

**ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

Agenda Item
No.
7

DATE: 28 NOVEMBER 2011

QUARTER 2 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 2 (1 April to 30 September 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 **£199k**, after the use of approved reserves and carry forwards and action planning. The capital forecast is an underspend of **£182k** for which slippage of **£179k** will be requested into 2012/13.

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: 17 October 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 September 2011) is an overspend against budget of **£199k** (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 **£1.011m** (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 Where an expected overspend is forecast the services need to identify an in year action plan to mitigate this position. At this point in the year the action plan for the services associated with the panel total £199k and this is detailed in **Appendix 2**
- 1.6 Within the services associated with the panel there are a number of risks, totalling **£290k** which has 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 3**.
- 1.7 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 September 2011) is a predicted underspend against budget of **£182k**. Of this underspend **£179k** will be requested to be slipped into 2012/13. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 4**. The difference of £3k between year end variance and proposed slippage is a true underspend on an engineering and transportation project.

<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)	1,292,287	950,823	1,292,287	0
Engineering & Transportation	3,223,043	663,926	3,223,043	0
Total Mainstream	4,515,329	1,614,749	4,515,329	0
Non Mainstream				
Street Pride (excluding grounds maintenance)	655,623	2,341	655,623	0
Engineering & Transportation	2,437,153	123,843	2,254,746	(182,407)
Total Non Mainstream	3,092,776	126,184	2,910,369	(182,407)
Total Capital	7,608,105	1,740,933	7,425,699	(182,407)

APPENDIX 1 - MAIN REASONS FOR REVENUE VARIANCES		
Service Area	Explanation of Year end Variance	Variance £
Engineering & Transportation		
Engineering & Transportation General	Overspends on employee costs	6,415
Highways Maintenance	Increase in income generation	(6,788)
Structures & Geotechnics	Underspends on employee costs	(5,056)
Pollution Control	Overspends on employee costs	13,920
Road Works Management	Overspends on employee costs	13,740
Major Projects & Minor Improvements	Overspends on employee costs	(5,516)
Engineering Management	Overspends on employee costs	(259)
Traffic Management	Lower than anticipated car parking income including a £144k loss of 0-2 hours parking income due to impact of Tesco	238,420
Transportation Forward Planning	Lower than anticipated employee costs and Joint Data Team costs	(56,303)
Forecast variance		198,572

APPENDIX 2 - 2011/12 Budget Action Plan

Service	Action identified	Initial Action Plan £m	Action Plan delivered + included in Outturn £m	Accountable Officer	2010/11 Comments / Risks	Action plan left to deliver £m
Engineering & Transportation - lower than anticipated car park income	There has been a Scrutiny Panel and Working Group review of town centre parking. Cabinet considered action plan in September introducing revised parking charges trial from November for 6 months. Joint working paper prepared with Regeneration in support of contingency bid of £198k for 2011/12. MTFP growth bid proposal of £144k for 2012/13.	0.199	0.000	S Pretty	The position is likely to improve due to action regarding an illegal car park at Lower Rushall Street; Tesco introducing pay and display charging and the introduction of reduced car parking charges from November for a 6 month trial period.	0.199
TOTAL		0.199	0.000			0.199

Appendix 3 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	70	Medium	90	High	90
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	50
Total Environment	120		340		290

Appendix 4 - Forecast Capital Outturn 2011/12

Service Area / Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Council Resources				
Street Pride - Depot relocation	1,173,608	948,144	1,173,608	0
Purchase of hot jet pavement cleaning machine	116,000	0	116,000	0
E & T - Beacon Road land slip - contingency	107,838	2,000	107,838	0
E & T - Combined wind turbine and street lighting	25,000	0	25,000	0
E & T - Hatherton Road multi storey car park	200,000	0	200,000	0
E & T - Highways maintenance	1,400,000	3,600	1,400,000	0
E & T - Lighting to save initiatives	250,000	0	250,000	0
E & T - LTP including bridge strengthening	550,898	550,898	550,898	0
E & T - Town centre on street parking	59,307	11,766	59,307	0
E & T - Walsall TCTP ring road acquisition	630,000	95,662	630,000	0
Total Council Resources	4,512,650	1,612,070	4,512,650	0
Externally Funded				
Street Pride - Waste infrastructure capital grant	653,282	0	653,282	0
E & T - LTP highways maintenance	2,118,167	45,199	2,118,167	0
E & T - Contaminated land grant - Oakridge Drive	4,061	2,794	4,061	0
E & T - Development of Highways Asset Management Plans (HAMPS)	162,328	18,321	48,321	(114,007)
E & T - Low emission strategy - Air quality grant	100,000	8,332	35,000	(65,000)
E & T - Traffic signal energy/carbon saving measures	52,597	49,197	49,197	(3,400)
Total Externally Funded	3,090,435	123,843	2,908,028	(182,407)
Total Environment	7,603,085	1,735,913	7,420,679	(182,407)