	0
Communities & Partnerships	4,282	0	4,282	0
Total Mainstream	4,934,889	521,139	4,520,131	(414,758)
Non Mainstream				
Engineering & Transportation	2,956,475	52,701	1,640,975	(1,315,500)
Street Pride	455,928	15,033	455,928	0
Leisure & Community Health	4,319,718	947,882	1,558,510	(2,761,207)
Libraries, Heritage & Arts	2,293,005	964,177	1,795,382	(497,623)
Walsall Adult & Community College	47,182	17,054	47,182	0
Strategic Transportation	1,456,853	152,435	1,456,853	0
Total Non Mainstream	11,529,161	2,149,282	6,954,830	(4,574,330)
Total Capital	16,464,050	2,670,421	11,474,961	(4,989,088)

APPENDIX 1 - MAIN REASONS FOR REVENUE VARIANCES 2012/13

Service Area		
Engineering & Transportation		
Engineering & Transportation General	Small variance in employee costs	(2,945)
Highways Maintenance	Small variance in employee costs	(8,618)
Pollution Control	Vacant posts and other small underspends	(12,197)
Road Works Management	Under achievement of Section 74 income	138,759
Traffic Management	Under achievement of car parking income	252,385
Transportation Forward Planning	Lower employee costs due mainly to vacant post	(5,703)
Street Pride		
Strategic	Higher Employee Costs	30,053
Operational	Increased staff costs	3,793
Regulatory Services		
Trading Standards (incl Licensing)	Lower employee costs due mainly to vacant post	(30,614)
Environmental Health	Under achievement of pest control income	16,101
Leisure & Community Health		
Bereavement services	Small over spend on supplies and services	1,789
Catering	Lower employee costs and over achievement of income, offset by some overspends in supplies and services	(227,013)
First stop shop	Increase in agency costs	9,949
Libraries, Heritage & Arts		
Libraries	Overspend on overtime; supplies and services and premise costs and under achievement of income	38,970
Heritage	Over spend on supplies and services	2,916
Arts and events	Over spend on professional fees	3,047
Strategic Transportation		
Strategic Transportation	Over spend on supplies & services	3,913
Forecast variance		214,585

APPENDIX 2 – POTENTIAL RISKS 2012/13

POTENTIAL RISK	OVERSPEND VALUE	UNDERSPEND VALUE	ASSESSMENT OF LIKELIHOOD
	£'000	£'000	
Regulatory services – court costs arising from appeals or prosecutions	150		Low
Regulatory services – Incursion of additional unauthorised encampments	50		Low
Regulatory services – Increase in number of stray dogs due to economic down turn	25		Medium
Regulatory services – Incidents of infectious diseases	75		Low
Regulatory services – Disposal of the dead	20		Medium
Engineering – Impact of a severe winter – additional gritting	150		High
Engineering – Reduction in usage of car parks or loss of car parks or reduction in number of penalty charge notices	150		High
Engineering – Land contamination legal costs	75		High
Engineering – Underachievement of other income related to NRSWA (New Roads and Street Works)	40		High
Street Pride – reduction in levels of co mingled recycling	68		Medium
Libraries – realignment of budget to accommodate pay & grading	11		High

POTENTIAL RISK	OVERSPEND VALUE	UNDERSPEND VALUE	ASSESSMENT OF LIKELIHOOD
	£'000	£'000	
Heritage – Realignment of budget to accommodate pay & grading	15		High
Leisure Centres – impact of single status on employee costs	105		Medium
Bereavement services – over achievement of income		(50)	Low
Venue Development – realignment of budget to accommodate pay & grading variances	10		High
Green spaces – park rangers car allowances review	27		Medium
Green spaces – horses on Council land action required	35		Medium
Catering – increased equipment spend	25		Medium
Catering – increased provision spend	45		Medium
Green spaces – pool fitters income	22		Medium
Green spaces – improvement services shortfall in income	25		Medium
TOTAL RISK	1,123	(50)	

Appendix 3 – Capital Programme 2012/13

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Proposed Carry Forward to 2013/14	Estimated Underspend
	£	£	£	£	£	£
Mainstream						
Engineering & Transportation						
Beacon Road Land Slip	26,141	0	26,141	0		
Hatherton Road Multi Storey Car Park	246,578	0	246,578	0		
Highways Maintenance	1,200,000	392,891	1,200,000	0		
Lighting – to save initiative	269,500	18,160	269,500	0		
LTP Maintenance carry forward from 2011/12	369,676	61,611	369,676	0		
Land acquisition	502,758	0	193,000	(309,758)		(309,758)
Retained Housing Land	100,000	0	100,000	0		
Street Pride						
Depot Relocation	0	(30,000)	0	0		
Leisure & Community Health						
Allotment Improvement Programme	92,618	9,758	92,618	0		
George Rose park development	268,824	4,570	228,824	(40,000)	(40,000)	
Walsall Arboretum Lido	172,776	0	172,776	0		
Walsall Arboretum Restoration Programme	487,578	0	487,578	0		
Headstone Safety in Cemeteries	80,000	3,180	80,000	0		
Dilapidations at Bryntisilio	122,413	0	122,413	0		
Green space improvement plan	166,631	0	101,631	(65,000)	(65,000)	
Broadway West Playing fields	410,000	0	410,000	0		
Libraries, heritage & Arts						
Bentley Community Facility	240,000	0	240,000	0		
Radio Frequency Identification in libraries	121,152	60,968	121,152	0		
Library Modernisation Plan	53,962	0	53,962	0		
Communities & Partnership						
Improving security in local neighbourhoods	4,282	0	4,282	0		
Total Mainstream	4,934,889	521,139	4,520,131	(414,758)	(105,000)	(309,758)
Non Mainstream						
Engineering & Transportation						
Development of Highways asset Management Plan	187,705	0	187,705	0		
Low emissions strategy – air quality grant	62,025	10,060	62,025	0		
LTP Highways Maintenance	1,381,000	42,641	1,381,000	0		
LTP Bridge Maintenance	1,315,500	0	0	(1,315,500)	(1,315,500)	
St Margaret's Cycle Lane development	10,245	0	10,245	0		
Street Pride						
Waste Infrastructure grant	455,928	15,033	455,928	0		

	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Proposed Carry Forward to 2013/14	Estimated Underspend
	£	£	£	£	£	£
Leisure & Community Health						
Pelsall Common Play Area	8,575	0	8,575	0		
NOF Aldridge airport	21,636	0	21,636	0		
Walsall Gala Baths Dance studio	771	0	771	0		
King Hill Park Improvements	78,941	170	78,941	0		
Palfrey Park	77,965	44,556	77,965	0		
Rushall Parks Footpath works	400	0	400	0		
Walsall Arboretum restoration Programme	3,975,309	852,287	1,214,101	(2,761,207)	(2,761,207)	
Walsall Children's Play fund	52,171	1,905	52,171	0		
Arboretum Gallery Garden	13,949	12,961	13,949	0		
Pleck Park Senior Citizens Bowling Club	0	20	0	0		
Mercury Abatement	90,000	35,983	90,000	0		
Libraries, Heritage & Arts						
Pelsall library, children's centre & health centre	2,293,005	964,177	1,795,382	(497,623)	(497,623)	
Walsall Adult & Community College						
IT & telephone system upgrade	47,182	17,055	47,182	0		
Strategic Transportation						
LTP Integrated Transport	1,233,938	127,912	1,233,938	0		
Red Routes	222,916	24,524	222,916	0		
Total Non Mainstream	11,529,161	2,149,283	6,954,831	(4,574,330)	(4,574,331)	0
Total Capital Programme	16,464,050	2,670,422	11,474,962	(4,989,088)	(4,679,331)	(309,758)