

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

**Agenda Item
No. 5**

DATE: 14 FEBRUARY 2013

QUARTER 3 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 3 (1 April to 31 December 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 **£42k**, after the use of approved reserves and carry forwards. The capital forecast is for an underspend of **£5.473m** of which **£5.156m** 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: 17th January 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.

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1 Forecast Revenue Outturn 2012/13

- 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 December 2012) is an overspend against budget of **£42k** (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 **£2.696m** (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 **£1.714m**.
- 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 :-
- Reduction in car parking income £469k,
 - Less than expected income due to over running of utility works on the highway (section 74) £146k offset by less than expected spend on reactive maintenance,
 - A reduction in co-mingled income and additional disposal costs £377k, offset by underspend on fuel (£80k), and additional income from sale of scrap metal (£70k).
 - Initial costs of improving leisure centres £130k
 - Increased net income (£297k) and reduced employee costs (£55k) in catering
- 1.5 Within the services associated with the panel there are a number of risks, over spends totalling **£799k** and under spends of **£50k** which have not been included within the above forecast. These costs would relate to a full year cost and 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	11,615,114	8,694,054	7,766,724	(927,330)	10,598,315	(1,016,799)	1,334,629	317,830
Street Pride	19,229,270	14,515,933	15,712,139	1,196,206	19,476,141	246,871	(226,209)	20,662
Regulatory Services	2,092,619	1,563,790	1,442,422	(121,368)	2,047,277	(45,342)	(28,085)	(73,427)
Leisure & Community Health	3,590,046	2,831,375	2,365,983	(465,392)	3,532,654	(57,392)	(162,419)	(219,811)
Libraries, Heritage & Arts	6,318,322	4,790,915	4,314,526	(476,389)	6,471,473	153,151	(126,129)	27,022
Walsall Adult & Community College	229,797	153,702	64,534	(89,168)	171,177	(58,620)	58,620	0
Communities & Partnership	2,578,051	1,933,551	1,910,608	(22,943)	4,378,013	1,799,962	(1,830,266)	(30,304)
Strategic Transportation	10,249	7,695	70,588	62,893	12,777	2,528	(2,528)	0
Total	45,663,468	34,491,015	33,647,525	(843,490)	46,687,827	1,024,359	(982,387)	41,972

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 December 2012) is a predicted underspend against budget of **£5.473m**. Of this underspend **£5.156m** 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 2012-13</u>				
Service Area	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Engineering & Transportation	2,729,654	1,458,135	2,301,895	(427,759)
Street Pride	408,339	378,339	408,339	0
Leisure & Community Health	1,768,428	1,117,211	1,533,724	(234,704)
Libraries, Heritage & Arts	415,116	124,099	175,116	(240,000)
Communities & Partnerships	4,282	978	4,282	0
Total Mainstream	5,325,819	3,078,762	4,423,356	(902,463)
Non Mainstream				
Engineering & Transportation	2,999,954	845,784	1,526,749	(1,473,205)
Street Pride	455,928	47,249	455,928	0
Leisure & Community Health	4,342,701	862,082	1,245,509	(3,097,190)
Libraries, Heritage & Arts	2,293,006	2,076,382	2,293,006	0
Walsall Adult & Community College	177,182	126,415	177,182	0
Strategic Transportation	2,246,629	901,676	2,246,629	0
Total Non Mainstream	12,515,401	4,859,791	7,945,004	(4,570,396)
Total Capital	17,841,220	7,938,553	12,368,360	(5,472,859)

APPENDIX 1 - MAIN REASONS FOR REVENUE VARIANCES 2012/13

Service Area		£'000
Engineering & Transportation		
Engineering & Transportation General	Variance in employee costs offset by lower than anticipated costs on training and private contractor fees	(25)
Highways Maintenance	Lower than anticipated employee costs and small under spends	(12)
Pollution Control	Lower than anticipated costs on supplies and services and private contractor fees	(67)
Road Works Management	Lower than expected Section 74 income	146
	Lower than expected spend on reactive maintenance	(146)
Traffic Management	Under achievement of car parking income	469
Transportation Forward Planning	Lower employee costs due mainly to vacant post and services	(34)
Emergency Planning	Lower than anticipated employee costs and spend on supplies and services	(9)
Street Pride		
Strategic - Waste	Reduction in comingled income due to contamination and reduction in market prices plus additional disposal costs due to contamination	377
	Increased income from sale of scrap metal	(70)
Strategic - Fleet	Lower than anticipated spend on fuel	(80)
Strategic	Additional premises and training costs	65
Operational - Fleet	Lower than anticipated employee costs and supplies and services costs	(286)
Regulatory Services		
Trading Standards (incl Licensing)	Lower employee costs due mainly to vacant post; reductions in non essential spend and additional income from court costs.	(55)
Environmental Health	Under achievement of pest control income offset by lower than anticipated spend on employees	(18)
Leisure & Community Health		
Catering	Higher than expected income, offset by some overspends in supplies and services	(352)
Venue Hire	Higher than expected spend on security costs	4

APPENDIX 1 - MAIN REASONS FOR REVENUE VARIANCES 2012/13 continued

Service Area		£'000
Management Services	Initial costs relating to improvement of leisure centres	130
Libraries, Heritage & Arts		
Heritage	Lower than expected income	16
Creative Development	Shortfall in income from commissioned works	15
New Art Gallery	Reduction in artist in residence costs	(3)
Communities & partnerships		
Community Safety	Lower than anticipated spend employees and non essential spend	(11)
Voluntary & Community Sector	Lower than anticipated employee costs and non essential spend	(35)
Area Partnerships	Community Hub costs funded from within service	15
	Other small overspends in neighbourhood services	8
Forecast variance		42

APPENDIX 2 – POTENTIAL RISKS 2012/13 (Full Year Cost)			
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 (including kennelling costs)	49		Medium
Regulatory services – Incidents of infectious diseases	75		Low
Regulatory services – Burial or cremation costs	20		Medium
Engineering – Impact of a severe winter – additional gritting	150		High
Engineering – Reduction in pay and display income for long term car parks.	15		High
Engineering – Legal costs	75		High
Street Pride – potential impact on LATS allowances from a reduction in energy from waste availability	100		High
Bereavement services – over achievement of income		(50)	Low
Green spaces – car allowances	20		Medium

POTENTIAL RISK	OVERSPEND VALUE	UNDERSPEND VALUE	ASSESSMENT OF LIKELIHOOD
	£'000	£'000	
Catering – increased equipment spend	25		Medium
Catering – increased provision spend	45		Medium
Green spaces – improvement services shortfall in income	25		Low
TOTAL RISK	799	(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	160,817	246,578	0		
Highways Maintenance	1,200,000	1,093,369	1,200,000	0		
Lighting – to save initiative	269,500	18,160	269,500	0		
LTP Maintenance carry forward from 2011/12	369,676	185,789	369,676	0		
Land acquisition	502,759	0	75,000	(427,759)	(118,000)	(309,759)
Retained Housing Land	100,000	0	100,000	0		
A34 Birmingham Road	15,000	0	15,000	0		
Street Pride						
Depot Relocation	0	(30,000)	0	0		
Vehicles	408,339	408,339	408,339	0		
Leisure & Community Health						
Allotment Improvement Programme	92,619	15,528	92,619			
George Rose park development	268,824	153,679	234,120	(34,704)	(34,704)	
Walsall Arboretum Lido	172,776	171,624	172,776	0	0	
Walsall Arboretum Restoration Programme	487,578	440,913	487,578	0	0	
Headstone Safety in Cemeteries	80,000	50,241	80,000	0		
Green space improvement plan	166,631	2,845	86,631	(80,000)	(80,000)	
Broadway West Playing fields	410,000	242,526	290,000	(120,000)	(120,000)	
Mercury Abatement	90,000	39,855	90,000			
Libraries, heritage & Arts						
Bentley Community Facility	240,000	0	0	(240,000)	(240,000)	
Radio Frequency Identification in libraries	121,153	80,122	121,153	0		
Library Modernisation Plan	53,963	43,977	53,962	0		
Communities & Partnership						
Improving security in local neighbourhoods	4,282	978	4,282	0		
Total Mainstream	5,325,819	3,078,762	4,423,356	(902,463)	(592,704)	(309,759)
Non Mainstream						
Engineering & Transportation						
Development of Highways asset Management Plan	187,705	0	30,000	(157,705)	(157,705)	
Low emissions strategy – air quality grant	62,025	43,092	62,025	0		
LTP Highways Maintenance	1,381,000	790,626	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	10,245	10,245	0		

Scheme	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £	Proposed Carry Forward to 2013/14 £	Estimated Underspend £
Highway Improvement works, Willenhall	23,479	1,215	23,479	0		
Bloxwich Lane/Bentley Lane Traffic Signal Update	20,000	806	20,000	0		
Street Pride						
Waste Infrastructure grant	455,928	47,249	455,928	0		
Leisure & Community Health						
Pelsall Common Play Area	7,595	822	822	(6,773)		(6,773)
NOF Aldridge airport	21,637	12,790	21,637	0		
King Hill Park Improvements	128,941	8,835	126,991	(1,950)	(1,950)	
Palfrey Park	77,966	99,260	77,966	0		
Walsall Arboretum restoration Programme	3,833,486	682,146	745,017	(3,088,465)	(3,088,465)	
Reedswood Park	150,000	10,569	150,000			
Walsall Children's Play fund	35,855	8,318	35,855	0		
Arboretum Gallery Garden	43,449	39,342	43,449	0		
Walsall Gala Baths dance studio	772	0	772	0		
Arboretum Water play project	43,000	0	43,000	0		
Libraries, Heritage & Arts						
Pelsall library, children's centre & health centre	2,293,006	2,076,382	2,293,006	0		
Walsall Adult & Community College						
IT & telephone system upgrade	68,249	68,249	68,249	0		
Refurbishment & upgrade of college facilities	108,933	58,166	108,933	0		
Strategic Transportation						
LTP Integrated Transport	1,992,776	783,997	1,992,776	0		
Red Routes	253,853	117,679	253,853	0		
Total Non Mainstream	12,515,401	4,859,791	7,945,004	(4,570,396)	(4,563,624)	(6,773)
Total Capital Programme	17,841,220	7,938,553	12,368,360	5,472,859	(5,156,328)	(316,532)