

**REGENERATION
SCRUTINY AND PERFORMANCE PANEL**

**Agenda Item
No. 7**

DATE: 30 JULY 2009

2008/09 FINAL BUDGETARY POSITION PRIOR TO EXTERNAL AUDIT

Ward(s) All

Portfolio:

Councillor Andrew – Regeneration
Councillor Ansell – Transport

Summary of report

This report summarises the outturn position for the year ended 2008/09, subject to external audit, for services within the remit of the Regeneration Scrutiny and Performance Panel.

Recommendation

To note that the 2008/09 year end financial position for services under the remit of the Regeneration Scrutiny and Performance Panel, is a revenue variance (overspend) against budget of **£2.5m** (net of use of earmarked reserves), and a capital underspend of **£0.15m** (net of approved slippage into 2009/10).

Background papers

Various financial working papers.
Quarterly reporting to Scrutiny Panels throughout year
2008/09 Budget Books on Council's Internet and Intranet

Reason for scrutiny

To inform the panel of the position for 2008/09.

Signed:



Chief Finance Officer: James T Walsh

Date: 10 July 2009

Resource and legal considerations

The accounts were monitored and reported on as part of the budget guidelines and all entries into the final accounts have been undertaken in line with the required accounting guidance and standards.

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 were put in place to mitigate overspends. 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

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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1 Revenue Outturn 2008/09 – Regeneration

- 1.1 The revenue outturn for 2008/09 for the services under the remit of the Regeneration Scrutiny and Performance Panel is an overspend against budget of **£2.5m** (net of the use of earmarked reserves). This position is subject to external audit which will take place during July. Table 1 provides a summary by service, and a full analysis of the material variances is shown in **Appendix 1**.

Table 1 - Final Revenue Outturn 2008-09					
Service Area	Annual Budget £	Year End Forecast £	Year End Variance £	Use of Reserves £	Variance Net of Reserves (Under)/ Overspend £
<u>REGENERATION</u>					
Strategic Regeneration	1,209,346	1,714,708	505,362	(409,615)	95,747
Delivery & Development	2,868,504	2,830,004	(38,500)	(65,779)	(104,279)
Planning Services	2,414,542	3,284,642	870,100	(134,982)	735,118
Property Services:	14,217,290	15,824,288	1,606,998	142,555	1,749,553
Other Regeneration (incl Mgt, Learning Net)	700,008	1,205,833	505,825	(448,560)	57,265
TOTAL REGENERATION	21,409,690	24,859,476	3,449,785	(916,381)	2,533,404
<u>NEW DEAL</u>	0	36	36	0	36
TOTAL REGENERATION	21,409,690	24,859,512	3,449,821	(916,381)	2,533,440

- 1.2 The outturn includes net use of and transfers to reserves of £0.9m where approval was given in year by cabinet for additional funds for specific services, and include approved carry forwards from 2007/08. **Table 2** provides a summary of these.

Table 2 - Analysis of 2008/09 Use of Earmarked Reserves		
Service Area	Amount £	Explanation
Carry Forwards from 07/08		
Property Services	(250,000)	Carry forward of overspend (Facilities Mgt)
Other Specific Reserves		
Strategic Regeneration	409,615	LABGI funding
Development & Delivery	65,779	LABGI funding - salaries
Planning Services	32,000	LLPG Reserve
	102,982	Building Control Reserved Funds
Property Services	60,000	Tameway Tower relocation costs
	47,445	Cleaning Equal Pay Claims
Other Regeneration	117,202	LABGI funding – BCC contribution
	293,000	LABGI funding – Depot aborted costs
	38,358	LABGI funding
Total Use of Reserves	916,381	

1.3 The main reasons for the overspend position for services within the remit of the Panel are as follows:

- Markets – overspend of £81k due to the under-recovery of market rents, and increases in operational costs
- Land Charges – overspend of £335k due to the under-recovery of income from the impact of the recession, offset by a reduction in general operational costs
- Planning – overspend of £399k mainly due to the under-recovery of planning application fees from the impact of the recession
- Building Services – shortfall in fee income of £238k, loss of Catering client fee of £132k, correction of 07/08 fees for Education projects of £140k, and overspends within the team of £230k.
- Redundant Buildings – overspend of £117k on energy and security costs of buildings made surplus to requirements
- Facilities Management – Tameway Tower shortfall in lease savings of £139k, carry forward of overspend from 07/08 of £250k, Town Halls overspend on supplies & services of £160k
- Estates – shortfall in rental income from terminated rental agreements – Unclassified Land £202k, Residential Properties £22k.
- Building Design – shortfall in fee income of £191k
- Full analysis of the variances is shown in **Appendix 1**.

1.4 The impact of the recession has caused pressures on income targets in 2008/09, and is anticipated to continue to affect income levels in 2009/10. This has been recognised as part of the budget setting process for 2009/10, with £0.79m investment approved to adjust income budgets in year - £0.29m on Land Charges, £0.33m Development Control, £0.1m Building Control, and £0.07m Markets income.

2 Capital Outturn 2008/09 – Regeneration

2.1 The capital outturn for 2008/09 for the schemes under the remit of this panel is an underspend against budget of **£3.62m**, of which £3.47m has been approved to be slipped into 2009/10, resulting in a net underspend of **£0.15m**. **Table 3** overleaf provides a summary by service, and a detailed financial analysis by scheme is shown in **Appendix 2**.

Table 3 - Final Capital Outturn 2008-09

Service Area	Annual Budget £	Final Outturn £	Year End Variance £	Slippage to 2009/10 £	Variance Net of Slippage £
<u>Mainstream Resources</u>					
Strategic Regeneration	1,360,000	1,357,231	(2,769)	2,769	0
Development & Delivery	3,637,354	1,845,580	(1,791,774)	1,732,055	(59,719)
Property Services:	2,820,442	2,780,988	(39,454)	0	(39,454)
Total Mainstream	7,817,796	5,983,800	(1,833,996)	1,734,824	(99,173)
<u>Unsupported Borrowing</u>					
Property Services:	1,000,000	1,036,621	36,621	0	36,621
Total Unsupported Borrowing	1,000,000	1,036,621	36,621	0	36,621
<u>Non Mainstream Resources</u>					
Strategic Transformation	4,538,550	3,168,256	(1,370,293)	1,380,502	10,208
Development & Delivery	623,374	172,102	(451,272)	354,970	(96,302)
New Deal	2,400,000	2,400,000	0	0	0
Total Non Mainstream	7,561,923	5,740,358	(1,821,565)	1,735,472	(86,094)
TOTAL REGENERATION	16,379,719	12,760,778	(3,618,941)	3,470,295	(148,646)

APPENDIX 1 - REASONS FOR VARIATIONS - REGENERATION

SERVICE	REASON / EXPLANATION FOR VARIANCE	VARIANCE £
Regeneration		
Strategic Regeneration	Markets - under-recovery of market rents, and increases in premises & agency staff	80,944
	Strategic Regeneration - Overspend on general running costs	14,803
		95,747
Development & Delivery	Restraint of expenditure to help the directorate overspend - mainly from the non filling of vacancies	-104,279
Planning Services	Land Charges - Under-recovery of income, offset by a reduction in general operational costs	335,547
	Planning Applications - mainly from the under-recovery of income	399,571
		735,118
Property Services	Statues, Memorials & Clocks - underspend on maintenance	-1,623
	Building Services - Overspend on agency staff and supplies & services, partly offset by a reduction in salary costs	230,883
	Building Services - Loss of Catering Client fee	132,333
	Building Services - Shortfall in fee income	238,385
	Building Services - Correction of fees charged in 07/08 for Education projects	140,994
	Redundant Buildings - energy and security costs of buildings made surplus to requirements	117,433
	Property Maintenance - underspend on non school maintenance	-59,602
	Rechargeable maintenance - unrecoverable work	41,573
	Facilities Mgt - Tameway Tower shortfall in lease savings	139,000
	Facilities Mgt - Underspend on mtnce	-219,551
	Facilities Mgt - 2007/08 c/f of overspend	250,000
	Facilities Mgt - Overspends on supplies & services, internal cleaning and caretaking, Quest rental costs, agency staff, security and mapping consultants	323,893
	Facilities Mgt - Challenge Building - overspend on supplies and services	48,057
	Facilities Mgt - Curators - General overspends partly offset by additional hire income	687
	Facilities Mgt - Town Halls - overspend on supplies and services	160,697
	Facilities Mgt - Collingwood - refund from faulty gas meter	-30,920
	Facilities Mgt - Hawbush - underspend on supplies & services	-11,248
	Facilities Mgt - Cleaning - general underspend on staffing / supplies	-61,501
	Facilities Mgt - Caretaking - additional income	-22,927
	Facilities Mgt - School Crossing Patrols - general underspend on staffing / supplies	-68,978
	Facilities Mgt - Cleaning Client - accrual of income into 2007/08	237,902
	Facilities Mgt - Plant Mtnce - underspend on salaries	-85,110
	Estates - Underspend on salaries from vacant posts, offset by increased costs for agency staff and supplies & services	-170,405
	Estates - Land Terrier - underspend on supplies & services	-4,556
	Estates - Unclassified Land - mainly shortfall in rental income	202,835
	Estates - Industrial Units - shortfall in rental income offset by underspends on supplies & services	-438
	Estates - Shops & Commercial Premises - shortfall in rental income offset by underspend on premise costs	-22,377
	Estates - Residential Properties - shortfall in rental income	21,939
	Estates - Farms - underspend on mtnce plus additional rental income	-7,122
	Building Design - shortfall in fee income partly offset by underspends on staffing and supplies and services	191,535
	Procurement - shortfall in fee income	37,765
		1,749,553
Other Regeneration	Staff advertising for Head of Development & Delivery post, and shortfall of contributions to BCC.	57,265
New Deal	Minor overspend	36
TOTAL VARIANCE		2,533,440

Regeneration Capital Outturn 2008/09

MAINSTREAM SCHEMES	Total Budget	2008-09 Total spend	Variance	Slippage to 2009/10	Over/ (underspend)
Strategic Regeneration					
Black Country Route	12,000.00	9,231.33	-2,768.67	2,768.67	0.00
LTP: inc bridge strengthening	1,348,000.00	1,348,000.00	0.00	0.00	0.00
Total Strategic Regeneration	1,360,000.00	1,357,231.33	-2,768.67	2,768.67	0.00
Development & Delivery					
Environmental regeneration	441,452.62	261,229.95	-180,222.67	180,223.00	0.33
Regenerating Walsall	466,848.51	248,781.23	-218,067.28	218,068.00	0.72
Regenerating Walsall - College	135,000.00	289.00	-134,711.00	134,711.00	0.00
Relocation of Pleck Boxing club	190,000.00	0.00	-190,000.00	190,000.00	0.00
Strategic corridors and gateways	630,902.86	447,227.92	-183,674.94	183,675.00	0.06
Town, district and local centres	1,773,150.00	888,052.35	-885,097.65	825,378.00	-59,719.65
Total Development & Delivery	3,637,353.99	1,845,580.45	-1,791,773.54	1,732,055.00	-59,718.54
Property Services					
Asbestos removal	240,000.00	260,808.11	20,808.11	0.00	20,808.11
Civic building air condition replacement	50,000.00	0.00	-50,000.00	0.00	-50,000.00
Darlaston Leisure Centre	10,000.00	29,433.00	19,433.00	0.00	19,433.00
Darlaston Town Hall refurbishment	100,000.00	95,721.50	-4,278.50	0.00	-4,278.50
Energy and water conservation in council buildings	470,000.00	538,785.07	68,785.07	0.00	68,785.07
Essential maintenance of non-education premises backlog of repairs	74,378.90	74,378.90	0.00	0.00	0.00
Improving physical access to services (DDA)	142,000.00	212,890.10	70,890.10	0.00	70,890.10
Joseph Leckie sons of rest structural works	180,000.00	1,521.00	-178,479.00	0.00	-178,479.00
Leased accommodation	286,684.00	280,695.00	-5,989.00	0.00	-5,989.00
Maintenance of Cemetery chapels	125,000.00	127,917.66	2,917.66	0.00	2,917.66
Office accommodation review	50,000.00	49,881.88	-118.12	0.00	-118.12
Redundant buildings - ongoing maintenance and demolition cost	225,000.00	199,348.57	-25,651.43	0.00	-25,651.43
Safe water supplies in council premises	400,000.00	409,923.72	9,923.72	0.00	9,923.72
Shop maintenance	117,379.00	93,926.42	-23,452.58	0.00	-23,452.58
Statutory testing of mechanical and electrical supplies	300,000.00	355,756.81	55,756.81	0.00	55,756.81
Strategic review of Leisure Centres	40,000.00	40,000.00	0.00	0.00	0.00
Strategic review of public conveniences	10,000.00	10,000.00	0.00	0.00	0.00
Total Property Services	2,820,441.90	2,780,987.74	-39,454.16	0.00	-39,454.16
Regeneration Mainstream schemes	7,817,795.89	5,983,799.52	-1,833,996.37	1,734,823.67	-99,172.70

UNSUPPORTED BORROWING SCHEMES	Total Budget	2008-09 Total spend	Variance	Slippage to 2009/10	Over/ (underspend)
Property Services					
Essential maintenance of non-education premises	1,000,000.00	1,036,620.73	36,620.73	0.00	36,620.73
Regeneration Unsupported Borrowing Schemes	1,000,000.00	1,036,620.73	36,620.73	0.00	36,620.73

NON MAINSTREAM SCHEMES	Total Budget	2008-09 Total spend	Variance	Slippage to 2009/10	Over/ (underspend)
Strategic Regeneration					
Bus Showcase	1,250,319.65	1,250,319.65	0.00	0.00	0.00
Contaminated land capital grant	0.00	36,010.93	36,010.93	0.00	36,010.93
LTP grant	2,786,000.00	1,379,695.64	-1,406,304.36	1,380,501.72	-25,802.64
Red Routes	502,229.93	502,229.93	0.00	0.00	0.00
Total Strategic Regeneration	4,538,549.58	3,168,256.15	-1,370,293.43	1,380,501.72	10,208.29
Development & Delivery					
Bridge Street/Ablewell Street THI - AWM	180,000.00	16,826.84	-163,173.16	163,173.00	-0.16
Bridge Street/Ablewell Street THI - HLF	206,543.40	31,493.68	-175,049.72	175,049.00	-0.72
Darlaston - Partnership Schemes in Conservation Areas	0.00	0.00	0.00	0.00	0.00
District Centre Regeneration - Brownhills - Clayhanger	59,408.83	59,408.93	0.10	0.00	0.10
Environmental Regeneration Matchfunding	12,287.46	12,298.59	11.13	0.00	11.13
Lichfield Street HERS	0.00	0.00	0.00	0.00	0.00
Quality Streets - debtor only	0.00	0.00	0.00	0.00	0.00
Smith and Thomas House	90,134.00	52,073.76	-38,060.24	16,748.00	-21,312.24
Willenhall THI - HLF	50,000.00	0.00	-50,000.00	0.00	-50,000.00
Willenhall THI - VIEW contribution	25,000.00	0.00	-25,000.00	0.00	-25,000.00
Total Development & Delivery	623,373.69	172,101.80	-451,271.89	354,970.00	-96,301.89
New Deal					
New Deal for Communities	2,400,000.00	2,400,000.00	0.00	0.00	0.00
Regeneration Non Mainstream schemes	7,561,923.27	5,740,357.95	-1,821,565.32	1,735,471.72	-86,093.60