

**COMMUNITY SERVICES & ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No.
8**

DATE: 27 AUGUST 2013

QUARTER 1 FINANCIAL MONITORING POSITION FOR 2013/14

Ward(s) All

Portfolio:

Councillor Z Ali – Public Protection
Councillor A Andrew – Regeneration and Transport
Councillor A Harris – Leisure & Culture
Councillor I Shires – Community Engagement and Voluntary Sector
Councillor Arif - Environment

Summary of report

This report summarises the predicted revenue and capital position for 2013/14, based on the performance for quarter 1 (1 April to 30 June 2013), for services within the remit of the Community Services & Environment Scrutiny and Performance Panel.

Recommendation

To note the 2013/14 forecasted year end financial position for services under the remit of the Community Services & Environment Scrutiny and Performance Panel is net revenue overspend of **£312k**, after the use of approved reserves and carry forwards. The capital forecast is for an in year variance of **£6.013m** which will all be requested to be carried forward into 2014/15.

Background papers

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

Reason for scrutiny

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

Signed:



Chief Finance Officer: James T Walsh

Date: 6 August 2013



Executive Director: Jamie Morris

Date: 9 August 2013

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.

Contact Officers:

Chris Knowles, Services Finance Manager.

 01922 650392  knowlesc@walsall.gov.uk

1 Forecast Revenue Outturn 2013/14

- 1.1 The forecast revenue outturn for 2013/14 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 2013) is an overspend against budget of **£312k** (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 **£1.4m** (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 **£1.7m**.
- 1.4 **Table 1** shows the forecast outturn for each service, with **Appendix 1** giving detailed reasons for the forecast overspend. The main variance at this present time is due to underachievement of car parking income.
- 1.5 Within the services associated with the panel there are a number of potential risks totalling **£2.2m**. 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 2013/14 new savings, as approved by Cabinet on 21 February, totalling £4.1m. A full breakdown of these can be found in the 2013/14 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 2013-14

Service Area	Annual Budget £	Profiled Budget £	Year To Date £	Variance £	Year End Forecast £	Year End Variance £	Use of reserves £	Variance after Reserves £
Clean and Green Services	19,805,683	5,021,370	6,999,520	1,978,150	19,911,502	105,819	-105,819	0
Communities & Partnership	2,234,952	602,501	532,425	-70,076	2,576,735	341,783	-369,440	-27,658
Engineering & Transportation	11,541,546	2,843,586	2,358,207	-485,379	10,399,358	-1,142,188	1,433,243	291,055
Leisure & Community Health	1,361,412	470,486	161,501	-308,985	1,479,026	117,614	-80,003	37,611
Libraries Heritage & Arts	6,468,583	1,665,679	1,421,379	-244,300	6,514,444	45,861	-17,857	28,004
Regulatory Services	2,180,790	546,725	528,950	-17,775	2,225,809	45,019	-61,912	-16,893
WACC & WLLA	199,797	49,926	37,387	-12,539	613,778	413,981	-413,981	0
Strategic Transportation	-11,536	-11,363	25,354	36,717	-11,536	0	0	0
Total	43,781,227	11,188,910	12064722.7	875,813	43,709,116	-72,111	384,231	312,119

2 Forecast Capital Outturn 2013/14

- 2.1 The forecast capital outturn for 2013/14 for the schemes under the remit of this panel (as at the end of June 2013) is a predicted variance against budget of **£6.013m**. This relates to costs of these long term projects now due to fall in future financial years so the full variance will be requested to be carried forward into 2014/15 to fund those costs. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 3**.

<u>Table 2 – Summary of Capital Programme - Forecast 2013-14</u>				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Engineering & Transportation	2,229,504	182,377	2,228,153	-1,351
Street Pride	186,318	186,318	186,318	0
Leisure & Culture	3,567,203	24,885	1,980,679	-1,586,524
Communities & Partnerships	4,282	0	4,282	0
Total Mainstream	5,987,307	393,580	4,399,432	-1,587,875
Non Mainstream				
Engineering & Transportation	5,223,938	434,564	3,471,479	-1,752,459
Street Pride	400,523	19,643	400,523	0
Leisure & Culture	3,454,502	100,994	781,012	-2,673,490
Strategic Transportation				
Total Non Mainstream	9,078,963	555,200	4,653,015	-4,425,948
Total Capital	15,066,270	948,780	9,052,446	-6,013,823

Appendix One – Breakdown of Revenue Variances 2013/14

Service Area	Detail	£
Clean and Green		
	Salary underspends.	(27,658)
Engineering & Transportation		
Engineering & Transportation General	Small variance in employee costs including extra pension contributions	21,953
Traffic Management	Under achievement of car parking income	265,000
	Other small variances	4,102
Leisure and community health		
Sports centres	Forecast shortfall in income	54,428
Bereavement Services	Underspends on supplies and employee costs	(35,695)
Catering	Shortfall in income on town hall restaurant and bistro	19,926
	Other small variances	(1,048)
Libraries, Heritage & Arts		
Creative Development Team	Income shortfall partly offset by reduced employee costs	17,036
Libraries	Overspends on premises and supplies costs partly offset by vacant post savings	8,191
	Other small variances	2,777
Regulatory Services		
Trading standards	Surplus of licensing income and salary underspends	(15,479)
	Other small variances	(1,414)
		312,119

Appendix Two – Potential Risks 2013/14

POTENTIAL RISK	OVERSPEND VALUE	ASSESSMENT OF LIKELIHOOD
	£'000	
Regulatory Services - Unknown court costs arising from prosecutions	150	Low
Regulatory Services - Unknown court costs arising from licensing act appeals	150	Low
Regulatory Services - Unknown court costs arising from taxi/private hire appeals	20	Low
Regulatory Services - Incursion of additional unauthorised encampments	50	Medium
Regulatory Services - Increase in the cost of kennelling stray dogs.	24	Medium
Regulatory Services - Increase in the number of stray dogs due to the economic down turn	25	Low
Regulatory Services - underachievement of pest control income due to a cold summer	15	High
Regulatory Services - Burial costs where there is no known family	20	High
Regulatory Services - Incident(s) of infectious disease either in animal health or human e.g. e-coli, legionnaires	75	High
Creative development team - reduction in the number of external commissions resulting in lower income	90	Low
Bereavement services - impact of pandemic flu	30	Medium
Clean & Green - Green spaces - underachievement of GIS fee contributions	30	High
Clean & Green - Greenspaces - possible action against horses on Council land at £1,500 each	120	Low
Clean & Green - Green spaces - Loss of Senior Countryside Rangers and reduction in Forest Schools and other event income	6	Low
Clean & Green - Green spaces loss of legally defensible tree management programme, leading to high risk exposure and potential high costs for which we would not be insured.	43	Medium

POTENTIAL RISK	OVERSPEND VALUE	ASSESSMENT OF LIKELIHOOD
Clean & Green - Green spaces loss of insurance case officer leading to increased risk exposure and potential increase in payouts	150	Medium
Clean & Green - Green spaces - Reduction in tree planting programme, with resultant impact on air quality, run off, heat island effect, residents health potential insurance claims and additional use of NHS resources	50	Medium
Green spaces reduction in community engagement programmes	10	Low
Engineering - Impact of a severe winter, additional gritting required	150	Low
Engineering - Reduction in usage of car parks or loss of car parks resulting in less income & Xmas implications. Growth in 2013/14 £250k, under recovery 12/13 was £500k	50	High
Engineering - Legal & technical support costs in dealing with former Willenhall Town Gas Works	100	Medium
Engineering - Implications of the Markinson decision relating to charges for information - it may be necessary to repay charges with interest that have been claimed from 2011.	28	Medium
Clean & Green - reduction in levels of co-mingled recyclables and or market value resulting in reduced income	270	Medium
Clean & Green - contamination of recyclables leading to loss of income and additional disposal costs	300	Low
Clean & Green - First year employee protection costs as a result of street pride/green spaces integration	125	Medium
Clean & Green - Additional water costs relating to the Environmental depot	75	Medium
Clean & Green - Impact of Bloxwich toilets remaining open	20	Low
TOTAL	2,176	

Appendix 3 – Capital Programme 2013/14

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Proposed Carry Forward to 2014/15	Estimated Underspend
	£	£	£	£	£	£
Mainstream						
Environment						
Vehicles purchased	186,318	186,318	186,318	0	0	0
Engineering and Transportation						
Beacon Road land slip	13,855	13,958	13,958	103	103	0
Hatherton Road multi storey car park	11,214	0	11,214	0	0	0
Highways Maintenance	1,450,000	92,893	1,448,649	(1,351)	(1,351)	0
Lighting to save initiative	12,257	0	12,257	0	0	0
LTP including bridge strengthening	54,468	42,432	54,365	(103)	(103)	0
Walsall TCTP ring road acquisition	186,762	0	186,762	0	0	0
Retained Housing Land	125,341	32,631	125,341	0	0	0
Footpath Highfield Road, Pelsall	15,607	0	15,607	0	0	0
Verge Parking	250,000	0	250,000	0	0	0
New Invention Car Park	110,000	463	110,000	(0)	(0)	0
Public Protection						
Improving security in local neighbourhoods	4,282	0	4,282	0	0	0
Leisure and Culture						
Restoration & renovation of Broadway West playing fields	159,461	838	159,461	0	0	0
Introduction of radio frequency identification (RFID) in libraries	7,574	7,227	7,574	0	0	0
Allotments	71,148	1,413	71,148	0	0	0
George Rose Park	72,142	550	72,142	0	0	0
Walsall Arboretum Restoration programme	596,829	1,818	250,805	(346,024)	(346,024)	0

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Proposed Carry Forward to 2014/15	Estimated Underspend
Greenspace Improvement plan	260,136	0	260,136	0	0	0
Arboretum play area	175,000	0	175,000	0	0	0
Walsall Arboretum restoration programme - illuminated park	270,000	0	162,000	(108,000)	(108,000)	0
Willenhall memorial park	180,000	0	180,000	0	0	0
Allotment and community garden strategy - Borneo Street	50,000	0	50,000	0	0	0
Roadway extensions in Streetly Cemetery	150,000	7,394	150,000	0	0	0
Headstone Safety in cemeteries	80,000	5,645	80,000	0	0	0
Bentley community facility	1,372,500	0	240,000	(1,132,500)	(1,132,500)	0
Dilapidations at Bryntysilio	122,413	0	122,413	0	0	0
Total Mainstream	5,987,307	393,580	4,399,432	(1,587,875)	(1,587,875)	0
Non Mainstream						
Environment						
Waste Infrastructure Grant	400,523	19,643	400,523	0	0	0
Transport						
Development of Highways Asset Management Plan (HAMPS)	187,705	7,034	80,000	(107,705)	(107,705)	0
Low emission strategy	10,933	2,766	10,933	0	0	0
LTP Highway Maintenance	1,398,000	68,472	1,398,000	0	0	0
LTP Highway Maintenance (Bridges)	1,828,668	0	176,000	(1,652,668)	(1,652,668)	0
Highways improvement works - Willenhall	22,264	23,615	23,615	1,351	1,351	0
Additional local highways maintenance	352,000	0	352,000	0	0	0
Local Transport Plan (LTP)	1,424,368	332,676	1,430,931	6,563	6,563	0
Leisure and Culture						
Pelsall library, children's centre and health centre	187,700	7,227	187,700	0	0	0
Kings Hill park improvement - phase 2	66,424	34,397	66,424	0	0	0
Palfrey park	13,015	0	13,015	0	0	0

Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance	Proposed Carry Forward to 2014/15	Estimated Underspend
Walsall Arboretum Restoration programme	3,062,961	2,812	388,025	(2,674,936)	(2,674,936)	0
Reedwood Park	60,519	0	60,519	0	0	0
Walsall Arboretum Lido	9,771	1,000	9,771	0	0	0
Recreating the croft	54,112	54,943	54,943	831	831	0
Refurbishment & upgrade of college facilities & premises	0	615	615	615	615	0
Total Non Mainstream	9,078,963	555,200	4,653,015	(4,425,949)	(4,425,948)	0
Overall total	15,066,270	948,780	9,052,446	(6,013,823)	(6,013,823)	0