

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

**Agenda Item
No. 5**

14 NOVEMBER 2012

QUARTER 2 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 2 (1 April to 30 September 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 **£735k**, after the use of approved reserves and carry forwards. The capital forecast is for an underspend of **£5.689m** of which **£5.355m** 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: 22nd October 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.

Contact Officers:

Tracey Evans, Lead Accountant, Neighbourhood Services & Resources.

☎ 01922 652329 ✉ evanst@walsall.gov.uk

Pauline Foster, Senior Accountancy Officer, Neighbourhood Services.

☎ 01922 652337 ✉ fosterpauline@walsall.gov.uk

Emma Brown, Senior Accountancy Officer, Neighbourhood Services.

☎ 01922 652334 ✉ brownel@walsall.gov.uk

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 September 2012) is an overspend against budget of **£735k** (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 **£2.897m** (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 **£2.151m**.
- 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 £496k,
 - Less than expected income due to over running of utility works on the highway (section 74) £146k,
 - A reduction in co-mingled income and additional disposal costs £139k, offset by underspend on fuel (£107k),
 - Initial costs of improving leisure centres £130k
 - Agency staff in First Stop Shop £75k.
 - Increased income and reduced employee costs in catering (£148k)
- 1.5 Within the services associated with the panel there are a number of risks, over spends totalling **£932k** 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	11,378,256	5,635,797	4,267,097	(1,368,700)	10,590,435	(787,821)	1,332,573	544,752
Street Pride	19,488,834	9,871,955	11,159,497	1,287,542	19,837,802	348,968	(273,901)	75,067
Regulatory Services	2,034,894	1,013,647	984,474	(29,173)	2,020,599	(14,295)	(12,438)	(26,733)
Leisure & Community Health	3,616,569	1,986,228	1,784,228	(202,000)	3,597,717	(18,852)	128,451	109,599
Libraries, Heritage & Arts	6,068,107	3,116,426	3,364,172	247,746	6,296,221	228,114	(177,347)	50,767
Walsall Adult & Community College	200,532	100,338	(101,721)	(202,059)	6,531	(194,001)	194,001	0
Communities & Partnership	2,529,940	1,264,974	1,156,446	(108,528)	4,448,368	1,918,428	(1,936,288)	(17,860)
Strategic Transportation	20,218	10,116	53,401	43,285	22,747	2,529	(2,529)	0
Total	45,337,350	22,999,481	22,667,594	(331,887)	46,820,420	1,483,070	(747,478)	735,592

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 September 2012) is a predicted underspend against budget of **£5.689m**. Of this underspend **£5.355m** 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	2,729,654	773,137	2,419,895	(309,759)
Street Pride	310,405	280,405	310,405	0
Leisure & Community Health	1,678,428	73,872	1,514,946	(163,481)
Libraries, Heritage & Arts	415,116	110,987	415,116	0
Communities & Partnerships	4,282	(898)	4,282	0
Total Mainstream	5,137,885	1,237,503	4,664,644	(473,240)
Non Mainstream				
Engineering & Transportation	2,999,955	204,995	1,526,749	(1,473,206)
Street Pride	455,928	29,893	455,928	0
Leisure & Community Health	4,348,450	1,292,636	1,067,640	(3,280,810)
Libraries, Heritage & Arts	2,293,006	1,831,029	1,831,029	(461,977)
Walsall Adult & Community College	68,249	70,004	68,249	0
Strategic Transportation	2,212,859	516,094	2,212,859	0
Total Non Mainstream	12,378,447	3,944,651	7,162,454	(5,215,992)
Total Capital	17,516,332	5,182,154	11,827,097	(5,689,232)

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	(12)
Highways Maintenance	Lower than anticipated employee costs and small under spends	(15)
Pollution Control	Lower than anticipated costs on supplies and services and private contractor fees	(46)
Road Works Management	Lower than expected Section 74 income	146
Traffic Management	Under achievement of car parking income	496
Transportation Forward Planning	Lower employee costs due mainly to vacant post	(16)
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	139
Strategic - Fleet	Lower than anticipated spend on fuel	(107)
Strategic	Additional premises costs	42
Operational - Fleet	Small under/over spends	1
Regulatory Services		
Trading Standards (incl Licensing)	Lower employee costs due mainly to vacant post and reduction in non essential spend.	(21)
Environmental Health	Under achievement of pest control income offset by lower than anticipated send on employees	(6)
Leisure & Community Health		
Bereavement services	Small over spends on staff costs and supplies and services offset by additional income	28
Catering	Higher than expected income, offset by some overspends in supplies and services	(148)
Venue Hire	Higher than expected spend on supplies and services	3
Management Services	Initial costs relating to improvement of leisure centres	130

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

Service Area		£'000
First stop shop	Increase in agency and blue badge stationary costs	96
Libraries, Heritage & Arts		
Libraries	Overspend on employees ; premises and supplies and services offset by a small over achievement of income	50
Communities & partnerships		
Community Safety	Lower than anticipated spend employees and non essential spend	(9)
Voluntary & Community Sector	Lower than anticipated employee costs	(9)
Forecast variance		735

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 and kennelling costs	49		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 – Pay and display income for long term car parks.	15		High
Engineering – Legal costs	75		High
Engineering – Costs relating to Core Support Team	18		High
Street Pride – reduction in levels of co mingled recycling and/ or market value of recycled materials resulting in reduced income	200		High

POTENTIAL RISK	OVERSPEND VALUE	UNDERSPEND VALUE	ASSESSMENT OF LIKELIHOOD
	£'000	£'000	
Bereavement services – over achievement of income		(50)	Low
Green spaces – possible action against horses on Council land	35		Medium
Catering – increased equipment spend	25		Medium
Catering – increased provision spend	45		Medium
Green spaces – improvement services shortfall in income	25		Low
TOTAL RISK	932	(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	8,501	246,578	0		
Highways Maintenance	1,200,000	616,960	1,200,000	0		
Lighting – to save initiative	269,500	18,160	269,500	0		
LTP Maintenance carry forward from 2011/12	369,676	129,516	369,676	0		
Land acquisition	502,759	0	193,000	(309,759)		(309,758)
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	310,405	310,405	310,405	0		
Leisure & Community Health						
Allotment Improvement Programme	92,619	11,736	69,619	(23,000)	(23,000)	
George Rose park development	268,824	32,987	210,146	(58,678)	(58,678)	
Walsall Arboretum Lido	172,776	0	166,776	(6,000)	(6,000)	
Walsall Arboretum Restoration Programme	487,578	0	476,774	(10,803)	(10,803)	
Headstone Safety in Cemeteries	80,000	13,913	80,000	0		
Green space improvement plan	166,631	0	101,631	(65,000)	(65,000)	
Broadway West Playing fields	410,000	15,236	410,000	0		
Libraries, heritage & Arts						
Bentley Community Facility	240,000	0	240,000	0		
Radio Frequency Identification in libraries	121,153	78,193	121,153	0		
Library Modernisation Plan	53,963	32,794	53,962	0		
Communities & Partnership						
Improving security in local neighbourhoods	4,282	-898	4,282	0		
Total Mainstream	5,137,885	1,237,503	4,664,643	(473,240)	(163,481)	(309,758)
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	26,626	62,025	0		
LTP Highways Maintenance	1,381,000	168,124	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		
Highway Improvement works, Willenhall	23,479	0	23,479			
Bloxwich Lane/Bentley Lane Traffic Signal Update	20,000	0	20,000			

Scheme	Annual Budget £	Year To Date £	Year End Forecast £	Year End Variance £	Proposed Carry Forward to 2013/14 £	Estimated Underspend £
Street Pride						
Waste Infrastructure grant	455,928	29,893	455,928	0		
Leisure & Community Health						
Pelsall Common Play Area	8,575	0	0	(8,575)		(8,575)
NOF Aldridge airport	21,637	0	21,637	0		
King Hill Park Improvements	78,942	974	76,942	(2,000)	(2,000)	
Palfrey Park	77,966	98,000	77,966	0		
Rushall Parks Footpath works	400	0	0	(400)		(400)
Walsall Arboretum restoration Programme	3,975,309	1,107,795	721,020	(3,254,289)	(3,254,289)	
Walsall Children's Play fund	52,172	8,318	35,855	(16,317)		(16,317)
Arboretum Gallery Garden	43,449	37,762	43,449	0		
Walsall Gala Baths dance studio	0	0	771	771		771
Mercury Abatement	90,000	39,787	90,000	0		
Libraries, Heritage & Arts						
Pelsall library, children's centre & health centre	2,293,006	1,831,029	1,831,029	(461,977)	(461,977)	
Walsall Adult & Community College						
IT & telephone system upgrade	68,249	70,004	68,249	0		
Strategic Transportation						
LTP Integrated Transport	1,989,943	477,984	1,989,943	0		
Red Routes	222,916	38,110	222,916	0		
Total Non Mainstream	12,378,447	3,944,651	7,162,454	(5,215,992)	(5,191,471)	(24,521)
Total Capital Programme	17,516,332	5,182,154	11,827,097	(5,689,232)	(5,354,952)	(334,279)