

22 FEBRUARY 2011

QUARTER 3 FINANCIAL MONITORING POSITION FOR 2010/11

Ward(s) All

Portfolio:

Councillor Harris – (Leisure and Culture)
Councillor Ali – Communities and Partnerships
Councillor Andrew – Children’s Services (Catering)

Summary of report

This report summarises the predicted revenue and capital position for 2010/11, based on the performance for quarter 3 (1 April to 31 December 2010), for services within the remit of the Community Services Scrutiny & Performance Panel.

Recommendation

To note the 2010/11 forecasted year end financial position for services under the remit of the Community Services Panel is net revenue underspend of **£144k**, after the use of approved reserves and carry forwards and action planning. The capital position is expected to have a carry forward into 2011/12 of **£5.125m** in order to complete the required schemes.

Background papers

Various financial working papers.
Outturn report to Scrutiny Panel 2009/10
2010/11 Budget Books on Council’s Internet and Intranet

Reason for scrutiny

To inform the panel of the forecasted financial position for 2010/11 within the remit of this panel.

Signed:



Chief Finance Officer: James T Walsh



Executive Director: Jamie Morris

Date: 24/01/2011

Date: 24/01/2011

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. Corrective action plans are in place to mitigate overspends within service. Any year end corporate overspend will require replenishment in the 2011/12 budget.

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 Officer:

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1 Forecast Revenue Outturn 2010/11 – Community Services

- 1.1 The forecast revenue outturn for 2010/11 for the services under the remit of the Community Services Scrutiny & Performance Panel (based on the position as at the end of December 2010) is an underspend against budget of **£144k**, net of the use of earmarked reserves and following action planning which was put in place to support the portfolio and the Council's overall financial position. 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 £2.065m (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 this service totals £10k and this is detailed in **Appendix 2**.
- 1.6 Within the services associated with the panel there are a number of risks, totalling £13k 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 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 2010/11 new investments and savings, as approved by Cabinet on 22 February 2010, totalling £1.106m and £668k respectively. The full year effect of previous years' investments and savings included in the budget are £42k investments and £461k savings. A full breakdown of these can be found in the 2010/11 Neighbourhood Services 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 2010-11

Service Area	Profiled Budget £	Committed Spend to Date £	Profiled Variance £	Annual Budget £	Year End Forecast £	Year End Variance £	Use of reserves £	Variance after Reserves £
<u>Communities & Partnerships Portfolio</u>								
Public Protn Mgmt (Incl. Emerg Plng)	(161,377)	(210,329)	(48,952)	(208,645)	(246,403)	(37,758)	0	(37,758)
Trading Standards (Incl. Licensing)	708,721	591,159	(117,562)	989,633	887,445	(102,188)	0	(102,188)
Safer Walsall Partnership	1,138,091	1,197,823	59,732	1,609,189	1,740,590	131,401	(4,163)	127,238
First Stop Shop	591,363	605,626	14,263	643,857	662,936	19,079	0	19,079
Walsall Partnership	5,075,152	6,269,183	1,194,031	6,800,090	8,562,499	1,762,409	(1,815,845)	(53,436)
Neighbourhood Partnerships	891,356	1,082,610	191,254	1,188,699	1,505,825	317,126	(244,770)	72,356
<u>Leisure & Culture Portfolio</u>								
Leisure & Culture								
Sports	1,487,654	1,495,933	8,279	1,990,865	2,027,990	37,125	0	37,125
Bryntysilio	267,624	272,249	4,625	376,402	364,293	(12,109)	0	(12,109)
Greenspaces	1,786,932	1,629,827	(157,105)	2,395,506	2,257,344	(138,162)	0	(138,162)
Bereavement Services	(373,823)	(581,237)	(207,414)	(600,274)	(633,100)	(32,826)	0	(32,826)
Arts & Events	507,159	541,426	34,267	676,164	676,164	0	0	0
Marketing & Box Office	20,792	33,067	12,275	27,920	44,705	16,785	0	16,785
Management Services	276,054	276,333	279	394,708	408,865	14,157	0	14,157
Catering	297,002	255,214	(41,788)	259,871	221,944	(37,927)	0	(37,927)
Walsall Adult & Community College	118,576	118,577	1	158,029	158,029	0	0	0
Creative Development Team	172,731	172,902	171	228,769	228,769	0	0	0
Libraries & Heritage	4,009,256	4,065,662	56,406	5,352,457	5,346,609	(5,848)	0	(5,848)
Art Gallery	715,089	721,391	6,302	933,138	932,987	(151)	0	(151)
WLLA	1,898	20,961	19,063	0	0	0	0	0
	17,530,235	18,558,362	1,028,127	23,216,378	25,147,491	1,931,113	(2,064,778)	(133,665)
Action plan to reduce specific service area overspend								(10,000)
Total Community Services	17,530,235	18,558,362	1,028,127	23,216,378	25,147,491	1,931,113	(2,064,778)	(143,665)

2 Forecast Capital Outturn 2010/11 – Community Services

2.1 The forecast capital outturn for 2010/11 for the schemes under the remit of this panel (as at the end of December 2010) is a predicted variance against budget of **£5.125.m** which is all is expected to be requested to be slipped into 2011/12 in order for schemes to be completed. **Table 2** shows a summary per service with more detailed analysis by scheme at **Appendix 4**.

<u>Table 2 – Summary of Capital Programme - Outturn 2010-11</u>				
Service Area	Annual Budget £	Spend To Date £	Year End Forecast £	Year End Variance £
Mainstream				
Public Protection	40,948	7,246	40,948	0
Libraries & Heritage	821,489	128,735	675,672	-145,817
Bereavement Services	267,853	83,768	267,853	0
Sports	205,000	0	205,000	0
Green Spaces	625,892	53,888	97,954	-527,938
First Stop Shop	22,638	8,197	9,010	-13,628
Total Mainstream	1,983,820	281,834	1,296,437	-687,383
Non Mainstream				
Public Protection	58,328	19,997	58,328	0
Libraries & Heritage	3,896,792	496,792	496,792	-3,400,000
Greenspaces	2,369,455	514,552	1,331,541	-1,037,914
Sports	121,172	0	121,172	0
Walsall Partnerships	41,500	0	41,500	0
Total Non Mainstream	6,487,247	1,031,341	2,049,333	-4,437,914
Total NS Capital	8,471,067	1,313,175	3,345,770	-5,125,297

APPENDIX 1 - REASONS FOR REVENUE VARIANCES

Service Area	Explanation of Year end Variance	Variance £
Public Safety		
Public Safety Mgt (incl. Emergency Planning)	vacancy and running expenses savings (£44k) partly reduced by a shortfall in budget for transfer of Business Support staff £6k	(37,758)
Trading Standards	Salary savings (£137k) and savings on supplies & services (£14k) offset by reduction in income due to reduced service requirements within Licensing £20K, and lower than budgeted income from prosecutions £14K and spend greater than budget for legal fees £7K and shortfall in budget for transfer of Business Support staff £8k.	(102,188)
Safer Walsall Partnership	Reduction in CCTV & Surveillance income £57k partially offset by CCTV salary related savings (£30k), compensation payment to former employee £12k, cost of staff move and demolition of Beechdale Office £27k, increase in car allowances £8k, increase in CCTV supplies and services £7k & salary related increase £46k	127,238
Leisure & Community Health		
Sports Centres	37K is an income pressure due to closure of the Grange offset in part by a 10k action plan to generate income through classes, after renovation of Gala baths.	27,125
Bryntysilio	Increase in projected income achievable.	(12,109)
Greenspaces	There have been up to nine vacant posts within the rangers team, 6 of which are new this year, and several others within greenspaces therefore an underspend of (£164.5k). Some vacant posts will not be filled until very late in the year if at all, due to re-deployment issues leading to an underspend on salaries. Also there is an overall underspend of (£22.5k) on the supplies & services codes. This has been partially offset by £45k under achievement of income relating to a reduction in maintenance requirements by schools and leisure centres, and the unexpected council tax charge for the countryside offices £4k.	(138,162)
Bereavement Services (incl Registrars & coroners)	Vacant post within service due to delays in recruitment process and an increased demand for Citizenship Ceremonies.	(32,826)
Marketing & Box office	£4k overspend is due to increased curator charges, £12k shortfall in town hall income, £1k various.	16,785
Management Services	Transfer of business support staff to leisure which has resulted in a budget pressure	14,157
Catering	The following underspends: £83k employees due to vacancies & long term sick, £196k increased meal income due to increased meals are offset against the following overspends: £4k due to Alumwell leaving the service, £185k provisions due to increased meals, £35k shortfall in committee tea income, £1k transport costs, £3k equipment, £3k shortfall in town hall restaurant income, £10k premise costs.	(37,927)
First Stop Shop	Agency staff are required to cover vacancies and to cover long term sick/maternity leave £22k; offset partially by underspends throughout the service - £3k.	19,079

Service Area	Explanation of Year end Variance	Variance £
Libraries & Heritage		
Libraries & Heritage	The following underspends: £69k unfilled vacancies in libraries and museums, £29k employee costs due to fallout of library requirement in schools, £8k supplies & services are offset by corresponding overspends: £51k unachievement of income due to fallout of library requirement in schools, £16k utility and cleaning costs, £31k building repairs, £2k increased travel costs as staff cover ongoing vacancies.	(5,848)
Art Gallery		(151)
Partnerships		
Neighbourhood Partnerships & Programmes	£79k additional costs have been incurred due to outstanding payments for the Carers Federation contract of which £10k has been offset by reserve. This legal cost is a non re-occurring cost and a one off action plan has been identified to reduce the overspend consisting of a non-recurring underspend on salary related costs within Neighbourhood Partnerships.	18,920
NS forecast variance		(143,665)

Appendix 2 - Budget Action Plan

Service	Action identified	Initial Action Plan £m	Action Plan delivered + included in Outturn £m	RAG	Accountable Officer	2010/11 Comments / Risks	Action plan left to deliver £m
Greenspaces- Poolfitters income(from DMT risk assessment)	Poolfitters income shortfall to be offset by reduced spend on supplies and services within Greenspaces. A budget realignment within service is under consideration for 2011/12	0.020	0.020	Green	G Hood	Carried over from last year - will be met in service from underspends elsewhere	0.00
Public Safety - reduction in income for licensing, prosecution costs, disinfestation, fixed penalty notices & CCTV and overspends for legal fees, Business Support, compensation & Beechdale office move	Seek to manage the underachievement of income and the forecast overspend by compensatory savings elsewhere within the staffing budget and seek to identify contingency bids	0.179	0.179	Green	J Sunley	Unavoidable overspends for legal fees which cannot be met within the service will be managed through a central contingency. Cabinet approved one off growth to assist in closing the gap between the income target and realistic income to be delivered by the CCTV service. There have been unforeseen and unavoidable cost pressures arising from the closure and demolition of the Beechdale office, an employment tribunal settlement, and the costs of the transfer back of Business Support staff which were not fully funded. Contingency bid approved for DEFRA funding for stray dogs and remainder funded from staffing and supplies and services savings within the service area.	0.00
Sports Centres	Generating additional income from creation of exercise studio at Gala Baths.	0.037	0.010	Amber	C Holliday	Gala baths are in the process of developing facilities which will enable them to carry out exercise classes, the income from this will help offset Grange shortfall. However due to delays in renovation work the income target will now be (£10K) as opposed to original (£37k). The remaining £17k will be achieved through vacancy management and review of supplies and services within the whole of the sports service	0.00
SUB TOTAL		0.236	0.209				0.00

Appendix 3 Financial Risk Assessment - Revenue Budget 2010/11

POTENTIAL RISK	LOWEST COST	ASSESSMENT OF RISK	HIGHEST COST	ASSESSMENT OF RISK	TOTAL FINANCIAL EXPOSURE TO RISK
	£m		£m		£m
School library support service – potential that school librarian services will not be renewed (reviewed termly)	0.000	HIGH	0.010	HIGH	0.006
School library support service - Book purchase scheme- schools not restocking or closing down libraries (reviewed termly)	0.000	MEDIUM	0.025	MEDIUM	0.003
Libraries fees and charges - diminishing sales and rental (reviewed termly)	0.000	MEDIUM	0.011	MEDIUM	0.004
Total	0.010		0.046		0.013

Appendix 4 - Forecast Capital Outturn 2010/11				
Service Area/Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
<u>Council Resources</u>				
Public Safety:				
Improving security in local neighbourhoods	40,948	7,246	40,948	0
Libraries and Heritage:				
Library modernisation plan - Aldridge library	6,306	6,306	6,306	0
Library modernisation plan - Bloxwich library	265,183	110,964	119,365	145,817
Pelsall library, childrens centre and health centre	550,000	11,465	550,000	0
Green Spaces:				
Allotment improvement programme	3,756	2,717	3,756	0
Kings Hill park messroom and toilet demolition	20,000	0	20,000	0
Palfrey park - HLF	75,000	0	15,000	60,000
Sneyd reservoir overflow replacement	41,412	33,947	41,412	0
Top hangar log boiler	17,786	17,225	17,786	0
Walsall arboretum restoration programme	467,938	0	0	467,938
First Stop Shop:				
Contact centre (49 seats)	21,458	7,830	7,830	13,628
Local access customer service bus	1,180	367	1,180	0
Bereavement Services / Registrar's Office				
Memorial safety	100,000	45,870	100,000	0
Registrar's office upgrade	12,052	0	12,052	0
Streetly crematorium mercury abatement	155,801	37,899	155,801	0
Sports:				
Demolition of Willenhall leisure centre	205,000	0	205,000	0
Total Council Resources	1,983,820	281,834	1,296,437	687,383
<u>Externally Funded</u>				
Public Safety:				
Safer Stronger Community Fund	58,328	19,997	58,328	0
Libraries and Heritage:				0
Bloxwich Library project	496,792	496,792	496,792	0
Pelsall library, childrens centre and health centre	3,400,000	0	0	3,400,000

Service Area/Scheme	Annual Budget	Year To Date	Year End Forecast	Year End Variance
	£	£	£	£
Sports:				
New Opportunities Fund for PE & Sport - Aldridge Airport	46,172	0	46,172	0
Walsall Gala Baths Dance Studio	75,000	0	75,000	0
Green Spaces:				
Bloxwich Fountain Restoration Project	22,450	21,433	22,450	0
Bradbury park improvements	64,953	50,374	63,328	1,625
George Rose park lodge landscape * Note 1	0	3,821	0	0
High Heath improvement project	2,862	2,862	2,862	0
Holland Park improvement project	849	849	849	0
King George V pathfinder project	58,371	0	56,871	1,500
Kings Hill park improvement	660	0	660	0
Palfrey Park – Heritage Lottery Fund	300,000	0	0	300,000
Play builders programme	374,538	24,172	65,749	308,789
Top hangar log boiler matchfunding	17,785	0	17,785	0
Walsall Arboretum restoration project	942,000	227,435	530,000	412,000
Walsall childrens play fund	559,228	182,245	545,228	14,000
Willenhall Memorial Park – external contribution	25,759	1,363	25,759	0
Walsall Partnerships				
Shared intelligence for neighbourhood management project	41,500	0	41,500	0
Total Externally Funded	6,487,246	1,031,341	2,049,332	4,437,914
Total Community Services	8,471,066	1,313,175	3,345,769	5,125,297

* Note 1 – budget will be set up for this during January according to corporate approvals